

Pawnee Hills Community Association
September 6, 2005
Board Meeting

Board of Directors Attendance: John MacArthur, Tina O'Bryan, Pam Schultz, Dawn Hill and Walt Day

Call to order: 7:25 p.m.

Presentation from Board on need of dues increase:
By Dawn Hill

Statement from the board:

John MacArthur - We will be having a presentation from Dawn Hill on the current financial status of the community. We ask that questions be held until the end and taken one at a time. In order for everybody to have a turn we ask that we go around the room once before anyone can ask a second question. We don't want to leave anyone out and with that I will turn it over to Dawn. Presentation was given.

Questions and Answers from Presentation:

1) Linda Lee **Q:** A lot is being blamed on the budget committee. I was part of the budget committee and we did try to get 10% and we were told it was too much to try and take for the reserves. A lot of these things you're saying we didn't include in the budget or were omitted by the budget committee. The Welcoming Committee and Covenant Committee at the time were disbanded, so there was no reason to give money to the Covenant Committee when we didn't have a committee. The Welcoming Committee had not taken any money in previous budgeted years and we basically took the item off the previous three budget years and only used the items that had been used. I don't understand why a lot of this is being blamed on the budget committee.

Board: What we said is that we found things later once we implemented the current budget. We started to work with it and then found that we had forgotten this or something had been omitted that we now need. We did not say that anyone or the committee is to blame for anything. These are issues we have found after implementation. We want to be very clear that we appreciate everything that the Budget committee did and this is not a blame game for anybody.

2) Linda Lee **Q:** Why didn't you come back to the budget committee and ask them to fix it?

A: *Tina* – I have found out that I am not an expert on the budget and we should have had professionals look at this. We are coming back now and looking at things that we missed and are trying to fix it. Something comes up and we have to react to that through the budget.

Board – We have also found that we need to have a professional to get our budget done and have it done correctly. This will cost the community, but we need to get this correct for the 2006 budget.

Dawn Hill – I have only been on the board since August and I compared the proposed budget to the actual expenses to get my information. Some things that I found were; the retaining wall, even though it was scheduled for in 1999, has not been budgeted out showing the money allocation. The grounds around the entrance were not planned out in the budget either. I also compared the items on the project list. Several of them are not on the budget even though they have been projects for some time now. I was not a member of the board that approved this budget, but I can say if I had been, I would not have approved this budget. I would have recommended that ABC Solutions or some other professional do the budget to plan for all the things needed.

Board – We would like to point out that the net cash, which is the combined amount in both the Checking and Savings is declining. This shows us that 3 out of the last 6 years we have spent more than we took in and this is a financial problem that we need to address. This information and the declining numbers are part of the reason for this dues increase.

3) Linda Lee **Q:** We spent eight months working on this and you had three months of going back and forth to make changes and you guys made several changes. We had graphs and charts that showed what we were doing and you guys agreed to live within this budget for one year.

A: We adopted the budget as a plan and a plan must be implemented in order to find out how it works. We are working through the plan.

4) Q: We have two employees now in the budget?

A: Yes, we have two positions at the clubhouse and they are both part-time. We have had three employees two years ago and then two employees last year.

Break for Reading: Dawn Hill – Read from the actual minutes of the meetings when the budget was approved and the questions that were raised at the time of the approval. (Attached) Linda Lee – Made one correction to who was speaking. Where it said Kevin it should have said Linda.

5) Q: We would like to know why we are paying so much for the phone bill?

A: We would like to know that too, but the problem is that Patty is the one that has the access and we will get that resolved. Then we need to find out what options we have available to lower the cost of the phones.

6) Q: Concern about how the numbers were arrived at and how they track from \$23 to \$32.57?

A: The maximum allowable was explained in detail along with how the board arrived at its current numbers. The minutes will also show the previous boards actions. Reading from the 1997 minutes that set the \$32.57

7) Q: Why did previous boards vote this in and fail to implement the increase?

