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**Porto Cima Townhouse Property Owners Association  
Board Meeting  
August 1, 2015**

Bill Manion called the board meeting to order at 9:00 a.m. Present were Bill Manion, Jim Barnett, Jim Butler, Lynn Diggs, Lee Eise and Fred Miller. Also in attendance were Todd Nelson from Nelson Management Company, Dana Johannesen taking minutes and Via Bacino residents Larry Johannesen and Walter Thompson, who recently purchased in Via Bacino.

Bill Manion started by introducing Walter Thompson and welcoming him to the Porto Cima townhome community. Bill Manion further indicated Walter Thompson had requested the Board's approval to allow the screening in of the covered area of the lower deck of his home. A discussion then followed which described the improvement and whether there were any potential issues or concerns needing to be addressed. After proper assurances from Walter Thompson and Todd Nelson, a motion to approve Walter Thompson's request, made by Fred Miller and seconded by Lynn Diggs was unanimously approved by the Board.

Bill Manion then asked Todd Nelson to introduce the agenda.

1. **June 30, 2015 Financials:** Todd Nelson started the discussion of the 6/30/2015 financial by introducing the Statement of Revenues and Expenses by Townhouse Neighborhood, followed by the Balance Sheet and ending with the Profit and Loss Budget vs. Actual sheet. Jim Barnett asked Todd Nelson why expenses were so far under budget by some \$34,000. Todd Nelson explained that general maintenance expenses are month by month and that through the summer months we incur more of the expenses. He further explained we had minimal snow removal this winter and not a lot of tree removal. Jim Butler then reminded the board members that expenses are not incurred until payment for the item of work is actually made. Jim Barnett stated that the Association's accounting is on a cash basis. Fred Miller then asked about the balance sheet Accounts Payable being negative and who owes the Association money. Todd Nelson explained that the Association prepaid maintenance on June 30 for some July maintenance. Jim Barnett then asked about any collections situations. Todd Nelson answered by saying yes. Jim Barnett suggested that the matter of collections be discussed in executive session. Lynn Diggs then asked Todd Nelson if the "large cut in income" resulting from the Special Assessment rebates to the owners in Villa La Cresta would require moving funds in order to pay bills, moving forward, for Villa La Cresta, Todd Nelson said "at this time, no." He further stated that "... the refund or credit came out of Reserves. As far as the checking account, we are all right not having to switch money back and forth at this time."

Bill Manion then stated that the Association is considerably over budget on the audit fees and the legal fees. Todd Nelson explained that payment for the Reserve Study came out of the budget for Audit Fees in the first 6 months. Bill Manion then asked if Professional Fees were just for the Association's attorneys. Todd Nelson answered yes and commented on being surprised because those fees were lower than expected.

Jim Barnett then asked Todd Nelson if, in the future, budgets could be prepared to reflect monthly activity instead of quarterly to better see how expenses actually occur. Todd Nelson indicated he was trying to get that accomplished.

Bill Manion then asked if there was a motion to approve the Financials. The motion, made by Jim Butler, seconded by Lynn Diggs, was unanimously approved by the Board.

Fred Miller then commented that it would be helpful for the Board to have more than a few minutes before the start of board meetings to review the information to be discussed during the meeting. After a brief discussion, the Board made a formal request that, for future meetings, information be provided to Board Members prior to the meetings.

2. **POA v Gentry Update:** Bill Manion asked Todd Nelson the status of the Gentry matter. Todd responded by asking if the Board would rather table this item and discuss in executive session following completion of the remaining agenda items. The Board agreed.

### 3. Old Business:

- a. **Via Bacino Maintenance:** Todd Nelson stated that the maintenance work in Via Bacino has been a real challenge and has taken much longer than expected. Mail box and shutter painting has been completed, but because of rainy weather and scheduling access, front door painting is not done. Window brick molding repair is complete with some painting being unfinished in homes where window replacement is not yet complete. Todd Nelson further stated that window replacement has been a nightmare and that there was an issue with one of the window orders. Fred Miller then asked how we paint front doors when the owner is not present. Todd Nelson responded by saying that was the major obstacle. A number of owner have said they will not grant access unless they are there. Todd Nelson further indicated he was going to have to send an e-mail to all Via Bacino owners telling them which day front doors will be scheduled for painting and requesting them to be at their homes at that time. Otherwise, the owners who cannot be available will have to contact him and set a date when they will be at their home so the painting contractor can be scheduled for their convenience.
- b. **Villa La Cresta Interior Damage Refund:** Todd Nelson stated that at the last meeting, the Board had approved a refund of 50% of the cost of the window sloping and credit had been issued to the involved owners. The credit for interior damage had not been sent out because Todd Nelson was waiting for Board approval of the letter to the involved owners explaining the credit. There was an extended discussion confirming the Association's policy of the Association's responsibility for exterior work and the homeowner's responsibility for interior work, the circumstance in which the Association would participate in a percentage of the cost of interior damage work resulting from exterior work, and how credit amounts were to be determined. Todd Nelson asked the Board to confirm the direction he was taking. The Board Members agreed Todd Nelson was taking the correct approach. Todd Nelson then asked the Board for approval of his proposed letter to the 10 Villa La Cresta owners entitled to a credit for interior damage repairs. After further discussion, the Board Members agreed the letter was appropriate and should be sent and that the credit should be issued to those owners.

