

NORTHMOOR ACRES HOMEOWNERS ASSOCIATION
SPECIAL SESSION OF THE BOARD OF DIRECTORS

5/15/2013

Board Members present: Directors Coulson, Ruof, Martin, Rieke, Stroud, Skeldum, Eldenburg, and Schnitzler.

Board members Absent: Hersch

Meeting chaired by Board President Ruof

Meeting called to order at 7:08 p.m.

Approval of agenda:

It was moved, seconded and carried to approve the Agenda as provided.

Reports:

Secretary's Reports. The Secretary's Reports for February, March, March Working Session, March Special Meeting and April were reviewed.

- February Report was moved, seconded and approved to accept the revised minutes, with Martin and Skeldum abstaining for the February minutes as they were not present at the February Board Meeting.
- March Report was moved, seconded and approved to accept the revised minutes.
- March Working Session was moved, seconded and approved to accept the revised minutes.
- March Special Meeting was moved, seconded and approved to accept the revised minutes.
- April Board Meeting was moved, seconded and approved to accept the revised minutes, with Martin and Coulson abstaining since they did not attend.
- All the approved minutes will be posted on the website.

Budget Committee Report. President Ruof stated her appreciation for the time the Budget Committee has spent to prepare this report. Items will be reviewed one by one with Colorado Common Ownership Interest Act (CCIOA) and Community Associations Institute (CAI) input as applicable.

REPORT Items and Board review (Budget Committee report is in black, Board response is in green and in italics).

Report Objectives

- ❖ Expenses should not exceed what we collect in annual assessments (i.e. \$12,000 unless assessments are increased)
 - *Director Coulson restated this as the budget should meet the actual items collected. To do this we would need to revise this year's budget to be less based upon actual receipts*
 - *Director Stroud asked, 'if budget got approved at \$13,000, and we only collected \$12,000, would we need to approve a new budget?'*
 - *Discussion/brainstorming was done:*
 - *Could the board agree to just a \$12000 budget via a vote?*
 - *Cutting expenses or bringing in income?*

- *Green belt mowed for hay baling? Get free mowing in exchange for the grass hay - explore the options*
- *President Ruof got "Common Ground" The Money Issue from CAI which gave an example where an HOA 'fostered a sense of community and raised monies with charitable donations'*
- *Based on Budget Committee report there are few items that can be cut from budget, mowing and water are the big items, can also ask homeowners to contribute*
- ❖ *Post more detail and more frequent financial reports*
 - *Director Skeldum highlighted where we can do better.*
 - *Recommendation is publishing the transaction report with the detail line explanation.*
 - *Discussion ensued. It was pointed out that our expenditures are in the minutes. Director Skeldum explained that this would be a separate report. We will need to give our bookkeeper more detail on each line item.*
 - *Bookkeeper can create the report monthly and Board can approve before posting.*
- ❖ *Homeowners should be notified of any expenses beyond the budget total*
 - *This could be part of the posting transactions*

Annual Meetings

- ❖ *Send out financial reports ahead of the meeting to all of Northmoor with a cover letter explanation. Great idea, will do for annual meeting spring 2014.*
- ❖ *Hold annual meeting later than February. The latest we can hold a meeting without changing the By-laws is March 31st. The suggestion was to change the bylaws to allow a later annual meeting during the second quarter. If accepted, this would need to be coordinated with the notice requirement to homeowners regarding the annual assessment.*
 - *We have to wait until the next annual meeting to consider a change to the bylaws on this topic.*
 - *Changing the by-laws re changing the date for the annual meeting is perhaps lower in priority over what the board currently needs to do, higher priority items include policy changes, etc.*
- ❖ *Can we have another homeowner meeting in May/June 2013 to review/vote on a revised budget? Is 30-day notice is required for a meeting?*
 - *We need to provide at least 30 days notification for a homeowner meeting, no greater than 60 days.*
 - *This means we would need to have a notice out in the next week and a half; this is unrealistic to do right now.*
- ❖ *Use other than Johnstown Community Center for annual meeting to a location with \$0 fee.*
 - *President Ruof has previously called Johnson's Corner and couple of other places to explore other options but all charge more than the Johnstown Community Center, our regular meeting place.*
 - *Unfortunately the library is too small for a Northmoor Acres HOA members meeting.*

Open Space

- ❖ *is there a legal/insurance issue that requires us to mow the open space?*
 - *We are unclear whether CCIOA requires an association to do fire mitigation.*
 - *The HOA's insurance likely requires a certain level of mitigation.*
- ❖ *Allow neighborhood volunteers to mow the open space by first signing an indemnification form. HOA should pay for gas.*

- *We believe the HOA cannot organize/sponsor this as it exposes us to a lawsuit. We don't have lawyers on staff to handle any situation. We will explore this idea further.*

