

**Minutes of the Regular Meeting of the Board of Directors
Timber Cove Homes Association
December 2, 2017 at the Fort Ross School**

A regular meeting of the TCHA Board of Directors was held on Saturday, December 2, 2017 at 10:00 a.m. at the Fort Ross School.

Attendees:

Directors:

Ron Case, President
Russell Wells, Vice President
John Gray, Treasurer
Bob Leichtner, Secretary
Sue Ellen McCann
Susan Moulton

Members of the Association

Office Manager, Melany Collett, was unable to attend. Regrettably, call in arrangements previously made by Ms. Collett and the school were not working, and planned phone attendance for remote members was not possible.

A copy of the sign in sheet for Association members who attended in person is attached.

The President chaired the meeting; the Secretary kept minutes.

Mr. Case called the meeting to order at 10:05 am.

Approval of Agenda

Upon motion duly made and seconded, the agenda was approved, 6-0.

Approval of Minutes of October 21, 2017 meeting.

Minor corrections were requested by the directors. Regarding a statement in the Treasurer's Report, Ms. McCann clarified that although no formal audit had been conducted, the board had engaged in substantive reviews of financial matters.

Upon motion duly made and seconded, the Minutes were approved as corrected.

Public Comment

Questions were raised as to the status of replacement mailboxes, and suggestions offered for use of volunteer assistance to expedite installation.

Comments were offered regarding trails access, as well as avoiding trespass.

A member mentioned emails alleging questionable conduct by Board members, and demanded a response. The President noted there had been various allegations made on all sides, but the Board's proceedings would focus on factual data, not accusations.

President's Report on Executive Session

The President briefly reviewed the subjects covered during recent executive sessions. Replacement of a community security monitor is on hold, pending resolution of financial issues.

Office Communications

Ms. Collett is unable to attend due to an urgent personal matter, and no report was made.

Old Business

1. Pending proposal for IDR Process revisions: Change requiring that if a member wishes to have their attorney attend a dispute conference, they must also pay for participation of an attorney to represent the Association, was rejected as a violation of the provisions of the Davis-Stirling Act.
2. CCR Draft Summary. The Board has not reviewed and discussed the draft. Mr. Leichtner offered to contact Ms. Saldana to discuss her recommendations.
3. Related issues regarding proposed compliance language for core values and the previously raised "proposal for community tranquility" which addresses a policy for harmonizing respect for CCRs with concerns for minimal intrusion into members' enjoyment of their private property rights. It was suggested that Board members consider recommending policies or priorities to be discussed at a future Town Hall forum, to seek input and guidance from the membership.
4. Past Executive Session Minutes: minutes not previously available have been supplied by the incumbent directors.

Treasurer's Report

Mr. Gray presented and narrated a power point summary of the financial status of the HOA, highlighting a number of key issues for discussion. He noted that his

report was preliminary, based on extensive investigation and analysis to date, and that he and the accountant were still working through the data. Mr. Gray's power point slide show, as presented at the meeting, will be posted on the TCHA Website and/or attached to these minutes. Among the points discussed, including questions and comments from the members in attendance, were the following:

Current funds available for operations have declined to roughly 50% of the amount available three years ago. .

There has been a very large jump in legal expenditures. Nearly 30,000 was expended in connection with the altercation between Todd and Culcasi, including legal fees and an indemnification payment by the Board to Mr. Todd. The Board was not able to obtain insurance coverage for the Todd claim.

A member asked how the vote agreeing to indemnify Mr. Todd was handled.

Mr. Gray discussed the transactions related to the secession of Unit 1, including the transfer of the office property to the water board, which was carried out without a vote of the membership, contrary to the requirements of the Bylaws. Apparently the recording of the transfer has been held up by the County and property taxes for the purportedly transferred property have been billed to TCHA. The treasurer and accountant are pursuing this issue.

He noted that \$38,000 in road reserves were returned to Unit 1 post secession, again without a vote of the membership.

A number of questions were raised by members concerning these secession-related transfers and the validity of the secession.

A member also questioned whether the year-long suspension of the Association by the Secretary of State and the Franchise Tax Board had any connection with the transfers and the secession of Unit 1.

