

FOREST HILL ASSOCIATION
BOARD OF DIRECTORS MEETING
July 14, 2014

Board members present: Mark Watts, Kathe Farrell, Diane Wara, David Aldrich, Thomas Cooke, Eric Buonassisi, Warren Krauss

FHA Members in attendance: Pansy Waller, Clorinda Aldrich, Nancy Hagosian, Rigo Cabezas, Dan Kelly, Paul Bessieres, Dena Aslanian-Williams, John Farrell, Katie Balestreri, John Balestreri, Walt Farrell, Paul Cooper, George McGlynn, Julie Lustig, Matt Richtel

Community Attendance: Janette Najar, Gus Guibert, Tom & Kari Rocca @ 1 Ventura.

Mark Watts called the meeting to order at 7:00pm.

Minutes: Draft minutes of the June 9, 2014 meeting were approved.

Treasurer's Report:

Eric Buonassisi presented the treasurer report for the month of June, our 3rd month of this fiscal year. Highlights are below, 12 page report attached.

- Through 3 months of this fiscal year (25% of the budget year), we have only needed to transfer \$27,051 from our Reserve Funds to pay for our current year operating expenses. This is primarily due to Clubhouse Rental income reaching \$35,000 for the year-to-date with \$9,450 booked in June alone. KehillahSF was responsible almost half of this as a member-sponsored rental contract for 6 Friday night rentals this FY. Another \$3300 was booked as deferred income for FY 2015-2016 so it does not show up in our current FY rental income. Janette is off to a very fast start in her first full month of service as she smoothly takes over the Clubhouse rental responsibilities.
- We received another \$2,842 in assessment payments for 2014 bringing our member Accounts Receivable down to \$2,259.31 as of June 30th. Our late payment list is now down to just 5 homeowners who are delinquent in their 2014 assessment payments. The 2 installment payers are on schedule and another round of late letters and interest charges will be mailed out later this month. Two of the five late payers have no working phone number in our records so we have no way of contacting them other than mail, email, and knocking on their door. We will do whatever it takes to collect these before they become subject to lien proceedings if not paid in full by November.

The following operating cost line items are under budget for the year so far:

- Personnel costs are at 15.8% of budget with a month of zero costs while finding a replacement for the Clubhouse Manager and Executive Administrator position.
- Utilities are at 23.8% of budget and totaled \$699 for the month; \$2,026 for the YTD.
- Landscaping is under budget with June expenses at \$4,509; \$18,775 for the first 3 months and 15.6% of the annual budget. The summer and winter pruning costs are still ahead of us.
- Professional Services are under budget at 22.9% with \$1,700 paid out in June for the final Reserve Study invoice (\$600) and 1st installment of the Financial Statement Review by Levy Erlanger (\$500).
- Debt Service is slightly under budget at 23.3% of the annual budget. Union Bank started charging both principal and interest charges on June 1 as budgeted.
 - First principal payment was \$2,013.89
 - The interest portion was \$2,152.78
- Office expenses are under budget at \$574 for the year or 8.5% of budget.

The over budget line items so far include the following:

- Insurance is front-end loaded with the \$4,670 D&O paid in April. The rest of the policies are on a 9 installment payment plan at \$1143 each month. Insurance is at 55.6% of the budget but is on track for the yearly expense totaling \$18,780.
 - Clubhouse expenses in June totaled \$3,790 bringing the YTD expenses to \$18,537 which is about 50% of planned expenditures for this category for the whole year. A new electric conduit was completed to the garages at a cost of \$1730 this month. We have already spent 72% of the maintenance budget for the Clubhouse but the majority of our planned expenses have been completed. We have almost \$19,000 left in the budget for event management, clubhouse cleaning, additional maintenance and Advertising/Promotion. The improvements being made to the website will take a bite out of the Promotion budget this month.
 - Comparison to 3 months last year: Our expenses this year are just over \$40,000 more than 2013 but our net revenue over the same period is only \$900 lower than last year. This reflects the \$35,000 of income from Clubhouse rentals this year compared to receiving zero income last year from the Clubhouse (page 5 and 6). With the higher rental income and \$4,041 additional assessment payments coming in, we practically overcame the increased operating expenses for the past 3 months.
 - Balance Sheet: The cash balance at the end of June was **\$349,221.52** for both Union Bank accounts. The cash reconciliation shows the principal reduction on our NRLOC in the amount of \$2013.89, the principal payment booked on June 1. The Union Bank NRLOC liability on the balance sheet is reduced by the same amount. This monthly transaction will continue to be reflected on each monthly balance sheet until the loan is completely paid off.
 - Accounts Receivable (page 8): A corrected lien amount for 2266 Ninth Avenue has been made to reflect missing interest on the past due assessments. We only used 3% for 2013 instead of the 10% that is permitted and used for the other 8 lien properties. The current \$4,054.73 is correct for past assessments, interest and admin fees for this property. Our spreadsheets have been corrected and filed at the office. No change is needed on the current 2014 portion until we add another 10% interest due for each of the 9 lien properties in 2014. This will be reflected with the December 2014 QuickBooks assessment invoice posting.
- Diane Wara inquired why the water bill was so high and she **said she would contact ValleyCrest to ask them to check the irrigation.**

