

BOARD OF DIRECTORS MINUTES

The Villas at the River

Homeowner's Association, Inc.

2887 Villa Lane, Benton Harbor, MI 49022

January 16, 2012

The following documents the regular meeting of the Board of Directors for The Villas at the River. In attendance were Mike Cook, Jean Bloomquist, Tom Johns, Dave Kett and Gary Coate. The meeting was held in the conference room at the Villa's Office and started at 7:00 p.m.

Agenda:

The election of Directors for 2012 will be discussed as a part of new business.

President's Report:

1. The large dead tree limbs posing a hazard to lot #24 on the river level were removed by Dave's Tree Service.
2. Dick Wales will have deicer applied to driveways in front of north facing garages as soon as possible after snow falls. These are the driveways where ice is most prone to form.
3. Dick Wales is working with Second Nature to resolve problems with where they are piling snow during snow removal.
4. The Board would like to offer a special thank you to those residents who helped to put up and take down Christmas decorations in common areas. Turnout was very good. Residents are reminded that outside Christmas decorations on their unit should be removed.

Developer's Report:

- Mike reported in the January 10th budget meeting that he is presently paying for his share of the common expenses based on 13 homes (his office, 2 models; and 10 homes under construction).

Vice President's Report:

- Storage: Sales literature in the closet accessible in the exercise room was relocated to the sales room. This closet is to be used for clubhouse supplies storage. The Christmas decorations are stored above and to the east of this closet. Some decorations are in the west storage closet (west of exercise room). All Christmas lights are in pool pump/filter shed. **NOTE**: Good place to build more storage shelves as future project.
- Thermostats: The west thermostat in the main Clubhouse room near the kitchen will be turned off because it controls a non-operating heat pump system. Experience has determined that we only need one system to maintain temperature in this room. I will place a label to keep people from turning it back on.
- Bulletin Board: Two (2) 24" X 36" boards have been purchased. One will be mounted on the east wall of the Exercise Room (this week). Rules to limit length of time and size of document will be established. Bonnie Porter has agreed to monitor this board. A second board will be mounted as needed.

Secretary's Report:

- No correspondence was received. Minutes for the November 14, 2011 meeting were released to the website.

Treasurer's Report:

- The Board of Directors approved the 2012 budget established in the special January 10, 2012 meeting. Gary made a motion seconded by Dave to accept the 2012 budget. Motion passed
- In 2011 we had net income of \$15,510 for the general budget and a net loss of \$1,126 for sewer, water and trash expenses (net loss was due to payment of 14 months of water bills in 2011). We have \$27,427 of cash on hand as of December 31, 2011 which includes a reserve of \$12,500. We do not see a need to change the current dues of \$179 per month for the general budget in 2012. Further, because

the water billings are now current, we also do not see a need for a change in the sewer, water and trash fee which is \$49 per month.

Unfinished Business:

- Letter to Homeowners: It was decided to delete the item concerning letters to homeowners which stated policy on the \$358 payment to be collected on resales. This is a closed issue.
- Photo Directory: This continues to be a work in progress. John Huber is working on obtaining pictures of residents who were not in attendance at the December social.
- Club House Rules: A committee consisting of Tom Johns, Dave Kett and Gary Coate was formed at the November 14th meeting to review and modify the Clubhouse Rental Rules. They met and drafted a new document. This was discussed. Jean expressed concern about the administration in terms of who would receive the applications for usage, control scheduling and do post inspections. There was a suggestion that item five (having to do with scheduling) be modified by adding a statement that no reservation could be made for more than one year in advance. After discussion Jean made a motion seconded by Gary that this item be **tabled**. Motion passed.

New Business:

- Election of Directors: Tom made a motion seconded by Jean that for the 2012 elections, the guidelines for elections established in 2011 be followed. Motion passed.
- Key dates are as follows:
 - Thursday, February 16, 2012: The detailed election rules will be distributed to all residents, along with a form designating which co-owner will be the voting member.
 - Thursday, March 1, 2012: Town Hall meeting is to be held to explain the voting procedures. Final determination is made of who will serve on the Election Committee.
 - Friday, March 9, 2012: Final day to declare candidacy for Director Position.
 - Thursday/Friday, March 22/23: Voting packet is distributed.
 - Thursday, April 5, 2012: Final day to turn in ballots.
 - Election Committee meets to count the votes for Directors.
 - Friday, April 13, 2012: First meeting of the new Board of Directors is held.
- **PLEASE NOTE**: The Officers of the Association will be chosen by the Board of Directors: By-Laws Article 4.2: “The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.”

A motion was made by Dave and seconded by Gary to adjourn the meeting at 9:05 p.m. Motion passed. Given that we are approaching a transition period between an old and a new board, the date of the next meeting is to be determined.

Respectfully submitted,
Gary Coate, Secretary

Included with the minutes is the Treasurer’s final report for the year ending 2011. You will also find the Individual reports in PDF files in our FILE SHARE section of the WEBSITE.

