

Palomar Reserve Council of Co-Owners

Board Of Directors Meeting

12/16/2024

The monthly meeting of the Palomar Reserve Council of Co-Owners Board of Directors was held at 4:00 PM on 12/16/2024. The following personnel were in attendance:

- Carrie Hoeller (President)
- Dexter Sprandling (Vice President)
- Baxter Napier (At-Large Member)
- Susan Vantreese (At-Large Member)
- Barry Tilden (Secretary) (by phone)
- Ann Wesley (Property Manager)
- Donna Frazier (Homeowner visitor)
- Ima Lane (Homeowner visitor)

1. Approval of Minutes of Previous Board Meeting

The meeting minutes from the monthly Board meeting held on 11/25/2024 were reviewed. Carrie moved that the minutes be approved, and Dexter seconded the motion. The motion was approved.

2. Financial Report

Ann presented the monthly HOA financial reports for November.

a. Balance Sheet

- The total reserve account was approximately \$55.3 K at the end of November (\$25.4 in a higher interest CD and the rest in two lower interest accounts).
- The operating account was around \$16.3K at the end of November.
- The balance on the clubhouse loan was down to \$148.0K at the end of November.

b. Profit & Loss –

- The HOA expenses exceeded net income by \$951 for the month of November. In addition to “expenses,” we paid \$315 in November for principal for our clubhouse mortgage (not included in “expenses” on the P&L report).
- HOA income overall was \$744 below budget in November. General assessment HOA dues collected was about \$1K below budget while late fees and other income were about \$250 above budget. This other income included \$125 from quilter clubhouse rentals.
- Utilities were \$0.7K under budget in November, mainly caused by a lower electric bill for the month.
- Elevator repair costs were slightly over budget in November because of the new maintenance contract, but this was partially offset by \$290 in credit from previous elevator repair bills as described in previous meeting minutes.
- Security service costs were \$1.3K over budget in November because of the need to replace a security system battery in order to make the door function properly in building 4235.

- The \$1200 listed on page 2 as “Insurance Claim Expense” was actually the cost of the masonry repairs in building 4205 that were described in last month’s meeting minutes. This will be corrected in the Profit and Loss accounts.

c. Profit & Loss Budget Vs Actual YTD

- At the end of November, several expense categories were over or under budget as shown in the table below -

Expense Category	Amount Over Budget	Comment
Income	\$2.8K over	Due to collection of past due HOA dues and late fees in June. The \$6.2K city grant was subtracted from the P&L YTD report value (\$9.0K) since this was reimbursement for asphalt sealing expenses.
Administrative	\$6.3K under	Mainly due to insurance cost being lower than budget earlier in the year as discussed in previous meeting minutes.
Utilities	\$3.1K over	Every utility line item is above budget by some amount, but internet and electrical costs are the largest contributors.
Repairs and Maintenance	\$7.4K over	\$2.3K of the overage is elevator repairs. \$1.3K is the repairs to the ceiling caused by water damage discussed in March meeting minutes. \$1.6K is the cleaning contract. \$2.35K is higher security services costs.
Supplies	\$1.35K under	Due to purchasing fewer supplies than budgeted.
Landscaping and Grounds	\$0.4K under	Due to lower snow removal costs, partially offset by unbudgeted flower and shrub work in June.

- As of the end of November, the P&L YTD report shows that the HOA income exceeded the expenses for the year by about \$5.1K. However, \$12.1K of this “income” was transferred from the Reserve fund to cover asphalt sealing work and only \$4.4K was returned to the Reserve fund after the city grant was received. Subtracting out this \$7.7K net transfer from reserve to the operating account, the HOA expenses exceeded the HOA dues collected for the year to date by about \$2.6K. In addition to “expenses,” we have paid \$5.6K on principal for our club house mortgage (not included in “expenses”), as of the end of November. Therefore, total expenditures of the HOA exceeded HOA dues collected by about \$8.2K so far this year.

d. Open Invoices –

- The report shows that there are currently eight past due accounts for Palomar Reserve HOA at the end of November, totaling \$5.4K. This is up by \$1.7K from last month.
- \$3.4K of this total is against a single account that has been delinquent since May 2023 (). The owners of this unit have verbally agreed to a payment plan whereby they pay \$500/week until the balance has been paid off. They have made the 1st two payments under this plan. Ann plans to formalize this plan by having the owners sign an agreement to continue these payments. We expect this agreement to be signed by

12/27/2024. Ann will have our lawyer take this agreement before a judge and the judge will issue an Agreed Order, which is legally binding on the property owners. If the owners miss a payment, they will be given one week to make the missing payment. If they do not do so (or they do not sign the agreement referred to above by 12/27), foreclosure proceedings will be initiated. Under this payment plan, this delinquent account should be up to date (including missed dues payments, late fees and attorney fees) by the end of February.

- Another account () makes up almost \$600 of the total delinquent accounts. This account has been delinquent since February 2024. It now consists of two months of missed HOA dues and several unpaid late fees. Ann contacted this unit owner by phone and the owner stated that she will pay off the delinquent amounts by the end of December. The Board agreed to give her this additional chance to catch up. If the account is not paid up by 12/27/2024, the Board would like to pursue a lien on this property.
- Another account () makes up over \$600 of the total delinquent accounts. The October 31 open invoices report showed that this account was one month behind and the November 30th version of the report shows the account as two months behind (HOA dues and late fees). Ann checked with her assistant during the meeting and found out that this unit owner has paid \$354 against this account balance since the open invoices report was prepared. The Board would like to pursue a lien on this property if it is not paid off within the next month or so.
- Two accounts (about \$600 of the total) are newly delinquent, owing one month dues plus a late fee. These homeowners have received a delinquent account notice by mail.
- The other three delinquent accounts owe a small amount each from past issues, but they are paying their current HOA dues each month.

