

Minutes of a Meeting of the Board of Timber Cove Homes Association In General Session

Held Saturday, January 19, 2019 at 10:00 a.m.
At the Fort Ross School and/or Conference Call

Attendees:

Directors Present:

Ron Case, President
Russell Wells, Vice President
John Gray, Treasurer
Cindy Culcasi, Secretary
Bob Leichtner
Rosemary Gorz

Margaret Grahame was absent

Call to Order

Mr. Case called the meeting to order at 10:04 a.m.

Review and Approval of the Agenda

Upon motion duly made and seconded, the Agenda was approved by the Board 6-0 with two changes;

- The agenda item "Road's Committee Update" was changed to "Member's Committee Alternative Proposal to Replace HOA/CC&Rs". This change was to clarify the committee is not an HOA Committee of the Board, but a separate group of members making a proposal presentation for ultimate decision by the Association membership
- A new agenda item "Architectural Review" was added after "Office Communications – Ron Case"

Review and Approval of Previous Minutes

Upon motion duly made and seconded, the November 17, 2018 minutes were approved 6-0 with one change:

- The spelling of Scott Farmer's name was corrected

Public Comments

A member commented about Lee Drive. The road has many pot holes and could be dangerous. The member would like a resolution in today's meeting to request that Bill Seymour fix the road. Mr. Gray said a resolution was already approved to fix Lee Drive, but the Board had to wait until they knew the

price of insurance to ensure funding was available before moving forward. The road will be fixed shortly.

A member asked about the policy regarding fallen trees. The member said the Fire Department has no responsibility to clear roads that have a second way out. The Fire Department has cleaned up trees on Lee Drive although it does go through and is not dead end. Mr. Gray said if the HOA has to clean up a lot, they will bill the owner. A member of the Timber Cove Volunteer Fire Department said the Fire Department may begin charging to clean up fallen trees in the road. This charge is broader than TCHA and will include the State Park, County Park, all area homeowners, etc. The Fire Department does emergency clearing of the road when needed. Mr. Leichtner asked if the Fire Department could charge a modest fee when cleanup of a fallen tree is needed and there is no one to do it. Perhaps they could bill the HOA and/or the HOA would pass the bill along to the community member. Mr. Case asked if the Fire Department could assist with clearing a tree on Lee Drive since they have the equipment to move the heavy logs. John Rea will talk to Eric Lynne regarding the issue. Many owners do not respond to requests to clean up fallen trees and their lots. Mr. Rea said landowners will be cited when the new county fire abatement policy is enforced.

Independent Member's Committee Alternative Proposal to Replace HOA/CC&Rs Update – Anne Vernon

Ms. Vernon (as Committee representative) said the Committee wants to start a discussion among Association members as part of a 3-month period of education and dialogue. The Committee will prepare FAQs and invites members who oppose the dissolution to do the same. A lot of members have already decided, so they want to get the ball rolling. They will also contact the members who gave their contact information on the survey indicating they want to be a part of the dissolution process. The independent committee would like the Board to send out the ballots by April 1 and use an election monitor (perhaps James Ernst). The time limit to return the ballots would be three months.

Mr. Leichtner asked about the 3 month period to vote. The purpose is to allow members time for thorough inquiry, debate and information exchange. The Committee wants to ensure members have ample opportunity to discuss the issues and ask questions, so that the vote is informed and fair. The Committee will present a detailed process proposal to the Board. The Board would oversee the vote and would coordinate what needs to take place. Mr. Case requested a Board member to meet with the Committee as the liaison from the Board. Ms. Culcasi agreed to serve as the liaison from the Board.

A member reminded everyone that the Board sent out the original survey and gathered the views of the community. The results of the survey showed overwhelmingly that the community is in favor of dissolving the HOA. Another member of the Committee, Chris Feddersohn, said that it is up to the Board to proceed with plans to send out the voting materials since over half the community indicated in the survey they would vote yes to dissolve. The members can contact the Committee if they have questions over the 3 month period when the vote is taking place. Mr. Case indicated the Board and Committee need to coordinate the process, so they are on the same page. It was noted that a Town Hall Meeting already took place last September. Mr. Wells agreed the Board needs to be involved.

Mr. Leichtner said it is important to explain the process and the mechanism, and address the memberships concerns if there are no CC&Rs and HOA. Ms. Vernon reminded the Board they have already created a white paper. Mr. Leichtner noted the survey was well developed by the Committee. Some in the Community said the survey was one sided, however, the 3 month period gives everyone ample time to lay out their concerns and questions. The other views have not yet had ample exposure. Mr. Leichtner cautioned that personal attacks are not allowed by anyone when they state their views. The Board will take the Committee's proposal and review. The Board has retained an HOA attorney, Peter Walls, and Mr. Leichter has alerted Mr. Walls about the issue. The Board plans to use him sparingly, since TCHA's depleted treasury has minimal funds available to pay for legal services.

