

FOREST HILL ASSOCIATION
BOARD OF DIRECTORS MEETING
June 9, 2014

Board members present: David Aldrich, Thomas Cooke, Eric Buonassisi, Warren Krauss

Others in attendance: Janette Najjar, Pansy Waller, Jane Smith, Clorinda Aldrich, Nancy Hagosian, Harold Wright, Barney Deasy, Rigo Cabezas, and Anna Bolechowski, Dan Kelly (arrived at 8:05pm).

Thomas Cooke called the meeting to order at 7:00pm.

Minutes: Draft minutes of the May 12, 2014 meeting were approved.

Treasurer's Report:

Eric Buonassisi presented the treasurer report for the month of May, our 2nd month of this fiscal year. Highlights are below, 12 page report attached.

- After 2 months and about 17% of the year elapsed, our expenditures are at 17.6% of the Budget for the year. The only 2 line item expenses that are over budget are Insurance and the Clubhouse.
- Insurance is at 49.5% of budget because we prepay 100% of our D&O insurance and 25% of our Liability Package. We are on installment plans for the remainder of what we owe for these policies for FY 2015 and we've already paid about 50% (\$9299) of what we will owe, assuming no new insurance is purchased. Workers' Comp will be lower than budgeted.
- Under Clubhouse expenses, we've spent 25% of our security budget at this point (\$315). We prepay the two contracts (fire and burglar) a quarter at a time and just had our checking account auto debited for this quarter's payment. The Clubhouse painting contract was paid for completely in May for \$12,500 - \$6500 below the next bidder for the job. We think that De Martini Arnott did an excellent job with guidance by Rigo Cabezas, John Balestreri and the color team of Paul Bessieres and David Curtiss. With this big expense behind us, we have spent about 40% of our budget for all Clubhouse expenses. Still, we are on target with what we have plans to do.
- On the income upside, we are at 10.7% of expected revenue from all sources. For this period in our assessment invoicing cycle, we are doing just fine.
- Rental Income collected and reflected this year is at 38.5% of our targeted \$66,400 for the entire year. 64% of our rental income to date is coming from member use of the Clubhouse - the other 36% is from nonmembers. With current renters on our schedule, we will see another \$12,000 coming in as the remaining rental fees are paid within 30 days of the scheduled events. Adding this future anticipated income to our current \$25,550, we have about \$37,550 of revenue for this FY that is from existing contracts received with security deposits in the bank. Our "backlog" represents 56% of our forecasted revenues.
- Assessment payments have been trickling in with monthly late payment emails and letters going out to remind members to pay their 2014 dues assessments. We took in \$5,215 of new payments and saw our accounts receivable drop to just over \$5,069 which includes 2 installment payers. We have already received 3 of the 12 outstanding payments as of today and may see most paid up by the end of June. We received one more non-member payment in May from a homeowner who wants to join the association soon after returning from a vacation trip abroad. Instructions were hand delivered to them with thanks for paying their assessment.
- We also learned that one of our lien properties is going to sell their home this summer. 44 Mendosa has been boarded up for years while the City added taxes due and we added interest to the past assessments due. When it is paid out of escrow at closing, the FHA should receive a check for a little over \$2050.

Comparison to last year:

- With the Clubhouse closed to renters last year and operating expenses at an all-time low, you would expect that we would have higher net income this year. We actually lost \$1,495 compared to 2013 because of the large \$12,500 painting expense, \$2100 in professional services that we did not have in 2013, and \$4,846 extra cost for landscaping this year.
- We collected \$2863 more assessment revenue than last year and we saw \$25,500 more in Clubhouse rental income. So, Revenue increased by \$28,797 year over year but expenses increased by \$30,292 over the same period of 2 months
- Eric also commented that FHA received a notice from Union Bank, who holds the loan on the Clubhouse. "Bank desires to modify the financial reporting requirements set forth in the above-referenced Agreement by eliminating the requirement that Borrower provide Bank with annual financial statements, annual budgets, annual insurance declaration, annual delinquency reports and annual income tax statements." Eric says this is great news as it will eliminate or at least reduce the treasurers reporting obligations in the future.
- Warren would like to get a sense of why the current FHA members are delinquent on their assessment payments so the Board can decide if there is a way to help them. Warren would like to be transparent to the FHA members re: liens so the Board doesn't appear to be doing anything behind the owners back.
- Warren then addressed the practice of the Board having "secret" or "executive" meetings. He explained that such meetings should only be convened where the matter to be discussed involves the personal privacy or rights of someone; such as Employment issues and possible claims by or against a member. The sense of the Board present and the audience of members was that such secret meetings were to be used only in exceptional cases and that the Board should conduct its discussions and votes in Public, where the members can hear what is said and thought. Secrecy in Board deliberations should be avoided.
- Eric stated that yearly notices requesting payment of the annual assessments go out each year at the end of November. Assessment payments are due January 31st. There is a 60 day grace period. After March 31, Eric writes letters to owners who have not paid their assessments asking for payment including a late payment fee. The finance committee is trying to come up with suggestions on how to streamline the process. Christine Willhemsen is the Chair of the 11 person finance committee. Eric is the liaison to the FHA board.
- Tom Cooke would like the Finance Committee to present, in September, the mill rate increase that it will be recommending for the next 5 years. FHA Agreement states that after the Finance Report suggests a new rate to the FHA Board, a mailing to all FHA members be sent within 10 days of the September FHA Board Meeting. In addition, two (2) consecutive board meetings need to elapse before the assessment is mailed out in December.
- Tom Cooke asked Janette Najar to prepare a report with an in depth analysis of who is renting the clubhouse. Members vs. non members, weekdays vs. weekends, which type of groups, weddings, anniversary, birthdays, meetings, etc. as well as an analysis on what it costs to hold an event vs. what we bring in for an event.
- Warren stated he would like to attract the Bay Area business community to the Clubhouse to hold their offsite meetings. Attracting such business meetings, will require that we be flexible in the rates and services that we can offer and negotiate. The discussion of these matters should be in the open, at a general members meeting.

