

Fieldstone Home Owners Association Meeting
November 17, 2014
1:00 PM Poolside

PRELIMINARY MATTERS

1. Call to Order and Establish Quorum

The meeting was called to order by president Ward Redman at 1:05 pm. All board members present.

2. Approve Agenda

Don Padou motioned to approve the agenda, Bob Loudy seconded the motion. Motion passed unanimously and the agenda was approved.

3. Approve Minutes

The minutes of the October 18, 2014 Annual Meeting will be approved at the next annual meeting October 10, 2015. Don Padou motioned to approve the minutes of October 28, 2014, Bob Loudy seconded the motion. The motion passed and the minutes were unanimously approved.

4. Elect New Officers

The board elected new officers: President, Ward Redman, Vice-President, Bob Loudy, Treasurer, Don Padou, Secretary, Kris Loving, and Member at Large, Lynne Mulert. Lynne Mulert motioned to approve these officers, Don Padou seconded. Motion passed and officers unanimously approved.

5. Standing Committee Authorization

The law requires association boards to annually approve or re-establish standing committees and committee membership. Discussion followed in regards to the clarification of the committees and eliminating the maintenance committee. Any and all maintenance duties will be directly under the auspices of the board. The board will make all decisions regarding the authorization of maintenance funds which will be budget account specific. Bob Loudy motioned and Lynn Mulert seconded a motion to approve six standing committees: Pool (Co-Chairs, Bonnie Thrower and Brian Klassen), Landscaping (Chair, Barbara Soper), Social (Co-Chairs, Lynne Mulert and Cathy Stroup), Welcoming (Co-Chairs, Daniel Loving and Lynne Mulert), Communication (Chair, Abigail Padou), Architectural Review, (Chair, Lynne Mulert). Motion passed unanimously to accept the six committees.

6. 209 Fieldstone, next steps

Don Padou presented information regarding the outstanding sewer bill for 209 Fieldstone and that the HOA has paid past due amounts and two liens will be released. The sewer bill of \$60 will now be paid monthly. It is the HOA's goal to have the property at 209 ready to rent by January 2015. The lease of the property will state the possibility of foreclosure; however, the foreclosing bank will have

to honor the lease per the Foreclosure Act of 2009. It is important for legal reasons to open up a special bank account to handle transactions for 209. The property taxes are being paid by an east coast lender. Don Padou motioned, and Kris Loving seconded that the Board authorize the Treasurer to clean, repair and otherwise make ready to rent 209 Fieldstone Dr. The Treasurer is authorized to spend up to \$5,000 for such work.

7. Annual Reserve Study

Ward Redman stated that the Annual Reserve Study is a 30 year guess on funds needed for reserve and that the current Annual Reserve Study is an incorrect document. If there are not enough funds in the reserves to cover essential costs there will need to be special assessments. The interest rate in the study is incorrect by a considerable amount, which over the life of the study adds up. This study also lists a higher percentage raise in HOA dues, which is not the case. The beginning balance is off, and the account is earning less interest than stated. Every year the Reserve Study is updated and every three years there is an onsite visit. Lynne Mulert motioned to approve the Reserve Study, Kris Loving seconded. The motion was amended to approve the study with the provision of contacting the Browning Reserve Group, Sacramento, CA to make necessary changes. Motion passed, Don Padou opposed. (see appended Treasurer's Report)

8. Repair of Gates on Bret Harte Drive

Only one bid came in for the repair of the gates from Todeschini Construction. Ward Redman will obtain two more bids to repair the fire gate and the propane gate.

Off topic discussion in regards to the painting and payment of Cal Pro and Todeschini Construction for painting prep work. Don Padou recommended that these two bills be paid out of the reserve budget. CalPro will be contacted before final payment to complete cleanup, repair oversights and other issues. Don Padou motioned and Bob Loudy seconded to pay retroactive painting expenditures from the reserve budget. Motion passed unanimously (see appended Treasurer's report). Lynne Mulert motioned and Bob Loudy seconded to retroactively approve the contract for Baydaline to re-write the Associations governing documents (See amended Treasurer's Report).

9. Correspondence

Email was received in regards to solar lights in the landscaping. This issue along with other disciplinary issues will be discussed at the next meeting.

10. Set meeting Schedule

Board meetings for 2014-15: December 11, 9:00 am at 116 Fieldstone Dr. The rest of the meetings will be held on the first Monday of the month at 1:00 pm, location TBD: January 5, March 2, May 4, July 6, and September 7. Annual Meeting will be held October 10 at 10:00 am.

11. Owners Comments

A member stated that they would like to have on the agenda the rental restriction language and how the rental restrictions will be administered and enforced.

Another member expressed concern about landscaping issues. Ward Redman will contact the landscapers about concerns.

The meeting was adjourned at 3:08 pm.

