

Porto Cima Townhome Property Owners Association  
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**Porto Cima Townhouse Property Owners Association**  
**Annual Meeting**  
**November 8, 2014**

Bill Manion called the meeting to order at 9:05 a.m. Board members present were Bill Manion, Lynn Diggs, Lee Eise, Marti Eagan, Fred Miller. Also in attendance were Todd Nelson from Nelson Management Company and Dana Johannesen who recorded the minutes. In attendance were residents Elaine Manion from Bello Point, Larry Johannesen from Via Bacino and guest, Deb Nicholas from Magnolia Point.

**Welcome and Introductions:** Bill Manion began the meeting by stating there was not a quorum of members of the association, therefore no votes could be taken on matters requiring approval by the members of the association. He then noted that there were two members and one guest in attendance.

**Board Purpose and Statement of Principles:** Bill Manion dispensed with reading the "Board Purpose and Statement of Principles" because of the lack of association members in attendance. He then thanked the members of the Board for their hard work and efforts over the past year in resolving many issues and accomplishing significant tasks.

**December 31, 2013 Auditor's Report:** Todd introduced Evers and Company's (the Association's auditors) Annual Report by distributing the auditor's report and associated letters to the members of the Board. The first letter stated the auditor's recommendations based on the findings of their audit. The first item referred to internal control structure required as a result of the management company's size being smaller than preferred by the auditors. Todd Nelson stated proper checks and balances are in place, - all checks must be accompanied with company invoices and require two Association Board member signatures. In addition, there is a monthly review of all bank account statements. The second item referred to designated reserves bank accounts. As of December 31st, 2013, the three accounts for designated reserve showed a total deficit of \$167,000 in designated funds. In addition, each account for designated reserves must be specifically identified "for reserves only". Todd Nelson then stated that he and Bill Manion had recently opened an account at U.S. Bank, now the Association's fourth bank account because the Association has exceeded the \$250,000 FDIC limit in the three other accounts (Bank of Lake of the Ozarks, Central Bank and First National Bank). Todd Nelson then stated the auditor's last recommendation to have a professional reserve study has been addressed by the Association contracting with Reserve Advisors for such a study. He then described the contents of the auditor's report and the various financial documents included.

Fred Miller then commented on the concern expressed by the auditors in their letter suggesting there was not enough cash to match the amount of the reserves. He stated that, in fact, the Association does have enough cash to manage the reserves. He further stated that there is no requirement for the Association to have separate bank accounts that match the reserves. Fred Miller then emphasized by saying, "We have the cash – matches the reserves!" Bill Manion then asked, "Why would they make that statement?" A discussion then followed in which the members of the Board expressed strong concern over the implication made by the auditor that the Association used reserve funds for operating expenses. The Board agreed the auditor's concern came from the funds accumulated for reserves during 2013 not being transferred into the "designated reserves" accounts by the time the audit was completed. Association member Larry Johannesen then asked the Board's confirmation of the funds being transferred. Todd Nelson stated that the transfer took place when he and Bill Manion opened the new account at U.S. Bank. The Board felt the issue was important enough for Fred Miller and Jim Barnett to meet with the auditor and clarify the matter. The Board did not move to approve the audit pending clarification of the auditor's concern.

**Review of September 30, 2014 Year to Date Financial Report:** Todd Nelson started by referring to the September 30, 2014 Balance Sheet which showed cash of \$581,000, receivables of \$92,000, accounts payable of \$21,000 leaving owner's equity of \$652,299. Todd Nelson stated that while the balance sheet shows receivables have increased, since September the amount has actually come down by \$25,000 and that three major amounts have been brought under control through the Association's attorney, Pohl & Pohl. He then brought the discussion to the Revenues and Expenses page. He explained the Villa La Cresta operating at a negative \$35,000, which stems from the lag in time between the special assessment work being started on individual owner's property and completion, when it would be appropriate to expect payment. Lee Eise asked the status of the work and payments. Todd Nelson responded saying all work is now

complete and all special assessments have been received. The amounts outstanding come from cases where there was substantial interior damage to units, not covered by the special assessment, needing to be paid separately by the affected property owner.

**Review of 2015 Townhome POA Assessment Budgets:** Todd Nelson started by introducing the 2015 Assessment Budgets approved by the Board at the Board's September meeting. He stated that only two of the Association's neighborhood quarterly assessments would remain unchanged because of having achieved the Association's goal of fifty percent funding of their long term Replacement Reserves. Those neighborhoods are Via Bacino and Villa La Cresta. He further stated that in order to aid the other neighborhoods in achieving their 50% goal, assessments in those neighborhoods would be increased by the Board authorized 5.0%. He then stated the following quarterly assessments; 10<sup>th</sup> Green (Las Campanas), from \$888 to \$930; Via Bacino, stays at \$1108; Punta Pilato, from \$1,366 to \$1,400; Southshore, from \$933 to \$980; Avilla, from \$1,111 to \$1,125; Villa La Cresta, stays at \$907; Bello point Townhomes, from \$1,183 to \$1,214; Bello Point Patio Homes, from \$904 to \$948. Bill Manion then asked Todd Nelson if any of the property owners had contacted him since notice of increased quarterly assessments was sent to the members of the Association. Todd Nelson replied "none".

