

**TC HOA Board Meeting
August 21, 2008
6:15 PM**

Participants: Rochelle Mitz, Carolyn McKelvey, Stephanie Easley, Gayle Voyles, John Clock, Cynthia Selder, and Jim Tiehen.

Minutes – Approved via e-mails.

Jim Tiehen's thoughts regarding whether it would be advisable to take some money out of reserves in order to pay over-budgeted suggested capital improvement projects:

Currently you have around \$400,000; this is a need to spend about \$40,000 in order to pay the balance of this year's capital improvement projects: asphalt repair, seal coating, structural (Cs and Ls& Bldg. 18 Issues), and for repair of the curbs/concrete work. That will put the HOA with about \$360,000 in reserves at the end of the year.

Jim stated that he felt the HOA was in better shape than when The Tiehen Management Group first came on board as the management company. He continued to say that there is a possibility that we may not have to paint in 2010; we will have to dredge pond in 2009. The HOA will always have somewhere between \$10,000-\$20,000 on annual concrete repairs. Jim did feel that the majority of asphalt repairs and seal coating (priority 1s and 2s) needed to be completed at that time.

Another \$40,000 will be needed to be taken out of reserves next year IF dues were not increased. Jim's Suggestion is for the HOA Board to consider raising HOA dues. John Clock suggested possibly up to 11%. However, Jim Tiehen stated that it would be hard for homeowners to swallow, and suggested that the board consider a 7% HOA dues increase). Hopefully, we won't have to paint in 2010. Jim stated that he still thought \$500,000 in reserves is a good target. Jim also discussed that possibly future years the board would want to consider having a 3.5% dues increase each year just to cover normal inflation.

John Clock explained how he had done a review of the 2008 budget and very rough draft of a 2009 budget, based on the current \$784,000 Total Annual Dues figure. He also explained that when figuring income projections, he usually backed out about 1.5% due to some homeowners being delinquent, liens being placed, etc.

Jim Tiehen suggested that the HOA Board might want to think about developing a long range plan and said that some home owners associations have a capital asset study completed in order to help with the development of their strategic plan. He thought it would probably cost between \$2,500 - \$3,500 to get an official study completed. Due to the number of assets involved with the HOA Jim suggested that the board get such a study completed. From a management perspective, it would be helpful to have the official study. It will take awhile to get the bids, and then take awhile for the study to be completed. It would help us in future years know how much dues increase is really

needed and to have a better idea of when to expect major capital improvement expenses. The study would outline all capital assets, places values on them, and then tell how many more years remaining until things like the pool need work, etc.

Jim said that currently we were budgeting about \$100,000 in capital repairs. \$100,000 isn't enough with the issues we are facing. This is a great location; we must keep up the common areas and grounds. Jim then stated that he was dead set against assessments *unless* it is an emergency situation.

The pond dredging bid was for \$117,000, but due to the delay in having this work done, John had adjusted the amount to \$122,000 in the DRAFT 2009 HOA Budget to cover expected increase due to inflation. Jim supported the Board's pond dredging plan which included building a wall that will help settle silt before the water goes over the wall. Future dredging should be for smaller areas and less expensive. Judy Brewster wanted to some areas rocked in because of erosion, about \$3,500. Jim agreed that where there is erosion we do need to rock in.

Discussion on Concrete/Foundation Issues (Ls and Cs) – Some people are saying to just do one; Jim said we need to do them all. Jim: When we hire an expert who makes a recommendation I think we need to follow that advice.

Jim's Take: If the issue is affecting the structure it needs to be fixed by the HOA. Jim reviewed page 9C – **Limited Common Area—and said that the repairs were an HOA Expense.** Jim feels comfortable that he would be able to defend any homeowner's accusation that we didn't follow Pg. 9 (c) and referred to the governing documents' Page 6 (#5) where Limited Common Areas and Facilities are defined. He specifically read Section A (i).

Discussion regarding what is considered "foundation": Jim said the garage floor is not part of the foundation. Concrete slabs – is different than second floor (floor covering/gypsum –not part of the structure).

18J – Downstairs – John Clock asked Jim for clarification concerning the issue in 18J, where the floor is tilting. He told Jim that the engineer that was hired recommended mud-jacking, but also stated that mud-jacking usually causes more problems inside – Who's responsibility will it be to pay for repairing additional inside damage?