Treasurer’s Report – Year Ended December 31, 2011					
2012 Budget Review					
Balance Sheet as of 12/31/2011					

	Cash	\$ 14,927			
	Homeowner's Assoc. Reserve	12,500			
	Total Cash Assets 12/31/2011	\$ 27,427			
	<i>* Note: consists of prepaid dues of \$4,117 and prepaid sewer, water & trash fees of \$1,127.</i>				
General Budget Year Ended 12/31/2011					
Income:					
	Income received in 2011 was \$6,944 over budget.				
	Total gross income for 2011	\$ 134,032			
	Plus: Prepaid Dues in 2010 for 2011	179			
	Less: Prepaid Dues in 2011 for 2012	(4,117)			
	Net gross income	\$ 130,094			
	Less: Budgeted income for 2011	(123,150)			
	2011 Income over budget	\$ 6,944			
	Total Clubhouse rentals received in 2011 were \$1,000 which offsets the overages in clubhouse expense accounts.				
	Total AT&T Commissions received in 2011 were \$2,250.				
Expenses:					
	Expenses paid in 2011 were \$4,446 under budget				
	Total expenses for 2011	\$ 114,584			
	Less: Budgeted expenses for 2011	(119,030)			
	2011 expenses under budget	\$ (4,446)			
	There was no snow in November and December - which saved on snow removal costs and other winter expenses. It also allowed for further trimming of bushes.				
	Clubhouse expenses were \$1,706 over budget. This included over budgeted expenses for Outdoor (street) Lights of \$1,122 which do not belong in clubhouse expenses. They will be moved to Landscaping Electric in 2012.				
	All other expense categories were under budget.				
Final Results: 2011 net income of \$15,510.					
		Actual 2011	Budget 2011	Net difference	
	Total Income Per Financial Statements	\$ 134,032	\$ 123,150	\$ 10,882	
	Less: Expenses Per Financial Statements	114,584	119,030	(4,446)	
	Net Income per Financial Statements	\$ 19,448	\$ 4,120	\$ 15,328	
	Plus: Prepaid Dues in 2010 for 2011	179		179	
	Less: Prepaid Dues in 2011 for 2012	(4,117)		(4,117)	
	Adjusted Net Income**	\$ 15,510	\$ 4,120	\$ 11,390	
	<i>**Note: The positive results in the budget are in part, from the volunteer work of the Residents. ie. Clubhouse maint, flowers, holiday decorating, mulching, trimming, pool furniture repairs, house numbers.</i>				

Sewer Water & Trash Budget - Year Ended 12/31/2011 - net loss of \$1,126				
	Actual 2011	Budget 2011	Net difference	
Total Income - Sewer Water & Trash	\$ 29,400	\$ 28,567	\$ 833	
Less: Expenses - Sewer Water & Trash	(29,448)	(28,027)	\$ (1,420)	
Net Income - Sewer Water & Trash	\$ (48)	\$ 540	\$ (587)	
Plus: Prepaid fees in 2010 for 2011	49		\$ 49	
Less: Prepaid fees in 2011 for 2012	(1,127)		\$ (1,127)	
Adj. Net Income - Sewer Water & Trash	\$ (1,126)	\$ 540	\$ (1,665)	
<p>Water fees paid in 2011 were for the period 10/20/2010 through 12/15/2011 - almost 14 months which caused an over budget situation of \$2,762 in 2011 for water. We had to pay the extra months' worth of bills because of Benton Harbor's delay in sending out bills prior to Benton Township taking over the billing. Lower expenses for other items reduced the over budget amount to \$1,665 for the full category.</p>				
2012 Budget				
Guidelines				
· Based on 2011 actual. 52 homes sold - anticipate 5 homes sold in 2012.				
· Electric bills increased 10%				
· Administrative Expenses increased to \$16,876 to accommodate a full year of expenses and a fair pay for services rendered.				
· Insurance based on 2012 contract - renewed in November				
· Boat dock install and winterize - based on 2010 actual as part of 2011 was performed at no charge				
· Fence maintenance - included amounts to repair sign and most likely will need more repairs in 2012				
· Sidewalk / Patio Slab maintenance - new category for 2012				
· Sprinkler & well repair - added amount to repair clubhouse well.				
· Mowing & Fertilization - based on vendor bid				
· Mulch & Labor - Assuming that mulching will be required in 2012 and that some residents will want to perform their own labor.				
· Tree Trimming - new category				
· Sewer, Water & Trash - included cost to repair the lift station				
2012 Budget Summary				
	General	Sewer, Water, Trash		
Gross Income	\$ 140,262	\$ 32,046		
Expenses	144,636	30,615		
Net Income ***	\$ (4,374)	\$ 1,431		
<p>***Note: The cash balance as of 12/31/2011 will be used to offset the budgeted net loss for 2012 and \$2,000 will be transferred from the cash account to the reserve account.</p>				