### 4. New Business: :

- a. **Carpenter Tree Removal Request:** Todd Nelson stated that a Villa La Cresta owner has requested the Association remove trees located behind their home, and adjacent to the lake. Todd Nelson pointed out that the trees were located on golf course property and that the Association had no authority to remove the trees. The Board suggested the owner make the request of the golf course. Bill Manion pointed out that the Lakesites POA had to approve any tree removal on properties within their jurisdiction. Bill Manion called for a motion to not approve, which was made by Jim Barnett, seconded by Lee Eise, and unanimously agreed upon by the Board.
- b. **Green Pool Request:** Todd Nelson introduced a request from a Punta Pilato owner for approval to construct a swimming pool on common ground owned by the Association. Bill Manion explained that this would be an addition to a townhome, beyond the 3.0 feet of the owner's property and that there has been no previous request for a private improvement on Association common ground. Bill Manion introduced a "position paper" he prepared pointing out many of the issues involved in this request. Major points in the paper were:
  - 1) The request appears to extend individual property rights into the common area
  - 2) Restrictive Covenants grant Lake Sites POA the right to use townhouse common areas requiring legal position clarification by the Board of the Lakesites POA
  - 3) There are two separate property owners which raises the question of liability, maintenance of any kind to the addition, responsibility for any damage to the Association's property caused by construction
  - 4) The need for a signed legal agreement between the property owners for the shared additionBill Manion then stated that he had asked the Association's attorney about the concern of setting a precedent with any decisions the Board would make. He further stated that the attorney advised the Board that they never need to consider precedent because there is no direction regarding precedent in Missouri Association law. After discussing documentation that would need to be included with a formal request from the owners, Jim Barnett stated that should not be considered and the owners be told no at this point. Jim Butler stated that he didn't believe the Board had the authority to permit a private improvement on common ground. After further discussion, Bill Manion suggested a motion be made. Jim Barnett made a motion, seconded by Jim Butler to deny the request because of the common ground issue. The motion was unanimously approved by the Members of the Board.
- c. **Cost Sharing of Crosshair Repairs:** Todd Nelson indicated this item was on the agenda at the request of Fred Miller as a matter of clarification. As discussed earlier in this meeting and at the May 8<sup>th</sup> meeting, Fred Miler's understanding was that when an interior repair was needed, "the homeowner is responsible for removal of the skin, repairing of everything inside the skin and the Association, through assessment and reserves, is responsible for all of the exterior return". He then asked Todd Nelson if that was correct? Todd Nelson responded by saying that was his understanding. An extensive discussion then followed in which the Board discussed the part the owner's insurance should play in the cost of interior repairs, the part the Association's

pro-active inspection and maintenance policy has played in early discovery and repair of problems, the ongoing discovery of original construction defects, the individual Owner's responsibility to take care of ongoing interior maintenance, and the differentiation of problems of original construction compared to any maintenance issues upon which the Owner claims the Association has not acted. Bill Manion pointed out that as long as the Association, within its budget and within what is planned going forward with maintenance, is doing all that it can within its financial capabilities.

#### 5. Preliminary Budgets: :

- a. **Villa La Cresta Townhomes vs Patio Homes:** Todd Nelson indicated that Lynn Diggs has, on numerous occasions, asked about separation of Patio Homes and Townhomes in Villa La Cresta. Bill Manion indicated this has been an issue for discussion for a long time and that a decision should finally be made. The Board then discussed the difference in how much each type of unit would pay. Lynn Diggs pointed out that the cost of recent repairs in Villa La Cresta was significantly higher for the Townhomes versus the Patio Homes. Lynn Diggs asked how the differentiation was made in Bello Point. Todd Nelson responded by saying that the then Association President made the decision to differentiate by making a onetime adjustment by increasing the quarterly assessment for the townhomes by 5% and the patio homes by 0%. After more discussion about the outcome of the Bello Point adjustment the Board agreed to do the separation, but defer final action to allow Todd Nelson time to prepare preliminary, separate budgets for the Patio and Townhomes until the Board's September 12th budget approval meeting. Todd Nelson agreed to provide the Board with those budgets by e-mail prior to the September 12<sup>th</sup> meeting.
  
- b. **5% Increase Across the Board:** Todd Nelson stated the only budget increases in services were in the audit fees, legal fees (based on recent expenses), and insurance. He further stated that landscaping, pest control, management and accounting fees will stay the same. Todd Nelson then stated that the biggest increases in the budgets would be from needing to put more money in reserves and general maintenance. Bill Manion asked if Todd Nelson felt it was necessary to increase quarterly assessments by 5% across the board. Todd Nelson answered by saying that based on the Reserve Study, yes. There was further discussion about having Todd Nelson review Villa La Crest's increase in quarterly assessments in two ways; first, with the Townhomes going up by 5% and the Patio Homes going up by 3%; and second, with the Townhomes going up 5% and the Patio Homes by 4%. Todd Nelson agreed to prepare this study and submit it to the Board Members prior to the September meeting.

Bill Manion then called for an executive session to discuss pending litigation and collections.

Jim Barnett then asked for confirmation of the next meeting being September 12th. Bill Manion responded by saying yes and that it would be for budget development. Annual meeting November 7<sup>th</sup>, 2015

Bill Manion then asked if there were any other business to discuss. Being none, Jim Barnett made a motion to adjourn. After being seconded by Jim Butler and a unanimous vote, Bill Manion called the meeting to a close at 11:15 AM.

Next meetings:

1. September 12, 2015 – Final approval of 2016 Budgets
2. November 7, 2015 – Annual Association/Board Meeting

Respectfully submitted,  
Dana Johannesen