

**FOREST HILL ASSOCIATION
BOARD OF DIRECTORS MEETING
October 10 2016**

The meeting was called to order at 7:00 p.m. by Board Vice President, Barney Deasy, and was adjourned at approximately 8:50 p.m.

1. Notice:

A copy of the meeting notice was sent on October 3, 2016 to each Director via email and posted in the kiosk outside the Clubhouse.

2. Quorum:

Quorum was met. FHA directors present Eric Buonassisi, Barney Deasy, Barbara Damlos, Dena Williams, and R. Wallace Wertsch. Not present: Director Mark Watts and Eileen Li

Actions Taken:

- A.** The minutes of the Forest Hill Board of Directors' meeting held on September 12, 2016 were voted on and approved by all Directors present. Motion carried.

3. Treasurer's Report:

Through 6 months – half of our current fiscal year – revenue from assessments, bank interest and Clubhouse Rentals has reached \$125,482. Interest earned from late payment fees and CDs has reached \$2,600, 8% above our budget estimate for the year. We received \$8,875 in 2016 assessments which includes the 44 Mendosa lien payment which dates back to 2011.

Revenue:

- 2016 assessment receipts have recovered to 98.8% of expected total payments, identical to the collection pace in 2015. Of the 6 homeowners not paying their 2016 dues assessments as of Oct 7th, 2 have promised to mail their checks. We will notify the remaining 4 late payers that liens will be registered in December with an additional \$125 administrative fee and 10% late fee. The Accts Receivable Aging Report dated 10/7/2016 (attached) lists the addresses of delinquent properties
- Clubhouse Rental Revenues for September totaled \$9,285 for the month. This figure includes all down payments on contracts for events from now until March 31, 2017, the end of our fiscal year. Six month rental revenues for events scheduled for this fiscal year now totals \$84,519 – 84% of the FY2016 forecast.
- I have attached a new one-page PDF table (Clubhouse 6 month operating loss) to keep track of our total revenues and expenditures for use of the Clubhouse for community events. We learned at the September appeal hearing that we need to better educate our members and the Planning Department on the true, fully allocated expenses that offset the revenues produced from rentals. Clubhouse expenditures to support the rental operation through half of our year have **exceeded** our revenue by \$7,223. Assertions that we are managing a commercial profit

center just aren't true. If we add the additional \$6,050 that we should receive in the next 6 months if none are cancelled, we are still losing money at current rental rates and frequency of events. The table of allocated expense % of each line is listed but I am happy to go over it in more detail as well as to make any necessary changes. I feel the numbers are conservative in that I haven't added the whole \$850,000 that we have spent over the past 5 years on the Clubhouse deferred maintenance and enhancements (bathrooms, kitchen, storage, and office).

Expenditures:

- Payroll expense remains under budget by 18% with our Clubhouse Manager working fewer hours with fewer events being scheduled. With tentative member rental interest not yet in contract, it looks like we may end the year with 77 paid events for FY 2016. We planned on 75 events for the year – very close to the current predictions.
- Insurance is at 73% of the yearly budget but on plan for the year due to prepayment of premiums for D&O insurance and basic liability insurance for the Clubhouse.
- Clubhouse utilities are at 62% of budget with water, sewer and telephone expense exceeding budget. Increased irrigation around the newly planted upper patio and Children's garden appears to be adding most of the \$2000 of annual water payments. This will be our new norm.
- Clubhouse maintenance expenses remain over budget at 63% with the \$16,000 one-time expense for parkway strip cleanup and replanting taking much of the budget already. Event supervision expense is 4% above budget while all other Clubhouse costs are well below budget.
- Professional Services continue above budget at 104% of the annual budget. Legal services will be over budget while the remainder of professional services will be under budget. We don't expect further legal costs this year.
- Landscape, Office, and Community expenses are all well below budget at 46%, 15% and 17%, respectively. Summer pruning was paid in September (\$20,202).

The Union Bank Clubhouse NRLOC loan balance is now **\$234,167**.

Our Cash Balance was **\$212,004** as of September 30, 2016.

The treasurer report was voted on unanimously approved.

4. Forest Hill Church Bldg. Project:

Members of the community discussed the 150 units of "affordable senior housing" that the Forest Hill Church has proposed on their site on Laguna Honda. 20-30% of the housing would be formerly homeless & 55 and older. Katrina Krantz asked that the board secure a lawyer. However, no motion made to approve.

Motion made and approved to send out a survey through survey monkey to ask the FH neighborhood how the community feels and to ask whether the community feels the FHA should spend resources.

Survey monkey:

1. Send a summary of the 150 unit project
2. Ask FHA community whether they are aware about the project?
3. Ask whether community is supportive of project?
4. Ask what concerns the community has.

Motion passes to send out survey monkey by unanimous vote

5. September 21, 2016 Board of Appeal's decision:

- a. Barney Deasy reported that The San Francisco Planning Department issued a Notice of Penalty on October 20, 2016. The notice stated that the Forest Hill Association was in violation of the San Francisco Planning Code and imposed a fine of \$250.00 per day starting on October 4, 2016, subject to the potential retroactive waiver of this fine, as discussed below. The Planning Department has also indicated the Association was subject to "Time and Material" charges related to the cost of correcting Planning Code violations in the sum of \$7,519.22, and this has been paid.
- b. The FHA board believes they have taken, and will continue to take, actions to successfully bring the Association into compliance with the Planning Code and that the above fine is not justified. Specifically, they stopped entering into contracts for rental of the Clubhouse to Non-Forest Hill residents as of October 12, 2015 – over a year ago. Also, under the terms of the Notice of Penalty, the FHA has until November 19, 2016 to present a plan to bring the Association into full compliance with the San Francisco Noise Ordinance, which they will do.
- c. Janette Najar asked that a Clubhouse task force be created to discuss the specific rules and regulations the neighbors feel are not in compliance.
Task force committee: Janette Najar, Bruce Deming, Dena Williams, Katrina Krantz, Barney Deasy, Sally Kipper and Ryan Patterson.

6. Protocol re: non-volunteer/non-rented events such as Pocket Opera/Musical Days etc.

- a. Discussion was had whether the new guidelines issued by the Board of Appeals would affect the use of the clubhouse for events such as Musical Days as they sell tickets to members and the public. Further discussion needs to occur on how to best move forward with this event.
- b. Yen Bachmeier asked that the FH Board approve the dates of July 23rd-30th for Musical Days. (4 directors approved: Note: Director Eric B. had left the meeting at this point)

7. Luka Erceg discussed bringing fiber to Forest Hill. lerceg@erceg.net

8. Clubhouse rentals

13 contracts were entered into since the July 11, 2016 Board meeting. All members of the Association. 2 baby showers, 1 birthday, 1 St. Francis Woods, 3 weddings, 3 Memorials, 2 office parties and 1 engagement party for a total of 80 contracts for 2016. 66 for members and 15 for non-members with a revenue of \$113,100. 5 contracts for 2017 totaling \$12,375.00

No further business discussed.

Respectfully submitted,
Janette Najar