



**Meeting Minutes**  
Budget Ratification Meeting  
The Clubhouse  
February 13, 2014  
6:30 PM

Board Members Present: Richard Verner (President), Mike Lentz (Treasurer), and Steve Black (At-Large)  
Board Members Absent: Penny Glover (Vice-President) and Roy Montague (Secretary)  
Community Members: Approximately 30 members of the HOA were present

Quorum: No quorum is required for the budget ratification meeting

Richard Verner opened the meeting and explained the purpose. Although the 2014 budget was ratified at a meeting of the membership on December 17, 2013, changes since then created the need for a new meeting. In particular, the HOA's offer to the development company to waive its assessments had been rescinded. The development company had been sent an invoice for all delinquent 2012 and 2013 assessments plus 2014 assessments. The new budget reflects these changes. All HOA members were sent a copy of the revised budget in a mailing from Association Management Group with a letter dated January 28, 2014.

Mike Lentz provided additional information about the revised budget. He reiterated that addition to the budget of assessments the development company owes puts the HOA in a much better financial position. However, he cautioned that these assessments had not yet been collected. The current budget does not contain any legal costs associated with collection of these assessments. Nor does it contain any legal fees that the HOA may incur to defend itself against lawsuits that have been threatened by homeowners. Because of these concerns the board is taking a very conservative approach and examining areas where the budget could be reduced if necessary. For example, the \$5,500 budgeted for mulch during 2014 may be eliminated.

In response to a question, Mike Lentz stated that the invoice sent to the development company divided the assessments into those during the period of declarant control (January and February 2012), billed at 25% and those since the period of declarant control billed at 100%.

During an open discussion period, there was considerable debate about assessments and expenses for the maintenance of the pool and clubhouse. Several HOA members stated that because the developer has paid pool and clubhouse expenses up to this date, \$200 per year should be returned to the members. The rationale stated was that when the membership voted to increase dues by \$200 it was understood that the increase was to cover estimated costs of

operating the pool and clubhouse. Steve Black explained the board had been faced with either using this income for other items or asking the membership for an increase in dues. The board decided that because the income had not been needed for the pool and clubhouse to use it to cover other costs rather than seek an increase.

Jan Keeney, who was HOA treasurer at the time, explained the history of the 2010-2012 budgets and the establishment of the pool and clubhouse reserve fund. Austin Lewis explained that the CCR amendments approved during 2013 protected this reserve fund from use for other purposes. However, this is a *reserve* fund for capital expenses (for major repair of the building, equipment and systems) and is separate from funds budgeted to *operate* the pool and clubhouse. Mike Lentz emphasized that the 2014 budget does include \$20,000 to *operate* the pool and clubhouse.

There was additional discussion about ways in which the budget could be trimmed if necessary. The largest expenses are for landscaping and lighting.

The meeting concluded with the ratification of the 2014 budget.