



Porto Cima Townhouse Property Owners Association
Board Meeting
July 13, 2013

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

Minutes Bill Manion asked if anyone had further comment regarding the April board meeting minutes that were posted on the POA website. Board members stated there were not any additional comments.

Bill asked board members for comments regarding the introduction paragraph prepared by Fred Miller and the meeting minutes of the June 22, 2013 board meeting. After discussion it was decided to identify this as a "special" board meeting as it had been scheduled to discuss one important agenda item, the "reserve study".

Financial Reports Todd Nelson reviewed the Statement of Revenues and Expenses by townhouse neighborhood through June 30, 2013. Todd commented there have not been any surprise expenditures year to date and all neighborhoods are currently operating at or under budget. He noted the negative expense reflected under the "professional fees" line item which represents a credit back to the association for a reimbursed prior payment. Todd did state he had some concern that the general maintenance line item may be underfunded by year end as more issues are continuing to arise as design/construction issues become evident and the townhomes age. Fred Miller moved to approve the financial report. Lee Eise seconded and the motion passed.

Accounts Receivable Todd Nelson reported on accounts receivable. Currently the total outstanding balance is \$41,498.00 and represents approximately 20% of the POA property owners. He noted six accounts currently have liens, six accounts have been paid, two accounts are in the process of being paid and six accounts will soon be receiving a 90 day final demand letter as prescribed in the delinquency policy. Todd stated he is now sending out the 90 day letter which demands payment within 10 days rather than assigning these to our attorney Bob Pohl. Todd stated some property owners are paying within the 10 day period and when this happens, the POA saves \$250 in attorney fees. After additional discussion, Fred Miller moved to approve the accounts receivable report. Jim Butler seconded and the motion passed.

Meeting with Bob Pohl Bill Manion stated Fred Miller and Todd Nelson met with the POA attorney Bob Pohl to discuss two issues arising from the June 22, 2013 special board meeting. Subsequently, Bill, Todd and Fred met to discuss the information provided by Mr. Pohl.

Todd Nelson stated the first issue discussed dealt with property owner assessments as covered in the POA Declaration of Covenants. The board is currently undergoing a reserve study to determine if and how much an increase is warranted to ensure adequate funding of the POA reserve account. It is Mr. Pohl's opinion that any change in the covenants (including a special assessment or an increase that exceeds the allowable 5% annual property owner's maintenance fee) requires a vote of all property owners. He provided Todd and Fred with an example of a special amendment document that he believes will provide the board with more flexibility concerning future assessment decisions.

Fred stated Mr. Pohl also discussed another possible approach. He suggested a special declaration procedure for an annual maintenance assessment increase of 2%, for a total of 7% (5% currently allowed plus an additional 2%) for a period of three years. This would be an assessment for a specific purpose and a specified time period that would address the board's concern to increase the POA reserve account. It was Mr. Pohl's opinion that this too would require a vote by the POA property owners and a majority approval before implementation. After much board discussion, Bill Manion stated he was still unclear regarding exact wording found in the declaration of Covenants concerning assessments, reserves, etc. Bill read sections (5.4, 5.7, 5.8 and 5.9) which he believes pertain to these issues. After much discussion he and other board members have additional questions regarding

special assessments and the responsibility regarding their approval. Fred stated Mr. Pohl had not addressed specific sections in the documents during their meeting but rather provided an overall opinion. After continued board discussion it was concluded additional questions remained before the board should proceed. Fred Miller suggested he and Todd Nelson first send a letter to Mr. Pohl highlighting the sections Bill Manion discussed and then meet with him to discuss specific clarification. After this meeting, Fred Miller will provide its content to the board members via email.

Fred Miller stated Mr. Pohl also provided guidance regarding the issue of responsibility of property maintenance when an issue has been determined to be a design or construction deficiency. It is Mr. Pohl's opinion from the perspective of POA ongoing maintenance it is a meaningless distinction. The POA is responsible for maintenance regardless of origin. He did state property owners are certainly within their legal right to request reimbursement from the developer, contractors, etc. for design and construction issues.

Villa La Cresta Todd Nelson stated all decks have been repaired. Lee Eise mentioned to date all downspouts have not been completed. Lee asked if a downspouts addition is required when any change is made to a property's deck. It was agreed that any future deck modification must include a downspout to move water away from the building.

Todd stated the next issue facing Villa La Cresta is to correct the angle of window slopes as discussed in prior meetings. Lee Eise stated he had a discussion with Pete High regarding the need to change only the lower window section. Todd will talk with Pete and Troy Wiethop owner of Crosshair Stucco regarding this issue. A substantial cost savings for the Villa La Cresta property owners may be realized if only the lower window section needs to be changed to allow for proper water runoff.

