

November 20 2019

Agenda

Call to Order: Dawn Kerns, President Sunland Condo Owners Association Board of Directors
Certification of Quorum: President

Approval of last month's Minutes:
President's Comments:

Treasurer's Report: Carol Stults October 2019 Financial Report
Status of Budget vs actuals for 2019 Recommended Proposals from Finance Committee
◦ Resale Certificate fee income ◦ Establishment of Savings account as a Contingency Reserve Account
◦ 2019 Audit to be done in February 2020 – vendor update

Landscape Report: Richard Streeter and Landscaper's proposed contract for 2020

Insurance Report: Nancy Baer

Architecture & Maintenance Report: Joel Ogden / Steve Lavelly
Update on deck for 116A
Gutter cleaning

COMMITTEE REPORTS

Data and Records Committee: Rob Baer
Managing Documents: Nancy Baer Bylaws approval (appendix/corporate seal)
Newsletter Committee: Carol Stults
Welcoming Committee: Patty Lavelly
Emergency Preparedness Committee: Joel Ogden
Update Nominating Committee: Carol Stults

New Business:

Unfinished Business: Memorial bricks

Date of next meeting: December 18, 2019 at 4:30 pm

Owners' questions and comments

ADJOURNMENT

Have a Happy Thanksgiving!

Division 7: Regular Board Meeting

Agenda: November 20, 2019 from President, Dawn Kerns

Call to Order: by President Dawn Kerns at 4:30pm at The Gathering Place

Attendees: Dawn Kerns, Steve Lavelly, Richard Streeter, Joel Ogden, Carol Stults, Nancy Baer, Teresa Lotzgesell

Dawn Kerns, President Certification of Quorum: All 7 board members present, quorum fulfilled.

President Approval of last month's minutes: MOTION to approve minutes from 10/17/19: Carol Stults

SECOND : Joel Ogden APPROVED: All

10-17-19 Meeting Notes sent to Division 7 Website administrator Sue Forde 11/09; resent 11/22 by Teresa.

Treasurer's Report: Carol Stults October 2019 financial report

Status of Budget vs actuals for 2019

Looking at Balance Sheet Assets, our reserves are at \$273,954 in total, which is good! We also have \$89,000 in checking. We will need to look at the requirement that we move any surplus over \$25,000 (in checking and savings) into reserves. We have been prudent in spending and it is a strong position for us to be in with a surplus to further shore up reserves. In our December meeting, our spending for the year will be near a close and we will have a better idea of how much we will have in our surplus. It may be wise to wait until after the January dues payments to take a look at reserves so we are not in a cash flow bind with timing issues.

If you take a look at the liabilities section, we now have prepaid dues as a liability (receivables) and as we bill for the dues, they are then moved from that account. Two residents overpaid their dues and we are tracking that as we go forward in billing and are in contact with the residents. Our CPA, Jeff Bell is researching our Insurance Billing and payment in 2019 to determine what is prepaid insurance for the first quarter of 2020 as an expense. We are billed each March for insurance, so it would make sense that the amount in prepaid insurance on the Balance Sheet is the amount that is 2020 expense.

Profit and Loss statement vs Actual

Roof repair account has the roof anchors expense \$14,647.60. Campbell Roofing completed the project as required by law and we are in good standing with this project.

Division 7: Regular Board Meeting

Adjusting Entries Per the 2018 Audit

Our CPA, Jeff is working through the adjusting entries and will have us in the position to move forward on January 1, 2020 with a “Fund Balance” system that gives us a view of our finances from an operating standpoint and the data will be presented in that manner showing us side by side, Operating Expenses as well as income, reserves relative to our budget. This is the normal recommended system for Home Owners’ Associations and non-profit organizations vs a system that has Retained Earnings, like a corporation. We will have a clear understanding of income and operating expenses and income and reserves.

Resale Certificate Fee Income

To review; Resale Certificates are required when a title company contacts the treasurer of Division 7 when a sale of one of the condos is pending. The title company is given the bookkeeper’s contact number and the information requested includes:

- Status of homeowner account for property that is closing
- Amount of dues per year; other assessment information, such as roof or road reserve charges
- Financial statements of the Division 7 Condo Homeowner Association (most recent vs year end?)
- Form provided to be filled out by bookkeeper

The resale certificate is issued by the bookkeeper, with the information by the Treasurer. The fee paid out of the process of sale is \$200, in the past, we split the fee with the bookkeeper, we are proposing that the bookkeeping service, Bell & Futch keep the full amount of the fee, or \$200.

Now that we have the staff of Bell & Futch to assist, it would be a time saver and convenient to have them complete the activities and provide the reports to complete the Resale Certificate, thereby earning the full fee.

MOTION: Propose that we give the full \$200 Resale Certificate Fee to Bell & Futch, our CPAs to do the full duties of the reports, etc. in return for the full fee. (Nancy Baer) SECOND: Steve Lavelly APPROVED

2019 Audit to be done in February 2020 – vendor update

In the past, we used Newman & Associates for our Audits. We didn’t have our normal auditor, he had personal commitments that required a substitute. Our substitute auditor was not ideal and our Finance Committee found some items that he missed completely. As a consequence, we the Finance Committee would like us to explore an alternative auditing company to get a competitive bid.

