

Qualchan Hills Homeowners Association Board of Directors Meeting
Wednesday, June 4, 2018 6:00 PM
St. John's Auditorium

1. Call to Order & Establish Quorum: Quorum is established.
2. Introductions
 - a. Board Members: Willie Masten, HOA President; Val Brendemihl, HOA Vice President; Bill Bunze, HOA Treasurer; Heather Kohler, HOA Secretary.
 - b. There were ten homeowners in attendance.
 - c. WEB Properties: Eric Lundin.
3. Willie presented former Board members with appreciation cards for their years of service.
4. Financial Update provided by Eric Lundin as of 05/31/2018:
 - a. YTD Income – Income is down \$1,631.49 to budget. This is due to delinquencies
 - b. YTD Expenses – Expenses are \$11,204.32 above budget. This is due to the audit and snow clearing expenses.
 - c. Account Balances -
 1. Operating Account - \$6,964.86
 2. Savings Account - \$1,002.92
 3. Reserve Account - \$34,688.32
 4. Park Account - \$5,120.87
 5. Total - \$47,776.97
 - d. Delinquencies - Delinquencies are at \$16,494.13. The bulk of the outstanding delinquencies come from four homeowners, totaling \$13,980.57. We have begun a legal action against the largest delinquency, and are waiting for them to be served. We have sent impending lien notifications to the two homes that are not already in foreclosure.
5. Old Business
 - a. 2017 Dues Increase – The Board has met with homeowners in an attempt to come to an agreement regarding the 2017 dues increase. The issue was opened for discussion at this meeting:
 - i. There continue to be questions regarding the 2017 dues increase. The Board is examining if due process was followed when the dues were increased, and if not, what might need to be done to correct the situation so all homeowners have their voices heard. It was also mentioned that the HOA is in financial need and may not be able to meet their expenses if dues are not maintained at their current rate. It was determined that this would be a lengthy discussion, and it was moved to be continued after other agenda items were completed.

- b. Persimmon Woods Dues Review:
- i. Attorney Review of Expenses before Feb 8, 2018 – Doug Edwards, who has been advising the HOA on this issue, has advised that “No, you are bound by the Agreement to a limit of \$1.50 per completed residence per month.” It does not appear that any additional funds can be collected for that timeframe.
 - ii. Review of applicable CC&R’s – Eric reported that WEB Properties has consistently reached out to the President of Persimmon Woods trying to arrange a meeting to discuss the issue of the second amendment to the CC&R’s. Unfortunately, Eric’s calls have not been returned. After reviewing the Amendment, Eric presented some issues to the Board. WEB Properties recommends having an attorney review the second amendment, in light of the following, and recommend what next steps to take.
 1. Section 14.7 “Roadway, etc. Maintenance and Repair” This section caps expenses for the Persimmon Woods HOA to \$3.00 per home, or \$156.00 per month to Qualchan Hills. This is far below actual expenses, which are expected to cost \$10.72 per home per month, and it has been a point of discussion with previous Boards that this \$3.00 number is not reasonable in perpetuity as expenses go up.
 2. Section 14.8 “Payment by Persimmon” charges Qualchan Hills with preparing expenses per Sections 14.5, 14.6, and 14.7, and dividing the cost annually into twelve equal payments to be assessed monthly to Persimmon Woods. This is important in light of Section 14.10.
 3. Section 14.10 “Persimmon Voting Rights” seems to give Persimmon Woods the right to vote on the budget. This is the key issue we need to bring to the attention of the attorney. The attorney has answered that we cannot recover any funds from before February 8, 2018. However, they did not get to vote in our election for the budget, so we need to know if we can ask for reimbursement of expenses after February 8, 2018.
 - a. A former Board member commented that the “Persimmon Voting Rights” was not created to give Persimmon Woods voting rights to Qualchan Hills budget, but was created to allow Persimmon Woods to vote on shared repairs and expenses.
 4. Section 14.11 “Amendment to Article XIV” seems to give Persimmon Lot owners exclusive rights to amend the amendment. The concern is that they might be able to amend their portion of the financial responsibilities to zero. There are no similar voting rights for Qualchan Hills. Eric pointed out that this is also very important to have the attorney review.