Adam Scow from the Neighborhood Performance Project asked that his organization be allowed to use the FHA Clubhouse free of charge on Saturday, August 9th or Sunday, August 10th from 5:00-6:30pm to provide a free performance to the members of the Association. The Neighborhood Performance Project, an organization working to enrich Bay Area neighborhoods with live performances featuring top local musicians, would present a public performance featuring the Alden Piano Trio at the Forest Hill Clubhouse. The performance would take place from 5pm to 6:30pm and will feature exciting works by Mendelssohn and Ravel. There is no charge for admission, though donations are appreciated in order to sustain the mission of the NPP. Wine will be available as well.

In order to build a more vibrant arts scene and to provide work opportunities for local musicians, the newly formed NPP produces performances featuring the Bay Area's top musical ensembles in accessible neighborhood venues such as libraries, small businesses, and community centers. The NPP is supported by individual donors and is fiscally sponsored by the Intersection for the

Arts. www.thenpp.org The board voted unanimously to offer the clubhouse on Sunday, August 10 from 5-6:30pm free of charge. This will be a one time opportunity and the Board will evaluate the usage after the August 10th date.

Clubhouse Rentals:

- Janette Najar presented a summary of rental contracts since the last Board Meeting in June. In the past month, eight (8) new contracts have been received and the Clubhouse has been shown to 16 potential renters. The eight new contracts total \$15,400 with 25% being rented by members, 50% rented by members sponsoring non-members, and 25% rented by non-members.
- For the remainder of the 2014 calendar year, we have locked in 15 contracts for a total of \$22,700 in Rental Fees.
- The “Here Comes the Guide” online advertising site was viewed 471 times in June with a click-through rate of 15.9%.
- Janette prepared a report with an in depth analysis of who is renting the clubhouse. Members vs. non members, weekdays vs. weekends, as well as an analysis on what it costs to hold an event vs. what we bring in for an event.
- 50 Total Contracts for calendar 2014 is \$60,750

34 members	68% members
26 nonmember	32% non member
- 21 Total Contracts for calendar 2013 is \$17,300

15 members	71% members
6 non-members	29% non members
- Rental Statistics from 2010 to today:

<u>Calendar Year</u>	<u>Income</u>	
2010	\$30,000	
2011	\$50,300	
2012	\$76,200	
2013 (CH closed for 6 months)	\$17,300	
2014	\$60,750	
(Projection for 2014)	\$73,800	For more details see attached report.

Advisory Committee Reports:

Activities (presented by Tom Cooke):

Tom Cooke suggested the following dates for the following events. Board approved.

FHA Picnic: Sunday August 31st 2pm

FHA – Children’s Halloween Party: Sunday, October 26th 5pm

FHA – Children’s Holiday Party: Tuesday, December 9th 5:30pm

FHA/FHGC – Lunar New Year Party: Sunday, March 8, 2015 2pm

FHA – Children’s Egg Hunt: Tom Cooke suggested an alternate date of Saturday March 28, 2015 10am instead of Palm Sunday.

Tom also asked the FHA Board members to help with the August 31, 2014 picnic.

Communications/Newsletter (Presented by Dave Aldrich): David Aldrich stated the deadline for the next newsletter was today, July 14th. Mark Watts said he would submit an article for the President's corner. Diane Wara submitted an article regarding the pruning schedule. Janette Najar will submit an introduction about herself and add some rental statistic interesting facts . Next newsletter will be November 2014 then in January 2015.