Todd asked for a definition of "exterior" maintenance as this has been a question asked by property owners. After much discussion, it was concluded that exterior maintenance includes all property maintenance up to but not including the interior drywall. The responsibility for payment of the maintenance will as always be the responsibility of the property owners within a specific neighborhood. The method of payment will be determined and based upon the issue, cost, neighborhood funds, etc. Todd asked if sliding doors and window maintenance was included. Fred Miller stated the maintenance labor should be included but not the actual doors and windows. Doors and windows have a 10 year full replacement warranty and an additional prorated 10 year warranty.

Jim Butler stated he believes the board needs to provide Todd with more direction to answer property owner's questions and inquires. He feels this is necessary because our properties are aging and with that more problems and issues are occurring. Bill Manion stated he understands we have more issues as properties age, however, Todd has responsibility as our manager to follow board guidelines and make appropriate decisions to handle inquires etc. from individual property owners. He can and should ask for guidance in any area he believes needs further clarification.

OLD BUSINESS

Reserves Bill Manion began the discussion of reserves by asking for board member input regarding Jim Barnett's proposed letter to property owners. The letter addresses the need to increase the reserve accounts for each POA neighborhood as he and other board members believe they are currently underfunded. Lynn Diggs stated she believes all board members names should be included if property owners have specific questions they would like to see addressed. Marti Eagan stated the letter was very well written but believes more explanation should be provided regarding what specific items are reserved, how the funds are to be used, and the possibility of additional "special" assessments for large unplanned future expenses. Discussion continued regarding the two reserve accounts. Todd Nelson stated that the POA has two parts to owner's equity - a designated reserve representing funds committed to items defined in an annual reserve study and an operating equity used to balance variability in the operating budget. Fred Miller suggested that the board make specific annual decisions about transferring amounts from the operating equity to the reserves account. Todd will maintain this data both by neighborhood and in total and provide to the board for review.

Much discussion continued regarding the percentage of reserves the POA should have for the estimated cost of each item, how and what is the best method to communicate information to property owners, the POA fiduciary responsibility, etc. Bill Manion asked if there was any other discussion. He stated the board will have continued discussions of reserves. The communication to property owners of the board discussion will be contingent upon additional legal clarification of our Bylaws and Declaration of Covenants. He is expecting a final proposal based

upon this clarification prior to the September 21, 2013 board meeting with implementation prior to the October Annual Property Owners Association meeting.

NEW BUSINESS

Firework Signs Fred Miller stated the fireworks over the July 4th weekend were excessive. Bill Manion concurred and shared his experience and discussion with property owners. He also spoke with Della Miller, manager of Lakesites, our master POA. She stated Four Seasons newsletter states fireworks are prohibited but the county has not banned their use. Also, she said this issue was not addressed in their covenants. Todd Nelson said his understanding was that fireworks were banned by the master POA. He will follow up with Della Miller and review the covenants and resolutions of the master POA.

The board decided to wait for Todd's report on his discussion with Della before continuing discussion of possibly posting signs regarding "fireworks prohibited".

Tree Trimming and Drainage Request Todd Nelson stated he has received a request from a new Villa La Cresta property owner, Tony Romano. He has requested to trim a river birch tree on his property at his own expense. After discussion the request was approved. Mr. Romano also requested a french drain be installed at his property to move water away from his home. He has discovered mold and is in the process of having this rectified at his expense. Todd stated the drainage cost would be approximately \$250. After discussion, the drainage installation was approved.

Lynn Diggs asked if the board had made a determination regarding the Letzig's tree removal at Villa La Cresta. The tree has and most probably will continue to cause roofing maintenance problems at the property. After discussion the tree removal was approved.

CoMo Connect Fred Miller reported he had an opportunity to tour the CoMo Connect installation area and dream home. The company is currently working in the Villages and is beginning work in Porto Cima. Fred stated the company is very sensitive to any complaints and is doing a good job at repairing landscaping disruption to the neighborhoods. The CoMo management employee who provided the tour stated that in his opinion, the Porto Cima portion of Shawnee Bend will be fully connected by January 2014 and hopefully sooner. CoMo will outsource the interior connections to qualified vendors (e.g. Entertainer and others) to connect the outside boxes to the devices in the home.

Bill Manion thanked the board members for their continued work on behalf of the POA. He acknowledged there are many issues facing our association and appreciates the time of effort of the board.

The next property owners meeting will be held on September 21, 2013. The meeting will begin at 9:00 a.m. and will be held at the Porto Cima clubhouse. The meeting adjourned at 12:10 p.m.

Respectfully submitted,

Marti Eagan