A: Walt Day – I had the same question you had and the only answer I could come up with was to save us homeowners money. I did a spreadsheet (projected on wall) that went forward showing the increase of 5% implemented every year through 2010. The total cost would be \$3,346.32 ending with a monthly fee of \$52.32 in 2010. If instead the board were to hold the dues at \$41.00 for the next 5 years then raise the dues to \$52.32 in 2010 the total cost would be \$3,087.84. This is a net savings to every homeowner over the 5 years of \$258.48 back into your pockets. This must have been the only reason past boards would vote that they needed the money, but then not implement the increase until it was needed.

8) Q: You are assuming that they would vote the 5% and that they would need it?

A: Walt Day - They have voted for it the past 5 years and they would be fools not to vote for it in the next 5 years. We have a financial responsibility to the community and we are negligent if we are not acting in the best interest of the HOA. We cannot foresee what is going to happen to the facilities and with inflation and cost of living being around 3% every year, 5% is a reasonable number. With the actions we are going through now in the community over this current increase, I cannot see any future board ever trying to save us money in this manner again.

Board: In order for this to be done in a business like manner these projects should have been planned out and monies set aside for them in order to accomplish them. Instead of spending them out of savings, it should have come out of a reserve that was set aside for that project. We need to build our reserves up eventually, but we know that we cannot do that all at once and have to do it gradually. We can't solve all the budget issues in one swoop. Dawn did not use any of the Reserve Study to get her information, but I am glad to get that information. It will allow us to build a legitimate "out year" budget based on the useful life expectancy of the facilities that we have and the replacement costs. The point of this tonight is to show you the information we had to base our decision on. We would like to build a budget going forward that is based on some credible facts and information.

Discussion: On doing work at the facilities and what we will accept from the community and what we will not accept from the community. We do have liability issues on some items, but we are willing to take as much help from anybody that is willing to help. Homeowners are doing a lot, but as for things that need a professional we will hire the appropriate person. Thanks to all that do volunteer and donate materials and labor.

9) Q: Of the proposed projects that you are showing that need to be done, how many will be paid for out of the increase?

A: Very few, we are mainly trying to get back into the black and build some reserves. We have done some of the projects, but a lot more are needed. Also, planning for things will allow us to shop smarter and get better pricing on some of the supplies.

10) Q: On the sport court, that seems like a big expense. Are we going to have to repair the old one?

A: In accordance with the covenants we must maintain what we have unless it is voted out by 2/3 of the community. So, we had two sport courts and previous boards planned this out and repaired one court and this was done as maintenance and not as a new court. This was done because we could not get enough people to say that we don't do it, so we had to get it done. It was getting more expensive every year and the

past board had to get it done. The Reserve Study will help us on some of the items and give us a good guideline to follow.

11) **Q:** When I first moved here the board just made decisions and did not involve the community. They should be involved in all of these decisions?

A: We have a meeting every month that is open and for several years nobody ever attend them and did not want to be involved. We will request that at the next annual meeting, we will try to get a vote to remove the second sport court. At some annual meetings we had 13 people and some board meeting were 8 people. It was important for us to have this meeting tonight and explain what we are looking at and why we made our decision. Just like our government, this is a representation government and we are elected to make these decisions for this community. It is also very important that the community participate in the meetings and by voting.

Comment: Kathi Thomas – Would like to have a vote in the January Annual Meeting to determine what to do with the 2nd sport court. She would like to have it put to a final vote.

Comment: RC - I would like to commend the board, they did exactly what they said they were going to do. They showed us what the facts were and the facts are undisputable looking at in the budget and why they needed the increase. I don't like it, but thanks for the explanation. I hope the board continues to move in this direction with bringing the information forward for discussion.

Board: Thank you for your comments. We do appreciate them.

Treasurers:

(Report Attached)

Motion to approve the current Monthly bills as documented. Seconded, and Passed (5-For 0-Apposed)

Facility Coordinator:

No Report

Committee Reports:

ACC – No Report

Activities - No Report

Arbitration - Inactive

Budget - Inactive

Buildings & Grounds – No Report

Directory & Welcoming – No Report

Equestrian – No Report

Newsletter – No Report

Nominating – Pam Schultz reported that they are still seeking nominations for the open board position in January.

Website - www.pawneehillshoa.org - No Report

Motion to adjourn the meeting: Seconded and Passed (5 For – 0 Opposed) Adjourned at 9:14 p.m.

Respectfully submitted by: Walt Day, Secretary