Jim Tiehen said that the HOA should pay to fix the foundation issue/mudjacking expenses, but, if the repair causes a problem on the inside the homeowner will need to pay to fix that repair.

John explained that the report had said that one option could be to float the floor for a temporary solution, but would have more problems in the future. His question for Jim: What if the owner said, don't mudjack, float the floor; I don't want to have to pay expenses for the inside. John's question:

Jim: Follow the expert's advice; we do the mud-jacking, but tell the homeowner the inside issues are their expenses.

John – Roofs -- The homeowner reports a leak; Bordner Roofing fixes the problem—let's say it rains again and the roof leaks in the same area. Jim's take on the scenario – Bordner must have missed something – the HOA would be responsible; in that case the second inside repair would be an HOA expense. Jim: **A warranty is not available for roof repairs.**

Radon Issue

John – Spoke with Howard; he will not discuss this any further until we have a test done. Cynthia has scheduled the test. Jim – go with legal advice. TC HOA is paying for the test \$125 per unit.

Carolyn McKelvey – MRI Institute did an extensive study on Radon; John should come speak on this issue.

Two units will be tested on Tuesday, Aug. 26 - 11616(A) and Chin's unit (04A) who was trying to sell his unit; we couldn't get back to her in time, so she went ahead and bought it. Decision: The HOA gets the tests completed and then seek and follow Howard's advice.

Jim has not had this issue with any of his other properties.

VOTE: Stephanie: I make a motion that the board takes all of Jim's Advice

- fix everything the Management has Suggested for this Year, take the \$44,000 out of reserves in order to pay the total over budget expenses for repairs suggested by the Tiehen Management Company (discussed above);
- issue a 7% dues increase for 2009, and plan to raise dues annually by at 3.5% (unless situations determine more of an increase is necessary);
- get bids for a capital asset study to be completed and budgeted in 2009 to assist with the development of the Board's Strategic Plan.

The motion was seconded by Gayle and unanimously approved.

John Clock – Financials

John went over the email he sent at 4 pm today; see memo below.

TO: TOMAHAWK CREEK BOARD OF DIRECTORS

FROM: THE TIEHEN GROUP / JOHN CLOCK

DATE: AUGUST 21, 2008

RE: FINANCIAL ANALYSIS

The following is my breakdown of your financial status based on the July 31, 2008 year-to-date information:

Income

Year to date, your total income is \$4,809 more than anticipated. This would be largely from pre paid dues. At this point, I would estimate your income should stay on budget for the year, which totals \$784,682.

Expenses

Administrative

You are \$6,007 under budget year-to-date. I budgeted \$3,500 in Legal for the approval of the new documents and \$3,000 in Postage to mail them to the owners. This project has not been completed yet. I would anticipate the other categories would stay on budget for the rest of the year. There is \$3,000 in Social for the rest of the year. That could be trimmed by \$1,000.

Service Contracts

You are \$39,934 under budget. The main reasons are that we have not yet been billed by Raintree for work on the Ponds; Epic is one month behind in billing; we did not spend \$15,389 in the first half for Snow; since we have an open dumpster, Trash is difficult to calculate; Pest Control is on target; money has not been spent on shrub replacement and tree trimming under Landscape Services.

I feel we can save the \$15,389 from Snow. I would not predict any savings from the other categories during the rest of the year. We continue to have vegetation problems in the ponds and irrigation repairs continue to be an ongoing source of major expenses.

Repair & Maintenance

You are \$30,405 under budget. The main reasons are that we did not spend the \$25,000 for Concrete in April. All other categories are fairly close. I would not anticipate any additional savings. We will stay over budget on Fountain Repair as we have had numerous problems this year often caused by the storms earlier this year and lighting. We have \$2,308 left under Drainage, but that is not enough to complete any existing projects I am aware of. That money could be saved this year.

Under Fire Sprinkler, we have not spent \$2,205 of the existing budget. We have another \$1,100 budgeted for the rest of the year, so if we don't have any major problems, we could save at least \$1,500 in this category.

Everything else should stay on target.

Utilities

You are \$4,069 under budget, so I feel we are right on target.

It is very hard to predict as we continue to suffer from underground breaks in the irrigation system. Unless we have an unusually warm and dry fall, we should be okay in this category, but I would not predict any savings either.