Budget Expenses

- ❖ Eliminate the monies budgeted for Miscellaneous. Suggest all monies spent must be in a defined category. Leave the miscellaneous category for rare exceptions of expense that can't be placed elsewhere.
 - *Great idea, implemented now.*
- ❖ Eliminate acknowledgements done by the Board. It was felt these are not done consistently since the Board is not aware of everyone's illnesses, etc.
 - *Discussion ensued. There was a consensus that acknowledgements would be limited to sending cards.*
- ❖ Why were there two \$410 payments for the ditch survey?
 - *Board explained this was a 1st half/2nd half payment*
- ❖ Send out Budget Committee budget recommendations to all Northmoor homeowners with explanations. Set up a time at the library (or some other location) where folks could drop by during defined times to get questions answered. If no additional meeting is set up, ask for a re-vote in this forum on the budget.
 - *A re-vote would require a more formal process than this. Because of timing we probably need to be resigned that an increase of \$25.00 to cover expenditures will not be resolved this year.*
- ❖ Homeowner A volunteered to do bookkeeping for \$0 charge. Cuts \$360 from budget.
 - *Homeowner A's resume was passed around for review and a discussion ensued. The HOA owns software on a HOA-owned PC.*
 - *Need a list of everything that our current bookkeeper is responsible for.*
 - *Doing the bookkeeping requires a commitment for a year, it involves more than six transactions a month.*
- ❖ More detailed reporting of what postage is being used for (i.e. newsletters to 30 homes, annual invoices, annual meeting letters, homeowner letters, etc)
- ❖ Have folks bring baked goods to the annual meeting instead of buying donuts, make it a community event (all contribute).

Postage

- ❖ Reduce postage by emailing most communications to Northmoor homeowners. Put a notification in the Spring newsletter "All communication will be via email. If you do NOT want to get your information this way, please contact Bill Skeldum"
 - *Notice of homeowners meeting with proxy card must be sent by mail per our Bylaws.*
 - *Don't want to invalidate any votes because we did not follow the correct process as we should.*
 - *Will receiving invoices by email negatively impact pay-rate? This answer could be researched and reviewed for future mailing of invoices.*
- ❖ Notify via notification system to tell people invoices or other communication has been sent via email.

Insurance

- ❖ Consistency on what's being paid/reported for insurance payments. Change memos to distinguish property vs. liability
 - *CCIOA requires you carry the two types of policies. Insurance broker shops around for the best deal.*
- ❖ Can insurance policies be combined? Often there is a deal for combined policies.
 - *At a CAI training, the expert recommended that the two policies need to be separate, an umbrella policy was also recommended.*
 - *The CAI magazine has different companies that advertise to provide HOA insurance.*
- ❖ What are limits and deductibles?
 - *Vice President Martin is to contact agent and ask for information.*
 - *These need to be posted annually per CCIOA (Coverage type, Carrier Name, Effective/Expiration Dates, Policy Limits, Policy Deductible, Additional Named Insureds).*
- ❖ Is Board liability and property liability all through Travelers?
 - *The insurance broker will broker the best combination each year, currently through Travelers.*

Water Shares

- ❖ What votes are needed to sell HOA water shares?
 - *67% (2/3) of all homeowners (81 people) per CCIOA, same numbers to encumber. This vote came up in 2/2001. 13 votes to sell, 61 voted to keep the water.*
 - Can the water shares be considered as part of Northmoor's reserve?
 - *Water shares might be not considered a liquid asset. Not readily available to sell if it requires a vote to dispose of the asset.*
 - *Can you sell a single share? There would be capital gains and it might lessen the value of the remaining shares, would also require the 2/3 vote by homeowners.*
- ❖ If we will provide water questions to Homeowner B, he will research with Senior Water Resource Analyst.

Mineral Rights

- ❖ Confirm that some homeowners own their own mineral rights
 - *About 9 lots*
- ❖ Were there Quit Claim Deeds to Northmoor HOA for most of the mineral rights?
- ❖ There are a lot of wells around Northmoor already that could be getting our minerals.
- ❖ Who decides whether Northmoor sells or leases mineral rights. Should be put forth at an HOA meeting. Would provide revenue to Northmoor.
 - *Bring proposal to Board to present at the annual meeting.*

Bottom Line Conclusions

- Reviewed the Budget Proposal. Reviewed what would have to happen if we kept the budget at \$13,000.
- It will not happen with the current requirement of paying for ditch maintenance and mowing that will be a requirement this year due to the rainfall.
- What are our options:
 - All of them lead to a meeting where a result is a vote to raise the budget. We need to hold a meeting to approve an increase or ?

- We can raise the assessment 3% and ask for donations
- Can we lease water? The Board knows of some people who can advise on how, and how much, we can lease it for. We have previously leased our New ISH shares.
- Could agree to spend over budget and consciously take our reserves down to \$5000?
- Find out how much the Farmer's Extension ditch bill might be (approx.)
- Can we add interest to assessment and trash when late?

NEXT MEETING: There will be another Special Meeting of the Board to review our responses to the recommendations. The meeting will be held next Wednesday, May 22, 2013, at Director Eldenburg's home.

Before that meeting the following items will have been completed:

- Director Stroud:
 - to call about hay baling
 - to call a contact about water leasing
- Director Rieke
 - to call about hay baling
- President Ruof
 - to call for recommendations on how to lease water more effectively
- President Ruof and Treasurer Skeldum will ask at the CAI training about:
 - Insurance options
 - How to account for legal fees in our financial statements
 - How do other HOA's generate additional funds for operating costs
 - Late fees
 - Definition of reserve - can water shares be used for reserve?

It was moved, seconded and carried to adjourn.

Meeting adjourned 9:40.

NORTHMOOR ACRES BOARD OF DIRECTORS

Cindy Eldenburg, "acting Secretary" for this meeting