



November 2017 - The Sharper Focus - HOA Board Edition

Thank you for reading our newsletter. The goal of this newsletter is to touch on general industry news and helpful topics that may help you in your role as an HOA board member.

Every Association is different in their type, size, scope, and how things are organized and established via the Governing Documents. There are, however, a number of universal topics common to all Associations. We hope you will find this newsletter a valuable source of information!

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Dues Increases - No Resident Wants; But Every Association Needs It

For most Associations, it is budget season. Your Community Manager has worked hard to develop a proposed 2018 operating budget that will keep your association fiscally healthy by projecting and planning for expense trends (such as utilities), plugging in contract figures (such as lawn/snow), budgeting for operating projects you've directed to be completed (perhaps gutter cleaning or painting), allocating a dollar amount to contribute to your Reserve Fund (your "savings"), etc.



As you may know, your operating budget is what sets the "dues" amount that people will pay each month. Technically, it's the "assessment" amount, but no one likes to use that word. It's always difficult when the realization kicks in that you need to raise your dues to meet your expenses. No one likes to be responsible for making people pay more money. Nevertheless, it is your fiduciary duty as a Board to keep the Association fiscally healthy.

There is one pitfall that a number of Associations can fall into during the budget approval process. Boards get hesitant to raise dues and they look for reasons to keep stagnant on the revenue/dues need. Perhaps it's a down economy; maybe a number of your residents are on a "fixed income;" or sometimes it's seeing the Association is trending positive with their budget vs actuals and have a "surplus."

Here's the advice that no one wants to hear - and certainly few have the gumption to say: You should raise your dues every year. Costs don't go down. Inflation is real.

The pitfall many Associations fall into is a reluctance to approve small dues increase, then needing a larger one to catch up the next year. It is far more prudent and healthy to do smaller increases every year than it is put yourselves (and the residents) on a roller coast ride of no increase, no increase, 12% increase, no increase, 8% increase. In the long run, you'll find your Association stays fiscally strong, and you'll be surprised at how well, and quickly, the community will be conditioned to annual inflationary increases.

Board Tips: Managing Open Forum

If your Association falls under state statute 515B (Minnesota Common Interest Ownership Act - applying to all Association build after June 1994 and all Condominium Associations) you are required to hold "open board meetings." This means owners can attend. If you don't fall under 515B, but rather 317A (Minnesota Non Profit Corporate Act), you are not required to hold "open board meetings" unless your governing documents state otherwise - HOWEVER, it is strongly recommended that you do hold open meetings to avoid controversy.



Sometimes "open meetings" can create problems and distractions for the Board in trying to conduct business. A good way to provide an outlet for homeowners to be heard is to offer an "open forum" portion of the meeting. Before/after that time, it is a business meeting of the Board and those attending may only observe.

We've written extensively on this topic before, but some key functions to make this work effectively are;

- * Setting an allotted amount of time
- * Set the proper tone for constructive dialog
- * Allow only one person at a time to speak
- * Require homeowners to "register" their issue prior to the meeting
- * Set an expectation that they may not have an answer that evening but the Board will take it into consideration and get back to them.

Remember, the open forum is not an official segment of the meeting. The purpose of this article is to shed light on WHEN the open forum might be conducted. Before the meeting or after the meeting. There are two schools of thought and each has its pros and cons.

Before the Meeting

- + You have a set time to call the meeting to order (on the Agenda), so you can control the time frame
- + You have the option to later address their issue under New Business
- + Homeowners have the option to leave after stating their concern without staying for the entire meeting
- Sometimes it creates the expectation that an issue will, in fact, be addressed at that meeting
- A strong meeting facilitator is required, or the open forum could spill in to official meeting time
- It can derail your meeting and what you had planned to address via the Agenda

After the Meeting

- + Issues on a homeowner's mind may well have been addressed during the business meeting
- + Homeowner are often tired after observing the business meeting, and any hostile energy may subside
- + Homeowners may not stay for the entire meeting in waiting to get to the open forum
- The meeting topics may generate further questions and open forum can become a Q&A session
- Fatigue may set in for both Board members and homeowners alike
- Facilities may be reaching closing time and the opportunity may be lost

Hopefully these tips can help create productive open forum sessions - and hopefully it provides you with insight on when you may want to offer it in conjunction with your Board meetings.



