



Board of Directors

Holiday Beech Villas
102 Village Road
Beech Mountain, NC
PO Box 353
Banner Elk, NC, 28604

March 22, 2021

Greetings, HBV Owners. Happy Spring! It is time for your March update from the Board of Directors.

Work on the F Building is moving forward, including moving the transformer to allow other work to proceed. All decking is completed on the left and left center double section. On those sections, handrails have been completed (except for closet locations). Center closet construction is underway. The far right side now has completed super structure up through the second level. Siding is all on-site. Up next is siding on the rear and preparation for installation of new sliders and header repairs. We've placed a photo at the end of the update.

Please remember that the first installment (or the entire amount in order to receive a discount) of the lump-sum special assessment was due February 1. Also, effective January 1, the monthly special assessment rates changed to \$150 for 1BR and \$195 for 2BR units. Some owners have not reflected this change in their monthly payments. Owners who have not taken care of these payments will be receiving further information in the very near future. This is a friendly reminder to take care of these requirements.

In our last letter, we asked you to become more involved by serving on committees to help obtain additional insights from owners, increase transparency of the Board's decisions, and generally help with governance. Only three owners have responded. Please consider giving a bit of your time to help provide guidance for the Board. You can still respond to the survey by [clicking this link](#).

We have received several owner questions which we will attempt to address below. If you have questions for the Board, please feel free to send them to Appalachian Management, and the Board will seek to provide answers in our updates.

Recent Questions

- “What method (Engineering evaluation, or estimate from a contractor) was used to determine the nature and extent of the repairs needed for the F Building?” and “Was the F building deck evaluated for repair? If not, why?”
 - This question was addressed extensively in the letter from the Board dated November 24, 2020. However, to reiterate, in the spring of 2020 an initial estimate was obtained from licensed general contractors at Uthagrove Construction to renovate the F-Building in a manner similar to those of previous HBV buildings. As has been previously shared, renovation was delayed due to finding appropriate financing. In the meantime, serious concerns with the building's rear deck were identified and self-reported to the Town of Beech Mountain. The town required that the decks be demolished and rebuilt, including plans developed by a certified structural engineer. The Board contracted with Loncon, an engineering firm in Boone, to design the new deck. Uthagrove then submitted an additional estimate for the demolition of the condemned decks in order to meet a town deadline. So, in summary, the building was assessed by Licensed general contractors, and further by licensed structural engineers. Additionally, the town inspector reviewed concerns with the decks.

- “What were the engineering costs for the F building? What was the final contract price for the F building renovation and deck replacement.”
 - Loncon was paid \$10,000 to design the new decks. The original amount was significantly higher (\$18K+). However, the Board was able to negotiate a lower fee when Loncon did not meet their contractually-stated timeline.
 - Due to a timeline mandated by the town, decks had to be demolished prior to having the loan or engineering plans for the entire building. Failure to do so could have resulted in condemnation of the entire building. As a result, Upthagrove submitted a proposal for \$50,195 to demolish and remove the condemned decks. We later approved change orders increasing that amount due to the requirement to remove a tree and relocate a transformer. Those requirements were not known until we received the final engineering plans.
 - The signed agreement with Upthagrove for renovation was for \$412,938. However, this was for the “known” work. Some things were “unknowable” as the contract was signed. Specifically, until the work began, it was impossible to know how many headers over doors would need to be replaced. Further, we did not have a number of doors/windows/sliders that would be purchased by owners, with installation paid by the association. However, the contract stipulates:
 - Header Repair over the front door - \$1,300.00
 - Header Repair over the rear sliding door - \$1,800.00
 - Owner supplied windows for replacement - \$100.00 per window installed
 - Owner supplied front door - \$150.00 installation
 - Owner supplied storm door - \$125.00 installation
 - Owner supplied sliding door - \$300.00 installation
 Those costs could potentially reach over \$94,000. Additionally, a project of this magnitude will invariably require change orders due to other issues which arise (like the tree and transformer issues for demolition)
- “Why is the cost to replace windows, doors, and sliders included in the estimate of up to \$550,000?”
 - While doors/windows/sliders are purchased by owners, the association historically has paid for installation, as shown above.
- In total, the possible \$550,00 includes \$10K for engineering plans, \$50K for deck demolition, \$413K for renovation for a total of \$473K, plus headers, windows/sliders/doors and change orders. If every window/slider/door was replaced with header repairs, that would be \$94K. However, we do not anticipate all of those being required.
- While we continue to receive questions/concerns about the change from cable railings to wooden pickets moving forward, this matter was thoroughly addressed in the letter sent to all owners last month.
- With regard to the present monthly special assessments, a question was raised regarding the amount received versus what is required for debt service. The new monthly assessments bring in a total of \$14,370 per month. Our loan with BB&T has a monthly payment of \$12,491. The question raised was “Why is such a large overage necessary?”
 - The Board has operated with a shoestring budget. There has been absolutely no room for any serious “rainy day” events, such as the retaining wall on the D-Building or standing water under H-Building. That lack of flexibility resulted in the necessity of the lump-sum assessment. The difference of \$1,879 per month allows a cushion for such issues in the future. These funds will not be used for any operating costs, but are