Division 7: Regular Board Meeting

Establishment of Savings account as a Contingency Reserve Account

We are looking at the possibility of appointing one of our Savings accounts as a qualified reserve which affords us returns on those reserves and accessibility should we have an emergency not covered by the two roof reserves or road reserve. Board action would be required to do this change. To make the change, the funds would need to be used on a common area / maintenance, have a limited life, be defined in terms of components / guidance and the remaining life would need to be predictable. For example, the roof anchors project. It was an unforeseen expense required of us by law, not in our budget, therefore, it was acceptable to use the roof reserve for this expense. Other ongoing maintenance items that could qualify are painting, etc. It would be good for the Architecture / Maintenance and Landscape committees to define parameters for this purpose and make proposals to the board (Steve, Joel, Richard) then we may vote on the proposals.

In our 2021 Reserve Audit that includes a reserve study done in 2020, an additional contingency reserve would help us by boosting the percentage of reserves we have, enhancing the value of our condos and ratings by the auditors as we would have more reserve fund available for emergencies.

COMMITTEE REPORTS

Recommended Proposals from Finance Committee

Note that the idea of interviewing another audit firm for our 2020 Audit also provides us the opportunity to renegotiate the fee, which is normally \$2,600 regardless of the firm used. That \$2,600 fee includes a tax return. Without the tax return, it would only be an estimated \$2,000. In that case, we should get a fee estimate from Bell & Futch, which could enable us to lower that expense in total.

We need to discuss a formal motion to purposely backdate the two invoices that were not done in error that the owners have graciously paid for an invoice in the first quarter and fourth quarter of 2018. This will allow our CPA firm to make adjusting entries that make the year's reports more complete and accurate.

MOTION: We propose that we direct Bell & Futch to backdate the two missing invoices from 2018 (Now paid in full) in order to allow adjusting entries for our 2018 reports. (Nancy Baer). SECOND: Joel Ogden APPROVED

Division 7: Regular Board Meeting

Landscape Committee Report: Richard Streeter

We received an Estimate from Ambro's Landscaping for the contract for 2020. It is dated 11/07/19 and includes Monthly maintenance, 8.5% tax for a total of \$35,805. The monthly cost of maintenance estimate is an increase of \$125 per month for an increase of \$1,700 year over year. The contract in 2019 was far below our budget and the amount of increase seems reasonable given the time put in to develop a routine with the landscaper and the performance.

MOTION: We propose that the board approve the new 2020 monthly landscape maintenance contract with Ambro's Landscaping for the total of \$35,805; retaining the firm for another year. SECOND: Carol Stults APPROVED

Town & Country tree service should be able to take down the approved tree behind unit #108 B-C-D soon, they are running a bit behind. The agreement between Division 7 and SGCC is in place for billing and reimbursement, so the project is moving forward. Access may be the safest from the driving range, Richard is working with SLOA / SGCC to get access details finalized.

Insurance Report: Nancy Baer

Next billing cycle for insurance is March 2020. So far, we are pleased with our coverage and company, CAU (Dianna Kasper, contact). Nancy offered to look for alternatives if there is interest, but the coverage and cost seem fair currently. It also has taken time to establish a relationship with our insurance contact and that is very helpful. The information for the insurance company is on our website.

Architecture & Maintenance Report: Joel Ogden / Steve Lavelly

- **Update on deck for 116A**

The remodel of the deck at 116A is ongoing. First contractor not responding in timely manner, considering hire of Three Crowns for the work since they have 21 employees, we aren't in the position to waiting on the schedule of a smaller crew or one-man operation. Due to the "remodel" of the deck vs simple repair, the owner of 116A had initially agreed to split the bill with Division 7. The proposal from Three Crowns is more expensive, but with their experience with the county permits and problem solving will save us time and money on the project. The first contractor would have been roughly \$7,500 with additional cost of an Architect and permits. Three Crowns estimate is roughly \$9,700 with a better timeline.

MOTION: Move forward with deck remodel at 116A with Three Crowns bid of \$9,700 if owner is willing to pay 50/50. (Nancy Baer) SECOND: Carol Stults APPROVED

Division 7: Regular Board Meeting

- **Gutter cleaning**

The committee is exploring the cost of regular preventative maintenance on the gutters for all of the units. It is time consuming and costly to hire for individual gutter maintenance. It is preferred that we do all of the units at once, but we would need a contractor with a large crew. The committee is discussing the possibility of getting a bid from Three Crowns for gutter cleaning 3x a year for \$12,000. This would break down to roughly \$62 per unit x 3 times a year for all of the units. This regular maintenance would be good to prevent debris and ice build-up that can affect the life of the roofs and buildings in general should the gutters not be maintained and consequences follow. Also Moss removal is an on-going issue. The committee will discuss options after some study.