Taxes & Insurance

You are \$1,738 under budget. With second half taxes and third and fourth quarter income taxes yet to pay, we should be on target.

Miscellaneous

You are \$544 under budget. I think we should be able to save \$500 in this category.

Non-Operating---Capital Projects

You are \$34,647 under budget. We did not spend the \$21,500 in May to do asphalt repairs. The Painting projects also came in under budget. We did not purchase any Pool Furniture either. We have spent \$3,272 of the total budget of \$8,000 budgeted for Siding / Rot replacement.

The \$25,000 budgeted in August and the \$35,000 budgeted for September for Asphalt repair, along with the \$21,500 budgeted in May, will be spent in September. The \$4,919 that was not spent in Painting could be saved. The \$3,500 for Pool Furniture could be saved, but will need to be spent next year. I would leave the Siding category alone as I anticipate additional repairs will be needed.

If we are to do all the sidewalk, curb, and foundation repairs listed in the report Cynthia created, we will need an additional \$17,000 to add to the \$25,000 not spent under Concrete. This would total \$42,000.

If we are to do all of the "A" and "B" asphalt repairs listed in the report Cynthia created, along with seal coating all the drive lanes, carports, parking areas and the driveways that were next to ones repaired, we will need an additional \$61,000 to add to the \$80,000 already budgeted. This would total \$141,000.

The two projects combined will require an additional \$78,000 to the existing budget.

The possible savings from the above analysis would be:

1. Social---\$1,000
2. Snow---\$15,389
3. Drainage---\$2,308
4. Fire Sprinkler---\$1,500
5. Miscellaneous---\$500
6. Painting---\$4,919
7. Pool Furniture---\$3,500

This would total \$29,116. If you are not doing the By-law project this year, we could save an additional:

1. Legal---\$1,000
2. Postage---\$4,000

This would give us a grand total savings of \$34,116.

Assuming the savings of \$34,000, to complete the concrete and asphalt projects would require taking \$44,000 from reserves.

As far as 2009, I have created a very “rough draft” of your budget. My assumptions for the Capital Project portion of the 2009 budget is as follows:

1. \$36,000 for Reserves
2. \$15,000 for miscellaneous Asphalt repairs
3. \$7,500 for Painting
4. \$5,000 for Pool Furniture
5. \$10,000 for Siding repair
6. \$14,000 to repair the tennis court
7. \$122,000 to dredge the pond.

The Capital Project portion of the budget would total \$209,500, which would be an increase of \$67,300 over the 2008 budget.

The total Operating and Capital Project budget would come to \$863,940. Projected income **based on current dues** would be \$782,032. This would create a Net Loss of \$81,908.

If you were to end the 2009 with a zero balance, you would need approximately an 11% increase in 2009 dues to generate sufficient revenue to offset the Net Loss.

Notes on Discussion Related to the Memo

John verbally explained the process he used to determine that all sidewalk and curb repairs we would need an additional (last two paragraphs of page 2)

Next page (3) additional \$78,000 to the budget minus savings from the original line items totals \$29,116 + \$5,000 if we don't do the By-Law Project this year. We would still need an additional \$44,000 from reserves.

Last half of this page explains a very rough draft of the 2009 budget

John's Suggestion: Continue putting \$36,000 for reserves (1-7) Increase of \$67,300 over the 2008 budget. If looking at the Operating and Capital Project budget would come to \$863,940. Projected income based on current dues would be \$782,032. This would create a Net Loss of \$81,908.

The board restated that they wanted John to figure the 2009 budget with a 7% dues increase. The board and management company agreed to work on trimming some areas and figure in the Capital Assets Study that Jim suggested.

Rochelle: Will you be able to explain what is going on at the December meeting? John: Yes, that is part of the annual meeting. It will be scheduled for the third Thursday of the month – Dec. 17th.

Updated Delinquency Summary – John: Sharma owes 578 and back page 321; we filed a lien after sending certified letters. He is asking for us to forgive the lien fees and late fees. He has had a history of being late and has always paid. His father owns two properties (he lives in Olathe); John sent the certified letter to owner – he moved and didn't inform the board. He didn't advise us that he had moved; the letter went to the wrong place.

Stephanie: I make a motion that we keep the lien fee on; the board will not forgive it. Carolyn seconded, and the board unanimously approved the motion.

