

BOARD OF DIRECTORS MINUTES

The Villas at the River
Homeowner's Association, Inc.
2887 Villa Lane, Benton Harbor, MI 49022

September 16, 2015,

The following documents the September 16, 2015 meeting of the 2015-2016 Board. In attendance were Jean Bloomquist, Mark Carlock, Julie Crane, Mike Cook, and Mary Huber. The meeting was held in the Villa's Office and started at 7:00 p.m.

President's Report: See attached report

Developer's Report: construction is going strong, 11 homes are now contracted. Building 13 has started.

Vice President's Report: Pool is being closed 9/18. A new clock will be purchased. The carpet in the clubhouse will be cleaned 9/18 for \$275.

Secretary's Report: The minutes of the August meeting were approved by the board on 2015 by email response. Communications to the board were emailed to individual board members.

Don Hettig wrote to the board regarding I&M's tree removal which Mark responded to. This was for the Board's information.

Bob Barrett wrote to the board regarding a leaking window issue. This was a warranty repair and is now completed.

Letters were received from a number of co-owners regarding use of the Clubhouse. We agreed to review this issue further as our documents have conflicting information.

Treasurer's Report: See attached report

Committee Reports

Landscape Committee:

Sprinkler/Pond Committee Report: Bills need to be compiled and verify the insurance claim

Audio Visual Committee: no report

Clubhouse Committee: no report

Ice Dam Committee: The board requested firm pricing for heat tape and volunteers to be part of the test to see if the combination of heat tape and roof raking will solve our ice problem.

Unfinished Business:

New Clubhouse Rental Agreement—

New Business:

Capital Improvement — A new permanent capital committee has been proposed. The following co-owners have been nominated - Ron Barrick, Al Ernst, Anne Brandt, John Huber, Mark Carlock

Motion to approve committee by Jean, second by Julie.

Board Actions:

A motion was made by Mark to increase the capital contribution \$17 per month to fund at the level recommended unanimously by the previous capital committee was made and died for lack of a second. In discussion it was decided that this decision should wait until the new management company and a permanent capital committee was in place.

Motion to adjourn by Mark, and second by Julie, motion carried unanimously. Meeting closed at 10:10.

Respectfully submitted,
Mark Carlock, Secretary

President's Report

September 16, 2015

The pump is back up and running. The grass is returning to its green color. Awaiting insurance checks as followed up by Mark.

Bees have been a serious issue with some invading the siding of buildings.

Gutters are being given extra attention and will probably need one more cleaning after the leaves fall.

Dick and I plan to go over all the work requests next week and prioritize and enter in spread sheet. We hope to communicate with those who have submitted requests to give approximate dates for completion of work.

The Property Manager Search Committee has done an outstanding job preparing for this selection. Ken Pelan, Ron Wagenfuehr, Tom Johns, Dick Wales, Jean Bloomquist and Mary Huber identified the management needs of the community, determined the basic concepts of good management philosophy for our community and compiled a list of suggested questions for the board when formal interviews are conducted. They also conducted pre-interviews and consulted with other HOA's for advice.

Mary Huber,

President

August 2015 Financials – Treasurer’s Report

Main Issues:

- On September 3rd Mary Huber, Jean Bloomquist and Tom Johns met with Dick Wales to forecast the expenses for the rest of the year. **We expect expenses to be greater than income by approximately \$4,000.** Of the expenses reported, we expect to turn in at least \$1,590 for the well insurance claim, but we will have to pay the deductible of at least \$1,000 which will be netted out of the \$1,590. We did not spend time on projections for SWT or Capital Development as both of these reports are in line with the budget.
- Summary of the changes:
 - **Administration:** The largest change is the estimate for **Insurance**. We had budgeted \$24,292 and now expect that the amount will be \$27,200. A significant number of properties transferred to the HOA’s insurance policy in February 2015. The budget was based on the policy amount as of November 2014. The new forecast for the Administration accounts has increased from \$45,637 to \$47,766.
 - **Clubhouse:** We are holding off on **equipment replacement** for another year. The forecast for the clubhouse accounts has decreased from \$14,725 budgeted amount to \$11,225.
 - **Ponds:** The total for these accounts **more than doubled** from the \$5,125 budget to \$10,435 for the forecast. In June, we paid Beaudoin \$4,011 to install and repair the fountains – **Fountain Remove & Install**. The **Pond Labor** account currently includes \$1,590 in the forecast for the clearing of brush performed by Second Nature in preparation for the well. We anticipate that some of this will come back to the HOA – net of the deductible of \$1,000.
 - **Pool:** The **Pool Replacement Equipment** account includes the expense of a heater replacement in the amount of \$1,872. Overall the forecast amount increased from the \$7,525 budget to \$8,295 for the pool accounts.
 - **River Expenses:** The River Expense accounts are right on budget decreasing from \$1,200 for the budget amount to \$1,125 for the forecast.
 - **Winter Expenses:** Due to snow removal being isolated to the month of February, the Winter Expense accounts decreased from the \$30,750 budget to \$26,525 for the forecast.
 - **Building Exterior Maintenance:** The total for the accounts increased from \$16,010 for the budget to \$20,150 for the forecast. The main reasons for the increase include the painting projects of the doors, fences and touch-ups plus a window replacement.
 - **Landscaping:** Total budget was \$66,770 vs \$69,267 for the forecast. Most of the differences include higher expenses for mulching, tree trimming and sprinkler repairs. This is netted against savings realized in utilities.
 - **Equipment:** We are postponing the \$1,000 in equipment purchases for the year. The budget amount was \$1,750 vs \$740 for the forecast.

General Budget

Total Income August YTD was \$125,265 vs \$126,343 budgeted income - for a difference of \$1,078. However, after adjusting for prepaid dues (net adjustment of +\$3,401), we are \$2,323 over budget.

- **Percent of Ownership** – As agreed, we are currently receiving \$179 per unit from Villas at the River LLC for each unit which has gone vertical. We have received payments for January through August. Even though this is not a percent of ownership calculation, we have left it in the same account for comparison purposes for future years. We also received the December percentage of ownership amount of \$1,387 determined based the previous rules. In August, we are under budget by \$224, due to the Villa's LLC payment for less than the 8 homes budgeted.
- **Dues:** After adjusting for prepaid dues (net adjustment of +\$3,401) we are over budget by \$325. All dues are up to date through August.
- The rest of the items total \$2,222 over budget – chiefly due to AT&T commissions received of \$1,425 and working capital over budget amount of \$477.

Total Expenses for August YTD actual were \$138,926 vs \$141,105 budget and under budget by \$2,200. This is chiefly due to timing issues. Even though we are under budget now, the forecast shows that expenses will be about \$6,000 higher than budget.

Net Income after adjusting for net prepaid income of +\$3,401 is -\$10,260 and \$4,502 over budget.

Sewer Water & Trash

Sewer Water & Trash Net Income: YTD net income is \$2,545 after adjusting for prepaid income of +\$931 and is over budget by \$263.

Capital Development

Dues received are over budget by \$327 after adjusting for prepaid dues of \$495. Nothing has been spent from this account as of yet. Plans were to use \$5,000 for driveway maintenance in 2015.

Balance Sheet

The Balance Sheet shows Checking of \$10,970 plus Reserve of \$32,742 (includes prepaid dues of \$5,196) for a **total Cash amount of \$43,712 as of 8/31/2015 compared to \$40,364 (included prepaid dues of \$7,072) as of 12/31/2014**. A total of \$627 is due to be transferred from the checking account to the reserve account for dues collected in August.