Clubhouse and Architectural Review Committee (ARC) (presented by Paul Bessieres):

- Paul Bessieres discussed the new house for 2181 Ninth Avenue. The ARC has met and reported on this proposed house 3-4 times and there are no direct conflicts to the FHA Agreement. 20 neighbors have signed a petition to lower the height etc. and were told that the heights were not a negotiable issue. FHA has asked for alternative proposals that would lower the ceiling heights, thus lowering the house height which reduces the overall bulk and lessens the apparent size of the structure as well as address the visual compatibility with the neighborhood. Currently the proposed four story home is on average 8'-6" taller than an average 4 story home. The proposed house is still many feet higher than the houses on either side.
- Warren Krauss stated that at the May Board mtg. Mark Watts said he would write a letter on behalf of the board to the owners of the proposed 2181 Ninth Avenue house, with copies to the objecting neighbors so that they would be assured that the Board was acting on their behalf. Warren asked why that had not been done. Mark Watts stated he is a volunteer and didn't have the time but that he would get the board a letter within 24 hours of the Board meeting.
- Matt Reichel, a neighbor at 55 Mendosa, behind the proposed 2181 Ninth Avenue house moved in 2 years ago and loved the "serenity" of the back deck and made an offer within 5 minutes. He loves the neighborhood quality and wants to appeal to the new property owner and say it's not his business to tell a property owner what to do on their property but this new house threatens the essence of nature and tranquility of the neighborhood. He knows he is not entitled to his view but hopes his 3 year old can look out their window and have a view and not see shingles or a wall.
- Paul Cooper stated that there are 7-8 lots in Forest Hill currently not built. He suggested that a committee be formed to look at developing the maximum standards for the neighborhood so new structures being built fit within these guidelines.
- The schematic design of the home, floor plans as well as the Forest Hill Architectural Review Committee's review summary of the March 5th, April 10th, and April 22nd comments are in the Clubhouse office for review.
- Paul Bessieres presented new landscaping conditions at 1 Ventura (non-FHA member)
 - A new structure is being built in the 15' front yard setback. SF Planning Code Regulations state no structures are permitted.)
 - Over 6 ft. high iron fence on top of a 2'-6" retaining wall. SF Planning Code Regulations state that a 3 ft. max. height is allowed in the front yard)
 - Solid 6 ft. high fence on the East end of the front year. SF Planning Code Regulations state that fence over 3'-0" must be 75% open.
 - Forest Hill AR's Compromise Proposal: Relocate the northern property line fence south 3 ft. with bushes on north side and change eastern property line fence in the front yard to be 3'-0" high.
 - FHA will not contest the front yard structure to the SF Planning Dept.

- Owner of 1 Ventura presented his understanding that Linares is a side yard, not the front. He has collaborated with his neighbors and has had no problem and no negative feedback. Owner says he has done his due diligence and does not believe any of the issues the AR committee is bringing up are legitimate. They are spending in excess of \$250K and believe the neighbors at FH will be happy with the finished project.
- Mark Watts said the Architectural Review Committee had not met on 1 Ventura at this time and will discuss its proposal (if any) at the next Board Mtg.
- Paul Cooper suggested working on clarifying architectural review guidelines to avoid these issues again in the future.

Infrastructure (presented by Dan Kelly):

- PG&E lighting project is almost done on Pacheco. Second part of the project will most likely take place in 2015.
- San Marcos median/street repair is delayed until at least the 3rd week in July.
- There is gas work being done on San Marcos/Castenada. PG & E did not notify FHA but did notify the homeowners. Dan Kelly has requested that the patch be redone.
- Warren inquired about the repair of the curb in front of his house on Linares. It's been 4-5 years since the request. Dan Kelly suggested call 311 and asking for a status update

Legal and Governance (presented by Warren Krauss):

Warren Krauss related an unfortunate incident wherein he made a routine request to add an item to the meeting agenda. The Board resident then unilaterally and secretly instructed the Administrator to exclude the requested item from the agenda.

Warren stated that this improper conduct by an appointed officer demonstrated the need for the chair of the Legal and Governance Comm to review for all the powers limitations, and responsibilities of the Board and those it appoints as an "officer".