Inaugural Sharper Scramble Golf Tournament -

Thank you to all that participated in the inaugural Sharper Scramble Golf Tournament, held July 28th at Boulder Pointe golf course in Elko. We had 64 golfers - many of them being you, Board members and our valued clients, 20 Sharper staff members and nearly two dozen vendors. Adding to the golf fun, we had 17-hole sponsors providing opportunities for activities and drawings, over 30 giveaways and prizes, an entertaining DJ providing the soundtrack for the afternoon, and we even had a bagpiper roaming the course to enhance the golf course ambiance. To cap it off, in the mists of all that fun, we were able to raise over \$5,000 for the Cystic Fibrosis Foundation. The day was capped off with dinner in the club house and an award ceremony.

"The Sharper Scramble was a wonderful way for three unique and equally important groups to come together for an afternoon," said Matt Fröhlich, Owner and Chief Operating Officer of Sharper Management. "It was a day of camaraderie for all of the Sharper staff that work so hard day in and day out; a way to say 'Thank You' to the volunteer Board members representing our clients; and a wonderful way to celebrate the partnership with our trusted vendors that serve those clients. We look forward to making this event an annual tradition!"

New Staff Members - In effort to provide great customer service to homeowners, and in a systematic approach to training and developing our Community Managers, Sharper had a busy summer hiring three new Assistant Community Managers. The individuals are the first line of communication as calls come in to the office and provide valuable support to the Community Managers in all of the functions they are responsible for. We are very excited to welcome Nicole Larson, Aaron Osowski and Eric Reinke. All three come from experience in customer service roles and with some level of exposure to the real estate management world. "We have seen tremendous success growing our Community Managers from within the organization," said Candy Lee, Director of Community Management. "We are excited about the wonderful and unique skill sets that Aaron, Eric and Nicole bring to the job on a daily basis. And we can't wait to watch them evolve into the successful Community Managers we so firmly believe they have the capacity to become!"

Vision Award Winners - We are so proud to have three of our Community Managers recognized by the Community Association Institute's annual Vision Awards. Jeremy Larson took home the award on behalf of one of his properties, Territory Homeowners Association, for Association of the Year. While the award recognizes the Board for their work, it is certainly in partnership with, and thank to the leadership of, Jeremy as their manager. In his second consecutive year taking home an award, Chris Gosse was honor with the Financial Impact Award. Chris was recognized for his efforts in navigating large capital improvement projects, persuading his Board to engage in and finalize a production of Reserve Studies and generally helping his Associations get to good fiscal health. Finally, Cara Nelson was award the Above & Beyond Award. This award recognizes not only excellence in the day-to-day management, but exceeding expectation in service and humanitarian efforts and generally going beyond the job description of a Community Manager to both her clients and to Sharper as an organization. "It means a great deal to us as an organization to have three of our individual managers recognized at this industry event," said Dan Cunningham, Owner and Chief Executive Officer. "It is validation for the effort we put in to make our clients happy, and a reflection on the organization we have worked so hard to become."

Need Help Renting and Managing a Townhome or Condo?

Think Advantage Home



A sister company to Sharper Management, Advantage Home helps homeowners and investors manage their single-family residences.

Since your Association is already affiliated with Sharper Management, renting your home through Advantage would have extra benefits you wouldn't find in another property management company. Those benefits include:

- A thorough understanding of Associations
- Information sharing regarding governing documents, rules, and regulations is efficient between Sharper and Advantage Home - Advantage is literally right down the hall

- The Sharper Management maintenance staff is already familiar with your Association's property
- Our emergency response team is fast and effective

If you or someone you know is interested in renting their townhome or condominium, have them contact jeff@advantagehomemn.com.

Learn more at advantagehomemn.com

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