

# **Woodlands of Livonia Homeowners Association**

## **Minutes of Board of Directors Meeting 10.21.14**

Location: Arlis Olson Residence  
Convened: 8:00 p.m.  
Adjourned: 10:05 p.m.

Present: Eric Lindell (President), Paul Erickson (Vice President), Jim Hall (Director), Arlis Olson (Outgoing Treasurer) and Scott Fildes – (Incoming Treasurer)

Notes: Agenda Items appear in large boldface type. Information, Discussion and Decisions sections appear in bold. Abbreviations are as follows: HOA- Homeowners Association, HO- Homeowner, BME-Board Member Erickson, BMH-Board Member Hall, BML- Board Member Lindell, TF-Treasurer Fildes and TO-Treasurer Olson.

### **Review of Minutes**

#### **Decision**

- Motion by BML to approve minutes of the 09-09-14 Board meeting; second BME, carried unanimously.

### **Treasurers Report**

#### **Information**

- TO gave a brief review of HOA expenses for January – September 2014 vs. budget; the status of checking and money market accounts and projections for cash flow through December 2014.
- TF reported that the current receivables totaled \$259.00 which pertains to one resident that has not paid their 4<sup>th</sup> Quarter dues and late fee and another resident that paid their dues but not the \$20.00 late fee that had been assessed.
- TF reported that the payables of record were \$5,450.00 which consisted of Laurie Grasso - \$2,800.00 (\$1,800.00 for September gardening services, \$400.00 for furnishing 32 Mum plants for fall planting and \$600.00 for the remainder of the spirea plant pruning services) and Brueske's Lawn & Landscape - \$2,650.00 (\$1,675.00 for lawn care services for 09/15—10/15/14 and \$975.00 for the fall fertilization).

#### **Discussion/Decision**

- TF asked if the Board had an opinion on how to handle the non-payment of the \$20.00 late fee as the \$219.00 payment was postmarked several days past the late fee assessment date. Board members felt the late fee was properly assessed and is still due and owing. TF will send the resident a letter indicating the late fee is still outstanding.
- Motion by BME to approve payments to Laurie Grasso - \$2,800.00 and Brueske's Lawn and Landscape - \$2,650.00; second by BML, carried unanimously.

## **2015 HOA Budget**

### **Information**

- TO provided copies of the latest draft of the 2015 HOA Budget in the amount of \$131,115 and reviewed each line item with the Board.

### **Discussion/Decision**

- Board members reviewed the draft and discussed/suggested certain revisions—The potential of splitting the HOA Secretary/Treasurer position into two separate positions and adding a line item to the budget in the amount of \$500 for the Secretary; adding \$1,000 to the Trails & Commons line item for potential painting of the directional & informational sign posts; increasing the Mailboxes item by \$400 to provide for the initial phase of a program for new “deer head” components and the elimination of the \$1,500 Security Systems line item as there are only two entrances with a structure where monitoring equipment could be installed and other entrances to the development would not be covered. Even if cameras were installed, they would only monitor traffic entering or leaving that location and not actually monitor any vandalism, etc. Those changes resulted in a new budget total of \$131,515.
- Motion by BML to approve a 2015 HOA Budget in the amount of \$131,515; second by BMH, carried unanimously.