Legal fees related to trails disputes, plus the costs of trail development, have totaled over \$25,000 over the past three years.

Ms. McCann suggested she could help review and explain some questions about expenditures. Mr. Gray commented that a CPA audit would be needed to thoroughly track and verify expenditures.

A past Board member commented that the last reserve study was done for 2013-14, and the HOA was overdue.

State and Federal taxes were not timely paid for 2014, 2015 and 2016. Ms. McCann and the accountant have been working hard over the past year to catch

up. Late penalties have been assessed; we will try to get them waived or reduced. Filings have now been made for 2014 and 2015.

A member asked for an explanation on the failure to file taxes since 2014. Ms. McCann explained that it appears there was some clerical oversight or communication failures with the Board.

Mr. Gray reported that road maintenance expenditures for the past three years have fallen far below prior annual levels and plans. Current conditions show evidence of neglect, eg on Lee Drive and Smith Court. A significant fraction of road expenditures actually went for work not on Unit 2 roads, but on Unit 1 that was performed after they had seceded. Ms. McCann noted that 2017 maintenance work was delayed because the road manager recommendations had not been approved, in part because of funding uncertainties.

Mr. Gray noted irregularities in collection of large accumulated dues arrearages on certain properties, which were sold without the arrearages paid through escrow as is required. In response to a question, Ms. McCann noted that prior collection and lien practices had been neglected in recent years. Mr. Gray was investigating further.

Mr. Gray noted that he had reviewed his presentation with Martin Hirsch, attorney for the Association, and edited it to address Mr. Hirsch's recommendations. A member suggested his report contained information important for all members, and that it should be attached to the minutes, and posted on the website.

Mr. Gray commented on insurance coverage, which will need to be replaced before the end of 2017. Among the concerns are essential directors and officers coverage, as well as liability coverage for any trails the HOA controls and maintains. Mr. Case emphasized the Board's obligation to minimize risk to the Association.

A member asked if a single insurance application was used for all the lines of coverage the HOA procured. Mr. Leichtner responded that the attorney indicated that all coverages were being cancelled due to misstatements in the application submitted by TCHA, but we can confirm the use of a single application form.

A member inquired whether members of TCHA can make a claim against former directors for any breaches of fiduciary duty.

Questions were raised as to whether the HOA was necessary, or whether a road association might be a suitable substitute.

Questions were raised regarding the present status of the Lyons Court office property, why it couldn't be cleaned up and put on the market rather than given away to the Water Board. Mr. Howland of TCCWD provided background

explaining the rationale for the transfer to the Water Board. Mr. Gray clarified that he was not objecting to the logic of the transfer, just to the absence of a membership vote.

New Business

Ms. McCann offered a general observation that the new and incumbent directors were learning to share and work together more smoothly and constructively.

Mr. Case commented that we need to stop re-fighting old battles, trading accusations, or issuing emails that expose the HOA to serious legal claims. The County supervisors have commented that, living in such a beautiful environment, we all should learn to get along better. Our members expect that of us.

Updates on Accounting, Taxes and Insurance were covered earlier under the Treasurer's Report

Payment of Bills

Mr. Gray reviewed payments recently made or required for legal, office supplies, IRS and other matters. Upon motion duly made and seconded, all payments referenced by Mr. Gray were approved and ratified, 5-0 (Ms. Moulton had left the meeting shortly before for another commitment).

Mr. Case noted that he would make recommendations for committee appointments, with at least one director on each committee. An Executive Committee to facilitate necessary work between meetings would also be a good idea. Mr. Leichtner suggested the Board should have a formal proposal to vote on.

Mr. Howland offered an Architecture Report regarding a project at 22177 Umland Circle. No variances were required, the project complies with guidelines. He is confirming preliminary approval, no vote is required.

Roads: Mr. Case noted we had two very close bids for road sweeping, but a bid had been inadvertently prematurely disclosed. After discussion, upon motion duly made and seconded, Contractor Bill Seymour was selected, 5-0.

There being no further business, the meeting was adjourned at approximately 12:15 pm.

Respectfully submitted,

Robert Leichtner, Secretary