- iii. Review of the budget to send to Persimmon Woods – Once we have an attorney review of the CC&R's in amendment two, we will prepare the budget. Either for 2018, or for 2019. In addition, we have separated Kip Lane Landscaping, and will invoice Persimmon Woods Under Section 14.5 for Street maintenance here.
- iv. Bill Bunze agreed to contact Bob Long to attempt to schedule meeting. Bill will review the budget with Bob at that meeting.
- c. Approval of the delinquency policy – Board members reviewed the delinquency policy that was provided by WEB at the March Board meeting.
 - i. The Board discussed revising the current thresholds in the policy to lesser amounts in an attempt to address delinquencies with homeowners before the total becomes excessive. The Board agreed to review the policy and vote via e-mail.
 - ii. A homeowner voiced concern that the policy allowed WEB to assign a special assessment to a homeowner without approval of the Board, and without notice to homeowners. There was discussion that delinquency fines and interest were separate from special assessments. To address this concern, Eric recommended that homeowners who have received delinquency fines be given the opportunity to have their fines reviewed by the Board at quarterly meetings, if the homeowners choose to do so. The Board also agreed that a copy of the policy be sent to all homeowners once approved.
- d. 1220 W Bolan – After meeting with the homeowner, the Board voted to reverse the fines that had been previously assessed.

6. New Business

- a. Special Homeowner Budget Meeting
 - i. Review of Annual QH Budgets for Common Areas, Private Streets, and Reserve Expenses – Management met with Bill Bunze in April and reviewed the expenses laid out in these three categories. Because of the audit expense, common area expenses require monthly dues of \$44.97 per home per month. Private Street Expenses are a pass-through. Total private street expenses are \$69,630.77. Income for private street expenses is budgeted ahead of time, and the owners are either billed back for overages, or given a credit if they paid too much. Finally, Reserve Expenses in the last year have been fairly light at \$1,670.38. However, the reserve study calls for a \$126,159.00 capital expenditure in 2019 for Kip and Keyes asphalt overlay. This is funded with a special assessment of up to \$150,000.00 in 2019. Eric recommended the Board give this information to homeowners at the upcoming special meeting.
 - ii. During the discussion of budget, homeowners questioned some of the services currently being paid for, such as snow clearing at mailboxes, which is currently being performed by homeowners before contracted providers

arrive. It was asked if these services could be discontinued to save money. Eric agreed that it was a possibility that could be explored; however he also cautioned that it might open the HOA for liability.

iii. A homeowner asked for an update regarding the electronic pay system.

Eric reported that currently, more than 40% of homeowners are paying online. The HOA continues to absorb the expense of mailings for those not enrolled in the online system. At the 3rd quarter meeting, the Board will discuss how to proceed with homeowners who are unable or unwilling to pay electronically.

- b. Legal Action update – The attorney handling the case against the owners of 4736 S Keyes Ct. has not heard back from them, and they were authorized to begin a legal action in early May. At this time, they are working to serve the property owners. The household currently owes \$6168.00 in dues, fines and fees.
- c. Landscaping – There have been concerns about common areas not being tended to by the new landscaping company that has been contracted with for this year. Homeowners have noticed a difference in the quality of services being provided. Several homeowners in attendance voiced dissatisfaction with the level of services being provided and the quality of work being performed. Two homeowners had lists of specific concerns that need to be addressed in common areas, including the park on Bolan. Those homeowners agreed to e-mail their lists to Eric. There are additional concerns to sprinklers not going off at all, and others being programmed for inappropriate times of the day. Eric reported that during the transition to the new company, a new landscape map had to be created, which led to some areas not being included in the scope of work. Winder Lane, in particular, has requested additional services. Eric received a bid for these services, which will cost an additional \$75 per service and can be done weekly, or as needed. In addition, the contractor has provided Eric with a list of six additional areas that need amended services. Eric will request a bid for this suggested work so the Board can move forward with a decision. The Board agreed to continue to develop the landscape map to improve organization and clarity.

7. Additional Items

- a. Bill Bunze requested clear descriptions of common areas and homes included in the HOA so Board members could be precisely aware of their scope of management. Eric stated that he could have map generated from SCOUT for approximately \$200. Eric agreed to get a final estimate on the expense for the Board to vote on before a new map was created.
- b. Dues increases - The discussion continued regarding questions about the legality of the 2017 dues increase. The homeowner who has challenged the dues increase stated that he is not seeking reimbursement for homeowner dues dating back to 2017; however, he believes the increase is invalid and should be voted on again, following the CC&Rs. Heather Kohler recommended that if CC&Rs were not followed, it should be corrected. Heather suggested clear communication with

homeowners and a re-vote of the dues. Bill Bunze recommended that the Board should make a final review of the issue, and if the results of the review are not satisfactory, the Board should act on a resolution. Board members agreed to meet for the review, the date to be scheduled via e-mail. A special meeting will also be scheduled with homeowners to review the current budget and financial concerns, date has yet to be set.

- c. A homeowner voiced dissatisfaction with services provided by WEB and recommended the HOA operate without management, or be managed by another company. There was no resolution to this discussion.

8. Adjournment: Willie called the meeting to an end at 8:30 PM.

Minutes by:
Heather Kohler
QHHOA Secretary