Respectfully submitted by,

Kristine Loving

Fieldstone HOA Secretary

Fieldstone Owner's Association
Nov. 17, 2014
Treasurer's Report

I. Balances
(Accrual Basis)

	<u>Current</u>	<u>MTM Chg.</u>
Operating Account:	29,672.74	(14,791.31)
Reserve Fund:	311,115.30	2,921.33

II. Balances
(Cash Basis)

	<u>Current</u>	<u>MTM Chg.</u>
Operating Account:	\$ 44,388.74	\$ (1,742.91)
Reserve Fund:		
Money Market	148,655.42	
CD 752 (2/17/16) (0.6%)	102,429.74	
CD 833 (3/21/16) (0.25%)	60,000.00	

III. Income & Expenses
Operating Account Only
(Cash Basis)

Income	12,251.50
Expenses	13,944.41

IV. Delinquent Assessments

1. Owner A	331.50
2. Owner B	<u>307.00</u>
Total	638.80 (excluding 209 Fieldstone)

V. Update – 209 Fieldstone and Murphys Sanitary Bill

The Association and MSD agreed to settle the outstanding \$3,000 bill for \$960. The Association agreed to pay the regular monthly sewer fee (\$60) going forward. MSD agreed to release the two liens that it has against 209 Fieldstone.

VI. Comments

This report is based on financial reports provided to me on Nov. 14, 2014 by OMNI. The reports are incomplete. The bank statements, balance sheet, income statement and general ledger do not properly balance. There is insufficient documentation for numerous journal entries and items on the balance sheet or income statement. The bank statements provided by OMNI cover different periods. I cannot, therefore, certify that the foregoing is accurate. I am working with OMNI to ensure that future monthly reports are correct.

Starting with the week of November 3, 2014 I directed OMNI not to pay any invoices, bills or reimbursement chits until such invoices have been sent to me and the president of the Board and one of us has authorized payment. It is apparent that OMNI was paying invoices and bills that were not approved by the Board.

For example, I can find no evidence that the Board approved the contract with Baydaline to re-write our governing documents for an estimated cost of \$5,000 - \$6,000. I also cannot find evidence that the Board approved the contract for the recent painting.

IN THE FUTURE, I WILL NOT AUTHORIZE THE PAYMENT OF ANY INVOICE, BILL OR REIMBURSEMENT CHIT WHEN THE BOARD HAS NOT PREVIOUSLY AUTHORIZED SUCH EXPENDITURE. THE INVOICE, BILL OR CHIT WILL BE THE PERSONAL RESPONSIBILITY OF WHOEVER INCURRED THE EXPENSE.

My review also indicates that OMNI does not follow a proper procedure to decide which bills to pay out of the operating account and which bills to pay out of the reserve fund. For example, some of the bills associated with the recent painting were paid out of the operating account and some were paid out of the reserve fund. Part of the problem appears to stem from our failure to properly segregate the operating account and the reserve fund.

Finally, I have also reviewed the Draft Reserve Study. It is based on faulty assumptions and should not be approved. For example, the Study assumes that we will earn 2.5 percent on the money saved in our reserve fund. We currently earn about 0.47 percent. The Study's use of an overly optimistic interest rate significantly inflates our expected interest income over the life of the study.

The study also assumes that we will raise assessments by 4.5 percent every year. We raised assessments by 1.8 percent for 2015. We are very unlikely to raise assessments by the assumed amount. The Study's unreasonably optimistic assumption significantly

inflates our annual income and makes it appear that the Association is in better financial shape than is the case.

The study does not include the painting work just completed. The study assumes that we are going to undertake significant concrete work in the next two years. Both of these errors significantly throw off the study's projections.

VII. Recommendations

Based on my partial review of the Association's books so far, I have the following recommendations:

1. Retroactively approve the contract with Baydaline to re-write the Association's governing documents for an estimated cost of \$5,000 - \$6,000. Baydaline has already started work on this project and has billed us approximately \$4,300. I have not authorized payment of the invoice pending Board approval of the contract.
2. Retroactively approve the contract to paint eleven houses for approximately \$23,000. The work is substantially complete and most of the progress payments have already been made. I have not authorized payment of the final payment pending Board approval of the contract. The Board should indicate whether the contract should be paid with reserve funds or from the operating account.
3. Do not approve the reserve study.

This Treasure's Report should be appended to the meeting minutes.

MOTION

The Board authorizes the Treasurer to clean, repair and otherwise make ready to rent 209 Fieldstone Drive. The Treasurer is authorized to spend up to \$5,000 for such work. Among the work that the Board recognizes needs to be done is:

1. Clean Carpets, Walls, Windows, Blinds, and Garage etc.
2. Make Minor Repairs to Walls (Patch and Paint).
3. Replace Missing Appliances (Range, Refrigerator, and Washer/Dryer) (see attached estimate from Middleton's).
4. Replace Glass Sliding Door (Red Store estimate = \$540).
5. Repair and Replace interior and Exterior Door Handles and Locks.
6. Install New Air Filter, Smoke Alarm Batteries and Outdoor Pipe Insulation.
7. Other Minor Repairs (e.g. replace tile grout).

The Treasurer is directed to provide a report to the Board every month specifying what work has been done at what cost.

The Treasurer is directed to open a separate checking account at El Dorado Savings & Loan to accept rental payments and to pay costs arising from the rental of the property such as utility bills, maintenance and repairs.

The Treasurer is directed to prepare and to provide to the Board a copy of the lease that will be used to rent 209 Fieldstone once the unit is ready.

The lease shall contain the following terms:

Rent:	\$1200 per month
Security Deposit:	\$1000 plus last month's rent
Utilities:	Responsibility of tenant (except for sewer)
Term:	One year followed by month-to-month (subject to foreclosure by note holder)

Moved by: Don Padou

Seconded by: _____

Vote Yes _____ No _____

This motion should be appended to the minutes of the meeting.