3. Old Business

- a. Front door on building 4235. This door was repaired by replacing a battery in the building security system. The door now locks properly but its closing mechanism does not shut the door completely. Ann will have her maintenance staff adjust the hydraulic closing mechanism to shut the door properly. If this does not work, she will get a contractor to troubleshoot the door's closing mechanism.
- b. 4219 water over deck area. During heavy rains, water intrudes onto the deck of a unit in the back of building 4219. A technician from Bone Dry Roofing investigated the issue and reported that the gutters on the rear of the building needed to be replaced and provided an estimate of around \$4000 for completing this work (140 feet of gutters plus leaf guards). At the last Board meeting, Ann stated that she would get a separate contractor to provide a bid for gutter cleaning for this gutter and the corresponding one on building 4235 (also experiencing similar drainage issues). The Board hoped this would be a cheaper alternative than replacing the gutters. Ann told the Board that she had not been able to work on this issue since the last Board meeting but would try to get a bid for gutter cleaning soon.
- c. Website update and estimate for adding clubhouse rental tab. The website is up to date with monthly financials, newsletters and meeting minutes through the end of October. The November meeting minutes that were approved at this meeting will be uploaded after the meeting. Ann has also gotten our webmaster to add a tab to the website to allow users to

reserve the clubhouse. The Board expressed appreciation for this accomplishment. Carrie asked whether the clubhouse tab could also include a calendar that shows when the clubhouse is rented and when it is available. Ann will check on this.

- d. Newsletter. At the last meeting, the Board decided to target the 15th of January 2025 for our next newsletter. This would allow us to include a summary of end-of-year financial results and accomplishments. The newsletter would also include an update on the Palomar Reserve website, the clubhouse rental opportunities, and the Buyers Reserve Fee.
- e. Sprinkler inspection follow up. Ann has still not received the bill for the sprinkler repair work. Once she receives the bill, she will pay it from the HOA operating account and then bill the affected units for their share of the cost.
- f. Buyers Reserve Fee. At the last Board meeting, the Board decided to implement the Buyers Reserve Fee as of January 1, 2025. The fee would be a one-time payment of a sum equal to three months of HOA dues. It would be paid by new homeowners at the time of closing as a contribution to the HOA reserve fund. Ann has not had a chance yet to add a sentence or two to the Home tab of our website to state that homeowners must pay a monthly HOA fee that is calculated based on the square footage of their unit and must pay a separate one-time buyer's reserve fee at the time of closing as a contribution to the HOA reserve fund.
- g. Wall behind building 4235. Ann has asked two contractors for estimates to take down this wall which is leaning behind building 4235. She has not received either estimate yet.
- h. Donna reported that the quilt sweepstakes was completed on December 7th. A total of \$1020 in donations were collected and this amount has been deposited into the HOA operating account with the intention of applying this amount to the principal on our clubhouse loan. The winner of the quilt giveaway was Jennifer Burke who was very happy with the high quality of the quilt and expressed appreciation to the quilters for their hard work and generosity.
- i. Dues increase notices. These notices have been sent out to all unit owners. Ann said that feedback has been minimal.
- j. Owner's list distributed to board members. Ann distributed the owners list to all Board members at the meeting and sent an electronic version to Barry by email. Ann reminded the Board that this list must not be shared with anyone and must be used only for Board business. Board members understood the need to control this list for the privacy of our homeowners.
- k. Clubhouse Hot water heater. The hot water heater is now working. It was on a timer and the tinner had failed. The timer has been bypassed.
- l. Committee reports
 - i. Future grant work subcommittee. Donna, Becky and Carrie. No report at this meeting.
 - ii. Clubhouse promotion subcommittee. Carrie and Baxter agreed to serve on this subcommittee. Ima, Becky and Donna also expressed interest in joining this committee. They will meet 15 minutes before the next Board meeting in the clubhouse.

4. New Business

- a. Insurance Updates for clubhouse rentals to non-owners. The clubhouse promotion subcommittee will investigate the question of whether our insurance covers a loss that occurs if the clubhouse is being rented by a nonresident of the HOA.
- b. Privacy Law Reminders for Owners list. Covered during Old Business item j above,
- c. Beneficial Ownership Reporting (Social Security Numbers). Ann reported that a new reporting requirement has been placed on all companies and corporations in an attempt to stop certain financial crimes. Each company must report their “beneficial owners” in a report to the Financial Crimes Enforcement Network that is due on January 1, 2025. Barry stated that he did not believe this reporting requirement applied to a nonprofit HOA like Palomar Reserve. Ann insisted that her sources said the nonprofit reporting exception only applied to tax exempt nonprofits. After the meeting, Barry consulted the governing document (see link below) and discovered that Ann was correct - Palomar Reserve must in fact make this report.
 The “beneficial owners” for an HOA would be the members of the Board according to the governing document. For each Board member, certain personal information must be provided including name, address, date of birth and a unique identification number. There was additional discussion on whether this number must be a social security number or whether other forms of identification could suffice. Barry agreed to investigate this question as well. This needs to be resolved before the next Board meeting so that we can meet the reporting requirements.

https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide.v1.1-FINAL.pdf

- 5. Adjourn. The next Board meeting will be held on January 20, 2025, at 4 PM in the clubhouse. The meeting was adjourned at 5:55 PM.

Topics Tabled at Previous Board Meetings

Tabled Item Description	Date Tabled	Reason Tabled	When to Revisit
Metronet damage.	November 2024	Need better weather to resolve	March 2025
Additional scope of work addendum for 2024 city grant.	November 2024	Need better weather to resolve	March 2025