Warren then read the following document:

Forest Hill Governance and Authority Outline by Warren Krauss, Chair and Director

1. The Board of Directors, the only board elected by the members, is the ONLY empowered entity in the FHA.
2. Only the Board has the power to appoint "officers" for its convenience, to carry out the instructions of the Board.
3. Such Officers serve at the pleasure of the Board and the Board may remove them, without cause, AT THE BOARD'S PLEASURE (BL Art VII)
 - a. Officers cannot act on their own but only under the specific directions of the Board
 - b. Officers who act on their own or refuse to carry out the lawful instructions of the Board, may be guilty of MISCONDUCT.
4. Except in rare circumstances, (claims against FHA, privacy rights) The Board operates in Public. It abhors secrecy and clandestine conduct. The members can expect to Trust their Board and are entitled to witness the Board's reasoning and voting processes.
5. Directors, being elected, are assumed to be trustworthy, free of conflicted interests, and capable of governing.
 - a. When a director makes a serious request or instruction, Officers are required to take it seriously and carry it out.
 - b. Officers who attempt to undermine or contradict a Director's instruction (especially clandestinely) are guilty of MISCONDUCT.

6. Members abhor hypocrisy. Any Officer or Director who acts in self interest, against the policies and Rules of the FHA, is subject to dismissal by the Board.

He then handed the document entitled "Forest Hill Governance and Authority Outline to the Board members and requested that it be attached to the minutes as an exhibit. See attached.

Trees and Landscape (presented by Diane Wara):

- The summer pruning budget is \$20,000 for the safety and health of the trees. We currently are over by \$1,500 and will probably be over by \$2,500 by the time we are done for a total of \$22,500. A Board vote was not taken, but there were no dissenting comments.
- Summer pruning of the deciduous tree (those that lose their leaves) that are the responsibility of the FHA will begin on or around August 25th. The FHA is only responsible for pruning trees in the sidewalk and median strips. As we have done for the last few years, we will post the proposed trees to be pruned on our website. They will be posted on August 18th for review and comments until August 25th. Any additional requests for pruning should be done through Diane Wara. Please remember that FHA prunes trees every three years, unless a tree has had an unusual growth pattern and requires earlier pruning. Our pines and Cyprus will be pruned during late January because summer pruning may actually damage the trees.
- Because of the ongoing drought, we have elected to not plant any replacement trees until there is evidence that the skies have opened in response to the rain gods. All replacements will be deferred until at least November 2014.
- Proposed community garden planning is underway. Amy Quirk, Sally Kipper, Diane and a representative from Flora Grubb met. Flora Grub is going to time for the planting plan of four raised beds and the surrounding area. Dirt will be donated by the city.
- Diane is looking to get more proposals to revise the median strip planting. Currently Valleycrest has submitted a proposal of \$15,000 for one third of the Pacecho median strip.
- Diane is going to ask to increase the landscape budget in 2015 as there are a number of projects, including the replanting of several median strips, that are overdue.

West of Twin Peaks CC (Presented by Gus Guibert and Dena Aslanian-Williams):

- Gus and Dena were on hand to discuss their last meeting.
- At the last WoTP meeting the police captain/deputys spoke about how vandalism is up but robbery is down.
- Supervisor Yee spoke about his concern for senior shut ins.
- SFMTA discussed muni projects that are coming with a new bond. 3 billion in revenue in the next 15-30 years
- VRBO is illegal in San Francisco to rent your home for less than 30 days.
- Next West of Twin Peaks meeting is in September.

Garden Club (presented by Pansy Waller):

- Asked the FHA to continue their support of the garden club and for community events including:
 - the pocket opera (\$100-\$120 per event)
 - FHA annual meeting (\$150-\$200 for refreshments)
 - Clubhouse cleaning before:
 - Fall Party – October 24th
 - Holiday Party – December 8th
 - Spring Party – March 20, 2015
 - End of year Director's/President party – May 29, 2015
 - Pocket Opera dress rehearsals 2-3 times/year
 - Clubhouse supplies (coffee, tea, sugar and paper goods)
 - Holiday Greens: outdoor tree, a small 3-4 ft. inside tree, greens for wreath making
 - Hanging baskets and the bed beneath them
- The board agreed to continue its ongoing support of the above events but no specific dollar amount was discussed. . The dollar amount must be discussed and approved of by the Board.

At the end of the meeting Warren Krauss stated he would like to form a new Clubhouse Committee with Janette Najar to discuss alternative rental arrangements.

There being no further business, the meeting was adjourned at 9:10pm

Respectfully submitted,
(Janette Najar)