Other Maintenance issues? Pre-painting projects will be done on unit 117. Some minor fixes on a garage (Stripping on the bottom of the door), more power box covers are in the future plans.

Data and Records Committee: Rob Baer (Rob not present)

- **Managing Documents: Nancy Baer**

Teresa will take a look at the R&Rs and make proposals in the future. Haven't been reviewed in while and there are some outdated items.

- **Bylaws approval (appendix/corporate seal): Nancy Baer**

The bylaw review is complete. The corporate seal still hasn't been located, probably less than \$45 to replace, but haven't used it in years, so may not be a good use of funds. Carol will look in some files/boxes in SLOA's office that are stored there for Division 7 and get back to the board at the next meeting. She will also look for the current Business License.

Newsletter Committee: Carol Stults

Any interest in another newsletter for December? Group did not see the need for one since Christmas party is in the last one. No "prize" centerpieces this year! We are doing a canned food drive at the party though, so spread the word!

Welcoming Committee: Patty Lavelly (Patty not present)

No new news to report.

Division 7: Regular Board Meeting

Emergency Preparedness Committee: Joel Ogden

We are in good shape! Be sure to stock up on batteries and water!

Update Nominating Committee: Carol Stults

No new news to report.

New Business:

Joel mentioned that SLOA is installing an 8' x 20' container and putting it near the tennis courts, an emergency container.

Unfinished Business:

Memorial bricks Date of next meeting: (Dawn Kerns)

Dawn showed the group a nice brick sandblasted with permanent black lettering as a sample. Dawn is proposing an area memorializing Division 7/ Hilltop residents that have passed away. Dawn is going to work on the location, design and size of bricks with Richard and make a proposal to buy the blank bricks at a future meeting.

NEXT MEETING: December 18, 2019 at 4:30 pm

Owners' questions and comments (None present at meeting other than board members)

ADJOURNMENT at approximately 5:50 pm

Board Motions completed via e-mail in OCTOBER and NOVEMBER:

- **October 2, 2019**
MOTION: I move that we approve the list of duties and contract with Bell & Futch, and that we approve the Treasurer to sign the contract on our behalf. We are obligated to pay \$325 per month for services as outlined in the Separation of Duties document. (Carol Stults) **SECOND:** Joel Ogden **APPROVED**
- **October 23, 2019**
MOTION: I move that we accept the minutes as presented. (Carol Stults) **SECOND:** Dawn Kerns **APPROVED** by Quorum and also confirmed by motion and vote at 11/20/19 meeting.

Division 7: Regular Board Meeting

- **November 9, 2019**

MOTION: that the Board of Division 7 Sunland sends a letter to Sunland Golf and Country Club (Mike Mullikin), indicating that it is our intent to take down the white fir behind 108B/C/D at a cost of \$705.25, because it poses a significant risk to Division 7 property

The letter should state that this action does not indicate a precedent for handling SGCC tree removal expenses in the future, but is only being done at this time to ensure no damage is done to 108 B/C/D this winter during windstorms, and because SGCC is unable to pay to take it down at this time. The letter should also state that the Board of Directors of Division 7 expect repayment of the \$705.25, and request a letter of confirmation back from the SGCC Board indicating that they agree to do so. (Carol Stults) **SECOND:** Steve Lavelly **APPROVED**

Special Board Meeting Notes related to motion presented above. 11.09.19

Attending – Dawn Kerns, Richard Streeter, Steve Lavelly, Joel Ogden, Carol Stults Minutes – submitted by Carol Stults

Dawn Kerns, President called to order a special meeting on Saturday, November 9, 2019, to discuss and address a time-sensitive issue re the removal of a diseased white fir behind 108 B-C-D.

Richard Streeter, Landscape Director, briefed the Board on the status of this tree removal. This white fir (about 140-150 ft. tall) has a lot of dead portions, and has a significant split at the time. If it should fall during a wind storm it would pose significant damage to 108 Hilltop Drive building due to its size and weight. Richard has been working to determine the ownership of the land on which the tree stands by reviewing the boundaries on the slope. He finally found the correct markers, and lines, and it is clear that is on land owned by the SGCC. Mike Mullikin at SGCC, as well as Bruce Mullikin, President of the SGCC Board, have looked at the tree and agree it is golf course property.

Mike M indicated that SGCC has a prioritized list of trees in need of significant pruning or removal due to disease. He indicated that it would be a year before they could take it down. Richard Streeter discussed with him the possibility that we could take it down now, as it poses such a significant risk to Division 7 property, if SGCC could at some point reimburse us.

Several options were discussed, but all agreed the tree must come down and that we should take steps now to protect Division 7 property on behalf of all the residents. It was noted that Richard does not need a motion to remove the tree, as he has budgeted dollars to do so.

Carol agreed to draft the letter and send to Dawn for review and delivery to SGCC. Richard indicated that he might have a letter from SGCC/Mike Mullikin as it was indicated they would send one. If we receive the letter prior to our letter going out, Dawn will adjust the text as appropriate.

Meeting adjourned.

Have a Happy Thanksgiving!

TYL/11/27/19