specifically set aside for capital projects. Any balance that builds up will be used to reduce the need for borrowing for future renovations.

- “How long has it been known that there are problems with the D and H buildings?”
 - The first notes to the Board regarding the D-Building retaining wall are in the Spring of 2020. We sought estimates from Red Dirt Landscaping and Uptagrove Construction in March, 2020. The project is planned to move forward next summer.
 - The H-Building standing water was first discussed by the Board in the summer of 2020. We obtained estimates in September and October from Tarheel Basements and Uptagrove Construction to correct the issue. Work will be done once the ground thaws.
- “Why couldn’t the D and H building repairs have been put on hold until there was a clearer picture of the final cost of F building renovation?”
 - Both of these issues have the potential to get worse if not corrected in a timely manner. The water under H can cause mold and rot damage, as well as damage the foundation. The retaining wall for D is now pressing against the deck support. Additionally, there are serious drainage issues from the D-Building parking lot that are impacting owners.
- “Was any effort made to negotiate a payment plan with the contractor for the extra cost on the F Building?”
 - Contractors expect payment as work is done. They have to pay for materials and labor. We have a payment schedule with them by which they are paid periodically based on their ongoing work.
- “Why couldn’t all the lump-sum special assessments be spread out over seven months?”
 - Owners were notified on November 24, 2020, of the lump-sum assessment, and given through June 1, 2021, to make their payments. This is a period of just over six months. Extending it further would have endangered the association’s ability to repay loans and do the time-sensitive work on D and H. Owners were given the option to make a one-time payment for a slight discount, as having access to the funds earlier could ease the deficit and allow completion of the D and H projects sooner.
- There were concerns expressed regarding trash, construction debris, and animal waste.
 - The Board and Appalachian Management are well-aware of these concerns. Specific owners have been contacted regarding trash. We let our contractors know when there are specific concerns. However, please know that under the best of circumstances, there will be times when debris is visible during the process.
 - The dog waste stations became an eyesore due to being used for trash disposal. They have been removed. We plan to replace the old stations with a different unit which will not allow use for trash disposal. This can take place after the Spring thaw.
 - If owners have specific concerns or are aware of renters/owners not meeting reasonable expectations regarding animal waste or trash, please let Appalachian Management know, and it will be addressed. But the only way such issues will disappear is for all owners and renters to be conscientious in dealing with trash and animals.
- There have also been questions regarding a maintenance position. At this time, we do not have a replacement. We are contracting with outside providers to handle most of the duties. However, Appalachian Management and the Board continue to seek someone to fill this role. So far, we’ve not found anyone who is interested who appears to be a good fit for the position. Please let a Board member or Appalachian know if you have a suggestion.

In the course of looking into our maintenance situation, it became apparent that some work

being done by the past maintenance person was not the responsibility of the association. Any inside work such as replacing light switches or repairing plumbing, as well as opening units for repair people, would be the responsibility of owners. Maintenance staff hired by the association are responsible for maintaining exterior issues and common areas.

We hope this information is helpful in answering owners' questions.

Please mark your calendars. The HBV annual meeting will be held July 17 at 10:00 a.m. There will be a meeting in the clubhouse. However, COVID precautions will be in place which may limit the number of individuals who can be present. We will share further information as we get closer to the event and revised advisories from the CDC and the Governor's office are in place. Those who cannot be there in person will be welcomed in a conference call.

Best wishes to everyone. And please consider going to the [online survey](#) to let us know you would like to be more involved through sharing information with the Board.

Sincerely,

HBV Board of Directors

