

SHADOWBROOK AT TOWN CENTER COMMUNITY ASSOCIATION, INC.

SPECIAL MEETING, BUDGET 2008

WEDNESDAY, DECEMBER 19, 2007

APPROVED JANUARY 6, 2008

- I. Meeting called to order at 7 p.m. by President, Rob Rohloff; quorum verified by Jessica Mooney, GW Associates; motion to begin and second (Warner Coffman, Ryan Thaxton)
- II. Purpose of meeting – response to petition submitted by residents; to explain 2008 budget and hear resident’s comments
- III. Welcome and introductions
 - A. Board of Directors
 - B. Announcement of new board member, Kathy Hedrick
 - C. Guests
 - GW Associates – Jessica Mooney
 - Lueder Law Firm – John Lueder
 - Ray Engineering – Wayne Johnson
- IV. Presentation of 2008 budget – Rob Rohloff
 - A. Operating expenses common to all residents
 - Specific fees for townhomes and single family homes
 - Revised figure of \$130 (townhomes) and \$105 (single family homes)
 - B. Explanation of capital reserve fund including legal mandate from covenants; overview of fees necessary to make the community financial stable
- V. Discussion from Attendees
 - A. Sumer Black**

Clarification on why amount is different from original mailing (*numbers revised when deck maintenance was removed from capital reserve funding*).
 - Ryan Wallace**

How will inflation be calculated (3%) and rate of return for reserve fund (4%); how will money be invested?; discussion of incorrect assumptions – all dues collected 1/1 and all expenditures paid 12/31; in reality dues are collected monthly and expenditures are periodically. Borrowing money presented as an option.

Chuck Edwards

Concern that money in reserve fund would be diverted to other expenses before capital improvement needs are met. What controls can be put in place?

(John Lueder – majority of future homeowners would have to agree to borrowing money before that was an option and that can or cannot happen; money can be protected by amending the covenants to put strict controls on capital reserve fund; amending the covenants requires 75% vote.

Dorie Casparie

Question about contracts and need for such a large reserve fund.

Bob Heatherly

Voiced concern for reserve fund and possibility of insuring the money

Ryan Thaxton

Did \$75/\$90 ever cover our operating expenses

(GW Associates – the community had additional funds that were turned over by Bowen – funds that were collected from residents at closing and intended to be start up money for the HOA. There was no stipulation about how the money was to be used so it became part of our operational budget and has been spent for monthly expenses. So no, we have never collected enough. It is not unusual for builders to set fees at unrealistic numbers in order to sell homes).

Scott Windish

Presented another study with lower estimate of costs; requested further study before finalizing new townhome assessments.

(Response by Ray Engineering on how they arrived at their estimates)

Jessica Garner

Why the inflation factor when the study will be revisited every 5 years?

David Buechner

Question to John Lueder... how many HOA's find themselves overfunded?

(John Lueder – communities need to be financially responsible but there are always variables; few if any are overfunded).

Nelda Heatherly

If budget has to be revised, will residents have the same 45 days to review?

Ryan Wallace

Why should we pay into a reserve fund which will benefit future homeowners more than current residents?

(John Lueder – the covenants require a reserve fund; it benefits everyone.

Jennifer Elliott

Requests that the initial increase be smaller.

Kathy Rohloff

Agrees that we need to be fiscally responsible; the board has a fiduciary responsibility to the community

Pat Pihonoak

Is there a cap on the amount that monthly dues can be raised?

(John Lueder – there is no cap or stipulation on the amount).

Chuck Edwards

Can we look at a middle ground; how do we determine what is reasonable?

(John Lueder – the reason for the reserve study was to get an expert opinion on the amount needed).

Helene Hitchcock

She was advised that she was responsible for her own townhome maintenance. Can the documents be amended?

(John Lueder – yes, the documents can be amended to shift responsibility of townhome maintenance from the HOA to individual homeowners; would require 75% approval).

Sabrina Butler

When did the board receive the preliminary budget?

(GW Associates – board worked on the budget and recommendations from Sept. – November. The mailing went out on Nov. 15).

Kathleen Rohloff

Can the board be challenged if they do not meet their fiduciary responsibility as outlined in the covenants?

Shane Turner

Wanted to involve the homeowners; felt Nov. 15 too late to mail the budget.

Kathy Hedrick

Question to the residents attending – did they favor a smaller increase, even it meant another increase in a year or so?

(Response was yes).

Ryan Windish

Request for more consideration before final assessment is decided.

Move to adjourn.