## **2015 HOA Dues**

### **Information**

- TO distributed a WOL HOA 2015 Dues Analysis that outlined the last time HOA dues were increased was in 2007 and the increase was \$30 per quarter which has resulted in the HOA being in a much better financial condition now than it was in 2007. However, in 2013 the MN Legislature revised certain Statutes pertaining to HOA operations. The item that can impact the dues amount is the requirement that the association shall include in its annual budgets replacement reserves projected by the board to be adequate to fund replacement of those components of the common interest community which the association is obligated to replace by reason of ordinary wear and tear or obsolescence. Basically that means the Board will have to conduct a study of the major HOA components that will need repair/replacement, develop a phased implementation plan with estimated costs and then set dues necessary to meet the anticipated repair/replacement costs that will be set-aside for those needs. These funds will be in addition to the normal operating budget funds. We already are doing that in effect with our Trail Reserve Fund, but we now have to be more formal with the process and evaluate if there are any other components that should be included in the process. Since the trail system is the most significant component that will require the largest long-term investment, the Board has focused their efforts on it. Several asphalt contractors were invited to review the trail system and provide an analysis of its condition and make recommendations for short-term and long-term repairs. Unfortunately, only one contractor provided a complete analysis of the trail system and associated costs for the various work elements. The costs ranged from \$21,200 for crack sealing and patching of selected areas to \$372,000 for total replacement of the trail system. While total replacement is not necessary, and when necessary would be done in phases, this does provide the magnitude of the total investment that may be required over the long term. At this point, the crack sealing and selected area patching should be done in 2015 and actual bids from contractors for the work will be obtained. Therefore, the 2015 budget includes \$20,000 for that work. This work will be funded from the existing trail reserve fund, but those monies must be replaced and

the fund must continue to grow to be able to meet future repair cost requirements. Consequently, the 2015 budget also includes \$10,000 vs. the existing \$5,000 contribution for the trail reserve fund. The only significant income source for the HOA is the quarterly dues. There are 110 lots in the development; which results in an approximate current annual income of \$96,300. The annual expenses (excluding trail reserve fund) over the past five years (2009-2013) have ranged from \$79,000 to \$92,500 for an average of \$87,400. Actual expenses for 2014 are projected to be approximately \$89,500. When the typical past trail reserve fund contribution of \$5,000 is added to actual expenses, there is very little margin or cushion for unexpected expenses. The Covenants, Conditions & Restrictions for the HOA, Article VI – Covenants & Assessments, Section 6.3 – Maximum Annual Assessments state the Board of Directors may increase the maximum annual association assessment in an amount not to exceed 20% of the previous year's assessment. That would allow an increase from the current \$219.00 to \$262.80 per quarter for 2015. Two projections of the HOA cash position as of 12/31/15 were provided based on a dues increase to \$240 and \$250 per quarter

### **Discussion**

- Board members recalled that a dues increase for 2014 was considered in the latter part of 2013 but was it was ultimately decided to wait another year. They then reviewed the analysis and 2015 year end cash projections. They also discussed that there are other HOA facilities i.e. covered bridge, entrance buildings, storage garage, etc. that will need to be incorporated into the replacement reserve fund analysis. They decided an increase is required; the question was the amount. An increase to \$240 per quarter is a 9.6% increase but would result in an approximate \$5,000 decrease in the estimated HOA cash position from 2014 to 2015, based upon the projection provided. An increase to \$250 per quarter is a 14.2% increase and would result in an approximate \$1,000 decrease in the estimated HOA cash position from 2014 to 2015, based upon the projection provided. In either scenario, the Trail Reserve Fund will decrease by \$10,000 from 2014 to 2015 year end based upon projections. The consensus of the Board was that the quarterly dues should be increased to \$250 to provide for the \$5,000 increase in the trail fund reserve, to maintain the current HOA cash position as much as possible and to provide an additional level of funding for the increasing trend of “normal” expenses due to our aging facilities.

### **Decision**

- Motion by BML to increase the 2015 HOA quarterly dues to \$250; second by BME, carried unanimously.

## **Mailbox “Deer Head” Component**

### **Information**

- Samples of the “carving” that replicates the existing component were available from the vendor for review and comment.

### **Discussion**

- Board members reviewed the samples and selected the one they felt matches the existing component the best. There is an approximate 3/8” x 1” groove at the top of the design that is a function of the computer program that controls the vendor's equipment. TO will contact the HOA mailbox repair contractor to see if he will have any ideas on how to handle that issue. Otherwise, it appears we will finally be able to produce new components for the HOA mailbox assemblies.

