

**Summit Park**  
**PO Box 30520**  
**Flagstaff, AZ. 86003**  
**Ph. 928-779-4202 /FX 928-776-0050**  
**NOTICE OF BOARD OF DIRECTORS MEETING**  
Meeting Date: January 18, 2018  
Meeting Time: 4:00 PM  
Location: 523 N. Beaver St.  
Flagstaff, AZ. 86001

Minutes

**Attendees:**

- HOAMCO – Melanie Lashlee
- HOA Board – Teresa Vail, Roselle Wissler, Gretchen Burgess, and Dawn Birdsell (*not present* – Nancy Hornewer, *James Stabler*)

- I. Call to Order – The meeting was called to order at 4:00 p.m. by President Teresa Vail.
- II. Establish Quorum - Approve Minutes – September 21, 2017  
Quorum was established  
**Minutes approved**
- III. HOAMCO Report: Melanie Lashlee

a. Review Year end Financials - Vote to approve

Much discussion occurred among board members to clarify the rationale for specific items listed on the income statement “operating 2017”:

1. Fire protection costs (2017 Operating - 6050, 6070, 6075)  
\*Roselle asked how these items are related.

Why over budget in 2017? Melanie explained that the company previously servicing Summit concerning fire was replaced due to incompetence. Due to this Summit was behind and was in need of additional attention.

- Since then, the fire protection system has been upgraded and Summit is now in compliance.
- To bring Summit into compliance the 2017 Fire protection system was over budget.

2018 Protection Allocation amount:

\$9K = fire sprinkler maintenance (back flow inspection in there 3K)

\$4K = protection

Back flow inspection is not reflected in the 2018 budget but can be.

\*2018 - inspection will not be so expensive due to major upgrades in 2017 to bring Summit into compliance.

2. Grounds (Operating - 6160, 6200)

Roselle asked about who performs the services of grounds, trash, sidewalks vs cleaning services. How are these services broken down and classified?

Melanie explained:

- Martin is paid by the hour (no standard monthly fee) to snow shovel, clean lint, and light replacement as needed (Grounds trash and sidewalk). He is too busy to adequately service the dog stations, grills, trash enclosures. His payment is reflected as operating 6160.
- Hired Quick & Easy (janitorial company) is hired to do the jobs Martin lacks the time for. The company has a standard monthly fee (\$535/mo) to service the dog stations, clean the grills, check on trash enclosures, post office areas kept clean and wiped down.
  - Things can be done as needed basis, so can re-adjust the contract. The pricing is fair market value (\$535/mo),
  - Quick & Easy is more expensive than Martin but things are being done and done well. This company payment reflected as operating 6200.

### 3. Clarification on sources of 2017 budget variance

- “Repair and Maintenance” allocation to track different GLs
  - Historically \$25K was set aside for repairs and maintenance
  - Everything came out of that allocation
  - Melanie: Further itemization is useful to isolate variance
- Projects or repairs not itemized in its own category was isolated and classified under “repairs and maintenance”
- Wood replacement \$7K (unexpected expense)
- Steps repair (\$3K)
- Gutters (isolated and identified as gutters) – previously not on the list and no \$ allocated for this so, Melanie put it in “repairs and maintenance” and added the \$12,750.00 what it cost.
- Source of variance 2017– identified \$31,605 (can see source of this variance)  
This means we are off by \$31K from budgetary numbers plugged in, it does not mean that we are \$31K short.
- The 2018 budget has already been created and approved (Bob and Melanie worked on this) –
  - Simplistic in nature and likely to have some areas that are under-budgeted.
    - ❖ Repairs and maintenance (12K allocation) – no itemization
    - ❖ Lump sum and not itemized to reflect applied to payments to specific components
    - ❖ Not account for variances
  - Will be too much effort to re-work this, so HOW do we move forward with this current 2018 budget structure?
    - ❖ How do we account for the money in light of this likely to have under-budget issues?
    - ❖ Large stokes to clean up and put it in appropriate GLs.
    - ❖ Melanie confirmed with Roselle that she will continue to allocate invoices specific to a component in that proper GL.
- Roselle and Melanie will work together for 2019 budget allocation to be more in line with day to day

4. Discussion on what is Reserve vs Repairs (some expenses can be argued to come from either one)

- Reserve (savings for capital improvement):
  - Roof replacement
  - Fencing
  - Gutters

**Motion to approve the 2017 financials – APPROVED**

**Dawn makes motion 1<sup>st</sup> (sign and dated the balance sheet- board packet)**

**Gretchen 2<sup>nd</sup>**

**Everyone else in favor**

b. Investments – Roselle

Roselle proposal (memo included in packet): going forward the treasure will work with Nicole to HOAMCO to invest future reserve cash in FDIC CD. Nicole will function in the role that Frank served in the past. In that role Nicole can buy CDs.

- All the \$ into Alliance bank. Doing the same as what Frank has done in the past.
- Schwab account (HOAMCO does not have access; Roselle can only transfer).
- Alliance Bank (HOAMCO does have access)
- Roselle work with Nicole and HOAMCO to transfer all the \$ into Alliance.