Advisory Committee Reports:

Activities:

No Report.

Communications/Newsletter: David Aldrich plans the next newsletter for the end of July, 2014. He suggested a report on upcoming Clubhouse events including the summer picnic. Janette Najar will introduce herself as the new Clubhouse Manager and Executive Assistant and submit a report on Clubhouse rentals. Warren suggested a continued column like "Neighbor of the month" to recognize members for their continued service. Nancy suggested a column on Forest Hill houses turning 100 years old (like Maxine Dixson's house). Next newsletter will be November 2014 then in January 2015. Discussion was had suggesting a survey asking FHA members what activities they currently attend and like, which they would like to see added/removed and any suggestions go in the newsletter as well. A survey monkey (online survey) could be done for free and an email can be sent to all that have emails or a link address can be placed in the Newsletter with a form for members to return to the Clubhouse. Tom, in his capacity as Activities Chair, will look into the relative costs and usefulness of the various events.

Clubhouse and Architectural Review Committee:

No Report.

Infrastructure:

- Warren commented that Dan Kelly is working with DPW on a daily basis. The Traffic Calming Project is waiting for funding.
- Discussion ensued regarding the street lights and how Forest Hill Extension got new street light poles. Rigo stated that PG&E told him that a special assessment occurred and that F.H.E. paid it. Harold stated that he is positive F.H.E. does not have an association and thus could not have paid an assessment to have the street light poles placed. Dan Kelly is investigating but has not made any headway in finding out how F.H.E got the new poles. Tom Cooke said he would contact a friend of his in who lives in F.H.E to see if he knows anything. Harold says PG&E should be painting FH's poles.
- Dan Kelly stated that DPW is going to repair the median strip retaining wall on the 300 block of San Marcos. There is a meeting on June 23rd and Dan will be sending notices to the residents on the 200 and 300 block of San Marcos notifying them. He has also invited Mark Watts and Diane Wara. DPW will be removing several Pine Trees and the area will most likely be closed for a week or two.
- Dan Kelly has contacted PG&E and asked to change to LED light fixtures and was denied.
- Harold mentioned that there is a slow water leak occurring at Lopez & Pacheco and that DPW has placed a notice and should be repairing in the next couple of weeks.
- DPW is replacing a gas line at 100 San Marcos & Castenada.

Legal and Governance:

Warren Krauss stated that he has sent all FHA Board Members and all FHA committee members the Conflict of Interest compliance statement. It is mandatory to sign each year. If the statement is not signed then FHA Board and committee members can NOT be board or committee members. Warren

will contact each Committee Chair to urge them to have their recalcitrant members sign the anti Conflict agreement and forward it to Warren.

Trees and Landscape:

No Report.

West of Twin Peaks CC:

No Report.

Other Business:

Warren opened up to the floor and asked members if they had any complaints, suggestions etc.

- Garden Club: Pansy Waller asked that the Garden Club be included on the agenda each month so they can make a report each month. Board agreed.
- Nancy asked if Lunar New Year celebration was ever voted on and why does the Board now call it an annual event? Some neighbors object to raising the dues and do not attend this event and don't know why the Board spends so much money on it.
- Nancy suggested to spend more money this year on the picnic and use 100 Years as a theme; have envelopes for donations to future projects and use the theme as a Fundraiser. Wondered if we could celebrate 100 years in Forest Hill like St. Francis Woods did last year (they had a banner and book chronicling their homes). Suggestion was made to have the Friends of Forest Hill explore how much it would cost to make a book with the 600-700 homes in FH.
- Clorinda stated she has seen 2 skateboarders using the private property at Forest Hill and wondered if a sign stating "No Trespassing or No Skateboarding Allowed" and possibly citing the ordinance. Warren stated he would look into the wording of a sign.
- Eric stated suggested a similar sign for outside the clubhouse to remind clubhouse guests to be quiet as they leave to be respectful of the neighborhood. This past weekend we had 3 evening events and one of them was very noisy at 11:30 as they were leaving late and talking loudly.
- Nancy stated the electricity at the shed no longer works. Eric reported that Contemporary Electric made a bid of approx. \$1780 at our request, to lay new conduit to provide electricity and lighting to the shed. Eric commented that Diane Wara had concerns regarding the irrigation lines and plantings in the garden from the clubhouse to the shed and that Contemporary Electric is familiar with the concern and will minimize, as much as possible, disruption to this area. Board moved and approved accepting the Contemporary Electric bid not to exceed \$2000.
- Dan Kelly mentioned that the Friends of Forest Hill will send their first appeal letter to the community in the next few weeks.

There being no further business, the meeting was adjourned at 8:26pm

Respectfully submitted,
(Janette Najar)