**Reserve Study:** Todd Nelson stated that, as directed by the Board at the September meeting, the Association has contracted with Reserve Advisors, a Milwaukee based national company, for a certified, professionally prepared "Designated Reserves Study" and a "Transitional Study", a study reporting the original builder's construction deficiencies. The report is projected to take twelve weeks to complete and should be available in early March, 2015. Fred Miller stated that, "from the beginning, the Board's approach has been pretty common sense and pretty reasonable, but the Association is at an age now where it needs professional help".

**Snow Removal Policy 2'+:** Todd Nelson restated the Association's policy which has been in place for four years. The policy is to clear driveways and service walks of full time occupied properties after two or more inches of snow. In the case of part time occupied properties, owners whose property will be occupied during periods of snow should notify the management company occupied and the snow will be cleared. Bill Manion asked if there was any reason to change the policy. Lee Eise said there seems to be no reason. He said it seems to be working and residents he has talked to have not expressed any concerns. He further stated that the current policy has allowed the Association to save quite a bit of money.

**Insurance Request from Homeowners:** Todd Nelson stated that the management company has requested all property owners provide a copy of a declaration of insurance from their insurance company in order for the Association to verify all properties are properly insured. Fred Miller asked, "Is it mandatory and is it part of the agreement with the owners?" Both Lee Eise and Bill Manion responded by saying it is a requirement of the covenants. There was then a general discussion about the importance of this requirement and how it not only protects each owner's property but also their "roof mates" property in the event of a fire or other damaging event. Fred Miller then asked how difficult it would be to notify owners if their roof mate did not submit proof of insurance. The other Board members did not believe this would be right. Bill Manion then asked "what is the downside if you do have a fire and your neighbor does not have insurance, their place catches fire and burns into yours, are they liable?" The consensus of the Board was yes. After further discussion of the importance of this issue and confusion with some property owners believing this type of insurance is provided by the Association, which it does not, Bill Manion then suggested Board members meet separately to draft a letter to be sent to property owners reminding them of the requirements and the importance of having proper insurance, not only for themselves but their roof mates. Also discussed was publishing a list of properties that had not provided proof of insurance. After further discussion, Bill Manion suggested any further discussion about the actions to be taken be discussed at the Board meeting.

**EIFS Inspections:** Todd Nelson stated that the Association is using Pete Hye to conduct inspections of all properties. Last year Villa La Cresta was completed. This year, all ten units in Via Bacino were completed and Bello Point townhomes has been started. Inspections will continue, weather permitting, at the rate of one unit per day. After completion of Bello Point, inspections will move to the remaining neighborhoods, Southshore, Avilla, 10<sup>th</sup> Green and Punta Pilato. All inspections should be completed in spring of 2015. Lee Eise asked if the Association has received any results. Todd Nelson said "yes" and indicated the results and actions would be discussed at the Board meeting.

**Keep Vents on Patio Homes Closed During Winter Months:** Todd Nelson said that it was important to remind owners of Patio Homes to close their foundation vents during cold weather months to prevent moisture and condensation in the space under their homes. Lee Eise commented that it is also important for the owners to open the vents during warm weather months to insure any moisture in the space be able to dry. Fred Miller suggested that owners be reminded to open and close vents with the change to and from daylight savings time. Bill Manion requested this matter be mentioned in the Association's next newsletter.

**Other Discussion from the Floor:** Bill Manion asked if there was any other discussion from the floor. Via Bacino resident Larry Johannesen commented on how much the Via Bacino neighborhood appreciated the Board's willingness and ability to work with the neighborhood to improve and enhance the neighborhood landscaping. Bill Manion indicated that it was a long process in which the Board was able to properly develop a process to provide individual neighborhoods a way to do special projects to improve their community. When the Board asked the status of the work, the response was irrigation work was nearly completed, that properties across from the Yacht Club have "a lake in our backyard again", that clean-up work was nearly complete and plant material would be installed in spring.

**Next Annual Meeting date:** After discussing the requirements of the Association's Covenants, it was determined the only requirement was the meeting be held in November. After further discussion, the Board determined the Association's Annual Meeting be scheduled at 9:00 AM, November 7<sup>th</sup>, 2015.

Bill Manion adjourned the meeting at 10:46 AM by stating how disappointed he was that only two Association members attended the annual meeting.

Respectfully submitted,  
Dana Johannesen