

PORTO CIMA TOWNHOME POA BOARD OF DIRECTORS MEETING

April 14, 2018

Bill Manion, president, called meeting to order at 9:00 a.m. Quorum present.

Board Members present: Bill Manion, Jim Barnett, Fred Miller, Lee Eise, Jim Murphy, Lynn Diggs.

Also in attendance, Todd Nelson, Nelson Land Management, Bill Grafeman, Terry Huston- Huston Home Services.

Inspections/work with Terry Huston.

- a. Terry reported on the progress of the Deferred Maintenance program he has been engaged to complete. The Via Bacino component is moving toward completion.
- b. Punta Piloto portion of the project is starting. Terry noted that there are voids behind the seawall, underneath the sidewalks. These voids have increased significantly in size since his original inspection in December. He noted that some of the drain (or "weep") holes in the walls are below the "full Pool" level of the Lake (660 ft. above sea level) allowing water behind the walls when the lake levels are up and preventing drain water from exiting to the lake as intended. At this point there has been no failure of the sidewalks above the voids, but the deterioration continues. He did not have an estimate of the cost to alleviate the situation, but would provide one shortly.

The Board reviewed pictures provided by Terry and discussed the situation at length. It was determined that the voids represented a potential for failure of the walls resulting to far greater expense to rebuild, rather than the cost to repair the problem, in order to prevent complete failure of the walls.

In recognition of the rapidly deteriorating condition of the Punta Piloto sea walls, Terry should prepare an estimate of the cost to repair.

Coincidentally he should begin preparations to repair the walls immediately, the Board reserving the ability to cancel the repairs if the proposal is not acceptable.

Motion approval: Barnett, Diggs, Eise, Manion, Miller, Murphy.

Absent: Butler

Motion Approved.

c. Terry further reported that currently several drain spouts from the roofs on Bia Bacino buildings were draining behind newly completed erosion control walls. Plastic tubular extensions are required, but were not anticipated in the deferred maintenance project bid. The cost of this change was discussed and Terry and the Board agreed that the additional cost was minimal.

MOTION: by Murphy, second by Eise:

Board authorized Terry to acquire and install plastic drain extensions as required, to be buried where appropriate as time and weather permit.

Motion Approved.

M/S/A -Approval of 12/31/17 Financials

M/S/A-approval of 3/31/18 financials

Jim Murphy explained details of the audit report on the 2016 financial statements. By prior determination of the board, it was agreed that the audit firm would perform the actual audit sometime after April of the ensuing year, in order to secure reduce pricing for the service. The 2016 audit was finalized-and the associated audit report was delivered in the November-December 2017 time frame. Upon review it was determined that there were inaccuracies in the 2016 financial statements and the audit firm withdrew its report on those financial statements, which it is anticipated will be reissued in April 2018. Additionally, Evers (audit) contract expired after 2016 audit and they have declined to propose to renew their contract.

Auditors in general are experiencing increased insurance costs, and increased Continuing Professional Education requirements imposed by regulatory bodies and The State of Missouri, making the performance of audit work for smaller entities unattractive. Informal inquiry of several

CPA's indicates that each has determined that the professional environment has caused them to exit the business of auditing financial statements, certainly at a cost that is justifiable to a smaller entity.

Extensive discussion regarding internal control environment and procedures for review of financial information and reporting was held.

MOTION: by Miller, second by Eise:

The Board will document the Association's Internal Control Environment and Financial Reporting structure, as well as it's periodic internal review policies and practices. Compliance with the Association By-Laws and Articles and any legal or other considerations will be reviewed with Counsel and our Insurance carrier. The resulting report will be reviewed at a later Board Meeting.

Motion Approved: Barnett, Diggs, Eise, Manion, Miller, Murphy.

Landscape: Nelson will submit recommendations to Board after walk through with Board members wishing to participate.

Todd presented a proposal from AB Pest Control to treat all buildings in the Association. Termites have been sighted in one unit at this point in time.

MOTION: By Murphy, second by Miller:

That the Termite treatment contract be tabled for 3-6 months to determine other financial requirements that might develop as the summer repair season develops. Will ask Terry to be observant of termite indications as he completes the Deferred Maintenance project.

Motion Approved: Barnett, Diggs, Eise, Manion, Miller, Murphy

Absent: Butler

Old Business

Bill Grafemaan indicated he had revisited the Deferred Maintenance proposal approved by the Board in January and commented that he believed the actual erosion control walls at Via Bacino will actually cost about \$26,000 compared to the original estimate of about \$32,000. The cost reduction is based on the amount of material required for the walls, which are shorter (both height and length) than originally estimated.

Bill also commented that he had recalculated Terry's original proposal and thought that he had done an "excellent job" with the plan and costs.

The Association is advancing amounts against the original estimate for the Deferred Maintenance project, with the final payment based on actual costs incurred.

President Bill Manion accepted Jim Barnett's resignation with expression of gratitude for Jim's eleven years and many helpful and thoughtful contributions to the Board. Best wishes and appreciation expressed by Board.

Bill Grafeman nominated to fill vacant seat on Board. M/s/a.

Next Board meeting June 23, 2018.

Meeting adjourned 11:00 a.m.

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