## **Payment Approval for Contracted Services**

### **Information**

- TF requested the Board authorize him to pay invoices for contracted services that are consistent with the approved HOA budget rather than getting approval from the Board for each individual invoice received. The services he identified were Lawn Care, Gardening, Snow Removal and Street Sweeping. This has been reviewed with our auditor and he has approved the process as long as a listing of payments made is reported to the Board at a meeting or email and incorporated into the meeting minutes. It will be incumbent for directors to notify TF if there is any concern about services received. TF also reported that automatic payments from the HOA checking account have been set up at the Bank of Elk River for Connexus (electrical use) and ACE Solid Waste (garbage & recycling services) for their monthly invoices.

### **Decision**

- Motion by BML to authorize TF to make payments for the above listed contracted services that are consistent with the approved HOA budget and to report the payments made to the Board; second by BMH, carried unanimously.

## **5<sup>th</sup> Addition Bridge Wall Repair Costs**

### **Information**

- At previous Board meetings the repair/replacement of the 5<sup>th</sup> Addition Bridge walls had been discussed. A bid had been received to remove the existing walls, stabilize the soils and construct an approximate 4-foot high aluminum fence (black color) on both sides of the trail. BMH had reviewed this plan with the 5<sup>th</sup> Addition residents and reported back to the Board that the residents preferred to keep and repair the existing walls. He further indicated he felt that he could fabricate new cap blocks that would be required and that he and select volunteers could complete the project in a phased program. At the 08-15-14 Board meeting, BMH indicated that he would be spending a considerable amount of time and incurring some costs for materials over the course of the project and would like to get reimbursed for certain costs. The other Board members suggested he prepare a proposal for the work and submit it for consideration at the next meeting. The work was completed without a proposal being submitted. At the 09-09-14 Board meeting, BMH submitted an invoice for the work in the amount of \$1,750. A partial payment of \$900 was approved by BML & BME on 10-08-14 for products provided and direct expenses incurred; the balance of \$850 labor was withheld pending further discussion as BML & BME had understood the labor would be volunteer work, but apparently BMH did not. In addition, the HOA Bylaws state that Directors cannot receive compensation for any service rendered to the HOA; however they can be reimbursed for actual expenses.

### **Discussion/Decision**

- Rather intense discussion ensued as the whole issue was revisited. BMH felt the project was completed in a professional manner; the costs submitted were very reasonable and should be paid. BML & BME agreed the walls look great but this whole issue could have been avoided if a proposal had been submitted so all parties would have had a clear understanding of the work and costs. In addition, the Bylaw language is very explicit and cannot be ignored. BML & BME maintained it was their responsibility to the HOA to deny payment of the remaining \$850. At that point BMH resigned his Director position and left the meeting. TF made a follow-up phone call a few days after the meeting and BMH confirmed his resignation from the Board.

## **Email Motions**

- Motion by BML on 10-24-14 to approve payment to Great Northern Landscapes - \$493.00 for winterization of the HOA irrigation systems; second by BME, carried unanimously.
- Motion by BML on 11-14-14 to approve the proposal from Verde Plus Lawn Care to provide the 2014-2015 season holiday lighting services in the amount of \$2,458.12; second by BME, carried unanimously.
- Motion by BML on 11-18-14 to approve payment to Brian Humphrey Construction - \$1,281.60 for labor & materials associated with repairs to 16 mailboxes and 1 trail sign; second by BME, carried unanimously.
- Motion by BML on 11-25-14 to approve payment to Paul Erickson - \$68.40 for the rental of a power pole saw used during HOA trail trimming activities. BME abstained.
- Motion by BME on 11-27-14 to approve payment to Verde Plus Lawn Care - \$1,720.69 for 70% of the total fee for the 2014-2015 HOA holiday lighting; second by BML, carried unanimously. The balance of the fee will not be paid until the lights are removed in the spring.
- Motion by BML on 11-27-14 to approve payment to Scott Fildes - \$6.49 for certified mail cost reimbursement; second by BME, carried unanimously.

Meeting Adjourned at 10:05 p.m. 10-21-14

Minutes prepared by Arlis Olson, approved on December 2, 2014 by:

Eric Lindell

Paul Erickson