Rochelle: I saw some e-mails regarding the lady we voted via email regarding not filing a lien and working with her proposed plan for getting caught up on her late HOA dues.

Stephanie; I make a motion the minute she doesn't follow through or puts her place on the market, we will immediately file a lien. John stated that he'd already told her this.

Lawsuits: John explained the process when the HOA sues a homeowner for outstanding/delinquent HOA Dues to the board members.

Rochelle: What do we propose on building 18, do we bring the people together to discuss how we're moving forward?

Cynthia and John explained that they would write a letter, typed from the Management Company, stating what will occur regarding the structural issue.

Cynthia's Report – Issues/Actions Report

- Pond Dredging – Budgeted for 2009
- P.O. Boxes have been installed; however, they are coming loose. Cynthia will have Bill improve the support.
- C and L – All will be repaired.
- New program with website – Can't find phone number; Cynthia will call Ken Patrick for John Dula's number.
- Concrete Replacement – Approved to go as planned.
- Trash Enclosure Fence – Painted last week.
- Cynthia is getting bids for new signage for the Trash Compactor – Carolyn – Camera – Cynthia – Camera is very expensive and someone has to monitor and it is a liability. People say we have security and are responsible.

Is there another place we could have a trash compactor (between 24 and 25) another expense – residents would complain. Couldn't be a top priority now, with all of our capital expense projects scheduled.

- Landscape Projects – Done
- Fire Marshal Issue – to be completed
- Foundation Leaks due to Rainwater – Bill is putting plastics and rocks in flower bed – no one has reported other problems since he has started doing these repairs
- Foundation Leak (11602A) Bill did her area like the one above; Landon is putting a French Drain in to resolve that issue.
- Asphalt Repairs/Sealcoating – Approved to be completed
- Radon Reported – Testing is scheduled for 04J and 16A on 8-26-08
- Additional Building Address Signs – Week of 8-25-08 numbers will be installed next week.

15H – Landlord is sending a certified letter to renter letting her know that one more complaint and she'll have to leave. Boyfriend left and moved on to 16K.

Stephanie: Homeowner 16K came home at 2 AM and then the boyfriend arrived in a loud truck – 5:45 more noise – honking –

Cynthia – Our policy is...
Three strikes and you're out.

1st – called and told there have been complaints
2nd- Warning
3rd- \$25 fine
4th - \$50
5th or more \$100 or more

Cynthia asked for the board's help in drafting a document to clarify the rules and regulations and policies the board has set.

Mailing will be sent out about the asphalt repairs and another letter about the seal coating. John: Asphalt repairs start on Sept. 2nd John said Cynthia should give him two weeks to complete his job. Then schedule the seal-coating for the third week of September.

Gayle wondered if the management company couldn't figure out a way to do one mailing which included a note for homeowners to remember to look on the HOA Bulletin Board (by the mailroom) for the upcoming seal-coating repair schedule. Then only mail the additional schedule to off site homeowners. The board asked Cynthia if posting the seal-coating repair schedule in the mail room would be ok, in order to help save HOA dues, so they could be spent more productively. Cynthia thought it was a great idea.

Old Business

Business Park 117th & Roe Update
Rezoning Planning Meeting
Schedule Meeting with New Volunteers

New Business

Volnteer Committees-Bill Lynch – selling and moving—won't be on the Landscaping Committee

Katie Stewart – Ken is calling her for the technology committee

Rochelle – Out of town Sept. 3 – 10th
Planning Meeting for Sept. 18th Meeting—Set for Monday, Sept. 15th (6:15
Need Agenda posted by Sept. 16th

Newsletter Items-

- Remember to check Community Bulletin Board (outside the mail room) Re: Ongoing Capital Improvement Projects – Recognize Your HOA Dues are At Work!
- Trash Compactor Reminder – break down boxes; do not put items in that will jam the compactor and create the unsightly overflow.
- Reminder: Our governing documents require homeowners to carry personal property and liability insurance coverage—the association's master insurance policy does NOT cover damage to the contents of any unit.
- Noise Reminder – Be respectful of neighbors
- September 18th Quarterly Meeting – Please attend
- Pool Party – Sept. 6th
- Nomination Committee is searching for homeowners interested in running for the 2009 HOA Board

Meeting was adjourned at 8:00 PM

Respectfully submitted,
Gayle Voyles, TC HOA Secretary