**Board adopts this proposal: Approved this motion (unanimous approval)**

**Operating Bank accounts (Shall we keep both open?)**

- 1 National Bank account
  - pre-dates HOAMCO and not have access.
  - Forces Summit to transfer from this bank
- 2 Alliance Bank accounts
  - Have higher interest rate
  - HOAMCO has access

Reason to stay with two separate Banks:

- Originally set up due to concern of embezzlement by a board member
- Different signers between two accounts
- Teresa suggest to keep but may want to lower the \$ in this account

Reason to remove:

Remove National bank and go with Alliance (higher interest rate, HomoCo has access)

**Can wait until Apr for discussion/decision**

c. 2018/2019 Reserve account expenditures

Roselle: To have proper Marching orders on how to move the money and to ensure sufficient funds remains in the reserve account, we need to estimate how much expenses will be incurred in 2018. Good to have this information before Apr.

## Reserve study:

- \$4K to repair block wall
  - ❖ Do we need inspection?
  - ❖ This is based on the reserve study that states that block walls need repairs after so many years.
  - ❖ Decision: Melanie- Yes, this can be done before summer 2018. I will initiate the process of getting an estimate of cost (cost of inspection and submit of repair if anything is identified) and find out how soon it can be done.
- Fence in the North property
  - ❖ Do we want to look into estimate for building a fence before they begin developing the property?
  - ❖ Teresa – recommend not building before development. Chance they may want to join together to build fence or something else.
  - ❖ Decision: Let us wait and see (all agreed)

## Reserve \$ - Large scale capital improvement over operating expense

- Talk about setting up reserve accounts for these expenditures
- Large scale landscaping projects – from reserve
- Stairs – shall we continue that as operating rather reserve? – seems like a reserve
- If the hail damage claim comes through, then can discuss other large projects. Can discuss this in the future.

## **These decisions can be made in April, but for now see below**

### Reserve monies allocated and set aside by Roselle

- Roselle will set aside small amount for stairs \$3K (so Roselle knows how much to invest)
- Decide on the Gutters after the rock work, then
- Discussion of areas for improvement: Adding benches on deck, railing by
- Bid for the railings (\$2500 allocation) – Teresa wants to be there for design (not back until May 2018), Melanie will find the bid and send it to members at this meeting (may be an issue with could not find same composite materials but can certainly make it match)....can send and approve via email.
  - ❖ This will get rid of liability
- Benches can wait for Teresa for design

## Reserve study

### This is operating cost (\$4K)

- Sewer line repairs: Building #1 had all the backups, so repair done. (\$3K expense)
- Only left to do is to inspect the other building. Melanie will check to see if can be done and when.
- Gabe (Royal plumbing) – drop the ball and not get it done (scope other buildings)

Hose bib issues - Melanie will get Royal plumbing to look at it.

d. AZ Seal Coating Contract 2018 - sign

(\$13K) for this job paid for by the reserve account.

- Dave Chapin – keeps detailed records so he knows what needs to be done
- This is his recommendation for 2018.
  
- Parking lot component (\$2700.00) over budget
  - ❖ No reserve budget expenditures, but should come from reserve. Roselle suggest that it comes from reserve
  
- Asphalt seal coat – This was designated as a reserve expense when the reserve study was conducted. Therefore will be paid by the reserve account.
  - ❖ Melanie agree dollar amount come out of reserve, but no budget set aside but we can certainly pay out of the reserves.
  - ❖ Eventually we will need to re-asphalt, which is also projected in the reserve study

**Motion to approve contract for AZ seal coating for 2018 (\$13K) – all approved – Melanie will get this approval to Dave Chapin and will schedule to get it done before the monsoons.**

- e. Painting Bids – GBM & New Perspective
  - New Perspective Painting bid approved. TV to walk with David in May to confirm scope of painting project for 2018 .
- f. 2018 Landscape Projects -Teresa
  - TBD at a later date
- g. Gutter Cleaning 2018 - Determine Vendor
  - Board requested bid from Rain Bo Gutters
- h. Step Replacement – 2018 Determine Scope
  - Will be handled on a case by case.

#### IV. Old Business /New Business :

##### a. Hail Damage Claim – Farmers –

\*Hail damaged claims – There is high likelihood that Summit Park will get new roofs over entire HOA.

Estimated value \$800,000.00

\*Background: SOS investigator noticed hail damage. Crew did a walk-about, found that some point in time Summit sustained a significant storm that generated damage. Due to being with Farmer's so long, they have enough evidence to take this claim seriously. A large loss claim adjuster will be coming in.

\*How do we go forward with this claim?:

- Come this summer 2018
- SOS – does the roofing, held to new codes (Ice and water shields – includes garages and all building and may include painting damage – so may get painting paid for via this claim),
- Melanie will look to see if carport can be covered.
- Deductible \$5K

##### b. Website Updates - \* Website is updated

\*Roselle asked about the block wall and need to inspect. Melanie to follow up with vendor to inspect and submit report.

\* Roselle asked if the HOA has enough D&O coverage for the amount of money the HOA has in its account. Yes, Farmers has a 500k policy in place which is more than total funds in SP accounts

\*Roselle asked about FHA for the HOA. She is to ask Randy for information he has regarding rentals and second homes or investment property. More work to be done to gather information for the HOA.

\*Roselle asked about inspection of sewer lines in the community. Melanie to follow up with Royal Plumbing to find out when they can get this done.

- V. Open Forum - Member opportunity to address the Board - No members present
- VI. Board to adjourn to into Executive Session pursuant ARS33-1804, Subsection A, paragraph 3.
- Meeting adjourned at 5:45pm