

## MINUTES

### CYPRESS HOME OWNERS ASSOCIATION HOMEOWNERS MEETING OCTOBER 25, 2007 7:15 P.M.

Present, Becky Fisher, President, Judith Fischer, Vice-President, Karen Hesky, Treasurer, Lee Robertson, Member-at-Large, Tracie Melton, Property Manager, L'Abri Management Company, and David Cane, with Cane, Walker & Harkins, LLP, attorney for Cypress Home Owners Association.

Meeting called to order at 7:25 p.m. by the President.

Secretary: Since the board is without a Secretary the President volunteered to take minutes.

Members Present: Thirty-seven members present (it was noted that some members left about 8 p.m. while other new members appeared). Exact count proved futile.

President opened meeting welcoming the homeowners and introducing David Cane as the association attorney. Mr. Cane greeted the homeowners and stated that, per his retainer agreement with our association, he will attend one homeowners' meeting per year free of charge.

Reading of the minutes of September 25, 2007, and October 5, 2007, was waived. However the President indicated that the minutes for October 5, 2007, were in error as the Board did not take a vote on increasing the dues by 20 percent. It was mentioned by the Treasurer in the October 5 meeting that the dues would need to be increased. A vote to increase the dues was tabled. Motion was made to correct the minutes by the member at large, seconded by the vice president, motion carried. The minutes so corrected.

The President requested a Treasurer's report and was given by Treasurer. The Vice- President made a motion to accept the report as given and was seconded by the Member- at-Large, motion granted unanimously.

Reports: Because of the length of the agenda, the manager's report and committee reports were postponed to the next meeting on November 27, 2007, at 7:15 p.m.

Announcement was made that L'Abri Management (since 1996) has terminated their contract with our association. Tracie Melton was applauded for her nine years as our property manager. A homeowner asked why L'Abri was terminating their contract with our association. Mr. Cane indicated that they did not have to give a reason. They gave proper notice.

The floor was given to our Treasurer for her report for the reserve study and the budget forecast for 2008. The Treasurer started with a summary of the reserve study and what it means for our association. She explained the proposed budget for 2008 and indicated that the dues may need

to be increased by 20 percent and that the board is hopeful that a special assessment would not be required. <sup>1</sup>Handouts were available on each seat for the homeowners. She reported that since 2002 the painting component was omitted in the reserve study and therefore the reserve study completed on September 21, 2007, was revised. There was also an error in the reserve study as it puts the roofing project out by 30 years as opposed to five years. We are waiting for the final version from President Sean Andersen, Association Reserve, Inc., to incorporate all mandatory components and their length of useful life. The “corrected” reserve study will give us the tool we need for the 2008 budget and will include a recommendation for a special assessment of \$500 per homeowner for 2008 and 2009.

The Treasurer also reported on her findings on the percentage of tile roofs completed to date is 58 percent not 75 percent and what affect this may have on our insurance. The property manager explained at length that the “new” roofs are complete by 75 percent, however the tile roofs are complete by 58 percent. The property manager also explained that the insurance agent Greg Pena and staff conducted a physical inspection of the property before presenting the association with their renewal policy. The manager will contact Mr. Pena on October 26, 2007, and will advise the board of Mr. Pena report.

David Cane explained the operating budget, the proposed budget, reserve study and what percentage the board could increase the assessments (monthly and special) without homeowner approval

Numerous questions were asked by the homeowners about the reserve study, the budget, why the property manager has terminated their contract, special assessments, dues increase. <sup>2</sup>The Treasurer and David Cane and other Board members answered their questions.

Discussion was made as to the association’s delinquency policy. The Vice-President and the Treasurer said they had some ideas on how to collect on the delinquent accounts: by sending the delinquent accounts to another attorney who specializes in collections and by working with the new property manager. The attorney advised that our options are limited by law, and the association is doing what it legally can do to collect.

The association’s website is up and running, and the homeowners are encouraged to register and log on to find information about our community. It was mentioned by a homeowner that the newsletter is proving to be a helpful communication tool.

The homeowners were invited to review the qualifications for candidate and a candidate interest form to serve on the board. The election will take place on January 29, 2008.

The Board discussed finding the next property management company and if the homeowners have a say in the selection. The attorney answered that the board would make the decision

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<sup>1</sup> Handouts: “What is a reserve study?” fact sheet. The executive summary (two pages) of the 2008 reserve study (October 3, 2007). Candidate interest form.

<sup>2</sup> Questions and answers from the homeowners to the Board, property manager and attorney were replete through the meeting from 7:45 p.m. to adjournment at 9:41 p.m.

based on the unanimous vote by the board. The President indicated that property management companies are currently being interviewed.

The President asked for a show of hands (not a vote) on what homeowners would like to see the board carry out with respect to the budget and the reserve funds. Ten homeowners felt that a \$40 increase in dues would be warranted, and seven homeowners felt a \$500 special assessment for two years is appropriate. The Board thanked them for their candor. The Board will make the final decision based on the reformulated budget inputting different assessments. The Treasurer agreed to have that information available to the board.

The adoption of the budget for 2008 was postponed to the next homeowners meeting on November 27, 2007, to formulate several options to increase our reserve funding and meet our budget needs. Increase of dues and special assessments are being considered.

At close, one homeowner made a statement and question is there an allegation of fraud or mismanagement of funds and that is the reason the property manager and one Board member resigned. The answer from the Board, the property manager and the attorney was "No." There was no malfeasance, misappropriation of funds or fraud. The management company terminated their contract without cause, and the board member terminated her membership for personal reasons.

The President thanked David Cane for attending our homeowners meeting, Karen Hesky was thanked for her time and effort for work on the budget and reserve study. Judith Fischer was thanked for providing refreshments. Ms. Melton was thanked for her service to our community.

Meeting adjourned at 9:41 p.m.

Respectfully submitted by

Becky Fisher, President