



The following are minutes of a special board meeting called for the purpose of working on the financial reserve position of the Porto Cima Townhome Property Owners Association (PCTPOA). The subject of reserves is difficult for most property owner associations. The purpose is simple and noble – to protect the members by having sufficient funds to maintain their properties. There are two extremes – 100% funding for future expected needs or 0% funding (current annual \$ funding). The reserves belong to the owners. One hundred percent ties up owner funds at high and arguably unreasonable levels. Zero percent places the entire association at the risk of property degradation. Your board is currently in the discussion states on middle of the road approaches intended to give the owner members protection for maintaining maturing properties and for supporting market values. We need to continue to build our reserves in order to meet the needs of replacements and upgrades in the future.

Porto Cima Townhouse Property Owners Association
Board Meeting
June 22, 2013

The meeting of the Porto Cima Townhouse POA was called to order at 9:00 a.m. Board members present included Bill Manion, Fred Miller, Lee Eise, Marti Eagan, Jim Butler, Jim Barnett and Lynn Diggs. Also in attendance was Todd Nelson, Nelson Management Company.

Bill Manion thanked everyone for their attendance and explained this meeting was scheduled to discuss one agenda item, the “reserve study”. Other items should wait until the next quarterly board meeting scheduled for July 13, 2013.

Bill asked Jim Barnett to begin discussion on the reserve study. Jim referred to three handouts previously emailed to each board member: (1) analysis of reserve options, (2) example of neighborhood future replacement costs, and (3) a summary of reserve study analysis updated April, 2013. Jim reviewed each handout and stated that the reserves are different for each neighborhood based upon the number of homes and items reserved. Jim feels the reserves should be increased. He also stated that this is an item that is covered and addressed in our independent annual audit. Bill Manion reminded everyone that the projected reserve costs for each item is an estimate and that our bylaws do not state the POA is required to reserve a specific dollar amount for an item or project.

Board discussion addressed the information provided by Jim Barnett. Jim Butler felt it was important to communicate reserve information to property owners and restate that the reserve funds for each neighborhood are the homeowners’ money. He believes that some homeowners think the POA has a “pot of money” and do not understand that each neighborhood only has the monies collected through quarterly dues to pay annual expenses and fund the neighborhood reserve account. Fred Miller stated he also feels the reserve funds for each neighborhood should be increased and believes the property owners are annually underfunding the reserve account in their neighborhoods. Fred had an analysis of the impact of 2% special assessment in annual dues if assessed for 1, 2 or 3 years. Much discussion continued as to whether a special assessment was warranted, if so, how much and for how long, how the assessment would be communicated to property owners, the possible impact on property values, etc.

Bill Manion asked if anyone had any other discussion or ideas relative to our reserves other than an assessment. Lee Eise suggested we reexamine our annual expenses, by neighborhood, to determine if any savings could be realized. Todd stated this has been done but certainly can be completed again. Lee suggested reviewing the most costly line items, i.e., landscaping, etc. Jim Butler stated he felt the minimum was currently being done with regard to landscaping. After further discussion, Fred Miller stated he believed the board would benefit from legal advice regarding how the board might proceed with regard to the reserves and a possible special assessment. Other board members agreed. Fred Miller and Todd Nelson will meet with Bob Pohl to explore this issue prior to the July 13th board meeting.

Bill Manion asked if there were any other items the board would like to discuss before adjourning. Todd Nelson provided an update on Villa La Cresta. He stated that the decks should be completed next week. Lee Eise stated that the downspouts need to be the next project. Todd said they have been ordered. Todd stated he needed guidance from the board regarding payment of the decks and communication and payment of future work needed that does not fall under the category of reserved projects. Lee moved for the deck work payment to be allocated to general maintenance. Lynn Diggs seconded and the motion passed.

Further discussion occurred regarding Villa La Cresta property inspections, installation of water diverters, possible/probable/necessary dryvit repair, conformity of quality of all work completed, etc., and how payment would be handled for any and all work completed. The inspector concluded that the above issues were a result of deficient original design/construction and not from lack of ongoing maintenance. After additional discussion, the board decided to have our attorney, Bob Pohl, provide an opinion regarding this issue. Fred Miller and Todd Nelson will discuss this item when meeting with Mr. Pohl about the POA reserves.

Bill Manion asked if anyone had any other items for discussion. The issue of board meeting location was mentioned. The Porto Cima club has informed the board there will now be a charge for each meeting held at the clubhouse. After discussion, Lee Eise moved that all board meetings continue to be held at the Porto Cima clubhouse as it is most convenient for property owners to attend. Jim Butler seconded and the motion passed. Bill Manion and Lee Eise will both approach the clubhouse manager to see if a financial concession can be given for the POA board and annual meetings.

The next property owners meeting will be held on July 13, 2013. The meeting will begin at 9:00 a.m. and will be held at the Porto Cima clubhouse . The meeting adjourned at 12:00 p.m.

Respectfully submitted,

Marti Eagan