Mr. Case likes the 3 month election period since it gives ample time for members to discuss the issue. Committee member, Mr. Feddersohn, suggested the Board make a motion to move ahead with the dissolution vote, put out a request for all parties that they can submit their opinions in writing. It is contemplated that some compilation or summary of key opinions would be included with the ballot package. This would be similar to a local election where propositions include the pros and cons of the issue.

A motion will include:

- The election will be April 1 – June 30
- If a member would like their comments included, they can respond. A summary of key pro comments and nay comments will be included in the ballot packet.

Mr. Gray said all sides need to be included. The Board will coordinate all issues with the Committee. For clarity and to avoid misunderstanding, Mr. Leichtner would like to see a proposal in writing before he votes on the issue. The Board will coordinate on the ballot and the process which we will all vote on. The Board will not vote on it today since a proposal must be in writing prior to the vote. The vote will occur in the future when the Board has the proposal in hand. Ms. Culcasi, as liaison, will work with the Committee.

A motion will be made today

- Formally appoint Ms. Culcasi as liaison
- Goal to develop a formal proposal and recommended procedure to hold the vote for the period of April 1 to June 30
- Ms. Culcasi to be the contact to James Ernst. She will ask about the process to carry this out, opinion letters, what the ballot will look like so we can proceed down the path
- Contact information will be included in case a member has questions.

Mr. Leichtner said our funding shortfall severely limits the extent to which we can consult with legal or accounting experts for advice or drafting. We hope to be able to present a proposal to either lawyer or CPA for review only to identify any significant legal concerns and needed modifications. Mr. Case noted that partisan campaign arguments should not be included in the voting materials. It is not appropriate. Members can advocate freely pro and con apart from the voting materials through various non-Association communications. As noted, the Board will oversee submittal of summary statements by proponents and opponents that address the issues without personalizing them. Mr. Leichtner said the Board will ask the election monitor if this is appropriate.

A member asked what the percentage needed is to pass the dissolution. Other members asked additional questions regarding number of votes needed, number of lots, number of votes to pass, and who can vote. Mr. Gray responded:

- 75% of the building sites in Unit 2 must vote yes
- 65% of the total area of Unit 2 lots including within the CCR jurisdiction must vote yes
- Approximately 160 votes are needed to pass
- Only members in good standing can vote
- There are approximately 214 lots. Number of votes needed is based upon the number of members in good standing, not on the 214 total number of lots.

Ms. Collett explained how she worked to update the list of members in the past election. Mr. Leichter said the Board will review the CC&Rs to confirm the votes needed and process before the vote is taken. Mr. Case would like a chronology of dates and times leading up to April 1 of what needs to take place and be mailed. Mr. Case asked the Ms. Culcasi to coordinate this step with the Committee and this will be completed for the next meeting. Once the Board reviews the chronology, the process will move forward.

Upon motion duly made and seconded, the Board voted 6-0 to move forward as set forth that Ms. Culcasi will be the liaison for the Board. The chronology will be prepared and reviewed at the next meeting. Once the Board has received a mutually understood plan, the Board will formally approve a procedure going forward.

President's Report

Mr. Case said the Executive Closed Session included legal and personnel agenda items.

Secretary Update – Cindy Culcasi

Ms. Culcasi has taken over managing the timbercovehomes.org. website. Ms. Collett has a full plate. Ms. Culcasi will be updating the site. Currently she is uploading all the agendas and minutes to the site. Also Ms. Culcasi brought some examples of statements to review and post to the website. The statements were examples of guiding principles and visions and values. Mr. Gray explained that the old statement was removed because it was out of date and didn't reflect the current situation.

Ms. Culcasi asked if the Board was reviewing the 4 statements passed out to the Board and voting on one of them or was this something we take aside, and Ms. Culcasi will develop and share it with everyone. Mr. Leichter agrees with this Board to lay out their principles, he does not agree that the Board should lay out a mission statement and he will abstain if voted on. Ms. Culcasi stated she removed any reference to a mission statement. Mr. Wells agrees with Mr. Leichter and would rather not have a mission statement. Ms. Gorz suggested that we don't call it a mission statement, but principles. No decision was made regarding a statement for the website.

Ms. Culcasi sent out the procedures to Board to review:

- Employee Guidelines
- Accounting Procedures
- Whistleblower Policy
- Code of Conduct

The Board expects to review and discuss the procedures in the February meeting. A vote will then take place. Ms. Culcasi did not feel it appropriate to post the procedures, specifically the accounting procedures. Mr. Leichtner agreed that it is not necessary for all internal procedures to be posted. The Code of Conduct and Whistleblower procedure should be posted.

Office Communications - Melany Collett

Ms. Collett has received several complaints about someone living in their car within Timber Cove. They are moving around from Rust and Hudson. Ms. Collett spoke with Deputy Mark Provost. Deputy Provost informed Ms. Collett that the law allows people to live in their cars and he cannot handle this issue. Deputy Provost said the HOA can file a complaint. Mr. Wells believes he knows the person and we should let it be. Ms. Gorz does not want someone living in their car and is concerned about bathrooms, water, and liability. Mr. Case suggested that he and Mr. Wells speak to the person and try to help him. No agreement was reached regarding speaking to the person.

Mr. Leichtner said there should be some way to balance this situation. Mr. Gray said the HOA should contact Deputy Provost and ask him to speak with the person and ask them to leave the Timber Cove area. Ms. Collett will follow up with the Deputy.

Architectural Review – Ron Case

There are two architectural items to discuss.

- 22074 Timber Cove Road - Mr. Case reviewed the drawings and sees no problems
- 22144 Umland Circle - The building will be a four-bedroom house. There is a property line issue that needs to be resolved with the neighbor. Mr. Gray and Mr. Case met with the property owner and it appears to be a land locked property. The new owners and neighbors don't agree on the lot line location. The neighbors need to work out the issue.

Business Items

Treasurer's Report – John Gray

Legal Update – Bob Leichtner – Mr. Leichter added legal commentary during the Treasurer's Report as needed.

Mr. Gray reviewed the Treasurer's Report (dated January 1, 2019). The report is located on timbercovehomes.org

Additional comments during Treasurer's Report not reflected in the report:

Slide 4

- Of a \$27,000 legal invoice submitted to our insurers, the insurance has paid \$8,000. Insurance will not pay Greg Spaulding's hourly rate since it is above what they pay their contracted panel of attorneys; they won't pay our insurance coverage counsel (hired to sue insurance to reverse their denial of coverage)
- There is still a \$30,000 bill outstanding for Greg Spaulding that is being discussed with the insurance company

Slide 9

Upon motion duly made and seconded, the Board approved 6-0 to return the \$5,000.00 performance bond to the Carter's on Umland Circle. The Carters have decided not to build.

Slide 13

A member asked how long the McKay Lawsuit will take. Mr. Leichtner responded that the lawsuit is moving slowly. Ms. Clayborn recently filed a change of counsel. Her new attorney needs to get up to speed so that will slow things down. If the case goes to trial, it may not happen until approximately November 2019.

Slide 15

A member asked what the deductible is for our insurance. Mr. Gray responded. The deductible is \$5,000.

Slide 18

Currently, legal and insurance account for most of the costs of running the HOA

Mr. Leichtner commented that TCHA could ask for a one time special assessment of \$200 to cover the roads. This would require a vote of the membership.

Upon motion duly made and seconded, the Board voted to approve the motion (5-0, with Mr. Wells abstaining) to transfer \$25,000 from Road Reserves Funds to Operating Funds to pay current bills to keep TCHA operating. The Board would pay back the Reserve Funds within one year, as required.

As previously discussed, in board meetings, and in the treasurer's report, TCHA has a severe and continuing shortfall of operating funds. Therefore, upon motion duly made and seconded, the Board approved raising the 2019 dues 20% (5-0, with Mr. Wells abstaining). A 20% increase is the limit to what the Board has authority to approve on its own. Larger annual dues increase require a membership vote.

There was a debate by the Board and members regarding next steps to raise funds. Considerations included; one time \$200 special assessment for roads only which requires member approval, raising dues to \$810 which requires member approval, raising dues 20% each year by the Board until dues cover operating costs (\$51,000 shortfall the first year); we could also explore the efficiency and cost of hiring an independent management company to run the Association, with only limited monitoring activity by the Board.

A member said it is the responsibility of the Board to ask the membership to vote on a dues increase to cover the current cost of operating funds.

Mr. Wells was concerned if the dues were increased, they would never decrease. Ms. Gorz suggested a motion could be made to cut the dues if workable in the future.

A member asked how many membership votes are needed to pass the raise in dues in excess of 20% per year. Mr. Gray responded: a majority vote of a quorum is required.

Upon motion duly made and seconded, the Board approved (5-1 with Mr. Wells voting no) putting a vote to the community to raise dues to \$810 (increase of \$251 above the 20% dues increase approved by the board today) in order to maintain the HOA. The Board will be seeking guidance from the membership. This Board is providing information about the funding crisis for the members to consider and decide; it is spelling out the choices we all face, the decision about the near and long-term operation of TCHA is for the membership.

Mr. Gray requested a motion to spend \$2500 for a roads sweep.

Upon motion duly made and seconded, the Board approved \$2500 for a sweep of the roads (5-0, with Mr. Wells abstaining)

Upon motion duly made and seconded, the Board approved (5-0, with Mr. Wells abstaining) payment of the operating bills. The bills include the following (slide 7 of Treasurer's Report):

- Frontier Office Phones - \$128.48
- Frontier Office Phones - \$73.20
- IRS 4 Quarter Payroll - \$1854.10
- State EDD Payroll - \$346.47
- Legal - \$21,290.88

Total: \$29,751.71 (Two months, no December meeting)

Adjournment

The president adjourned the meeting at 12:38 p.m.

Respectfully submitted,

Cindy Culcasi
Secretary

