

FOREST HILL ASSOCIATION
ANNUAL BOARD OF DIRECTORS MEETING
April 13, 2015

The ANNUAL MEETING was called to order at 7:05 by Board President, Mark Watts, and was adjourned at 7:55 PM.

1. Notice:

A copy of the notice of the meeting was sent on April 6, 2015 to each director via email and posted in the kiosk outside the clubhouse.

2. Quorum:

Quorum was not met. The following directors were present: Mark Watts, Kathe Farrell, Eric Buonassisi. The following 2014-2015 directors were not present: Diane Wara, David Aldrich, Warren Krauss, and Thomas Cooke. The following candidates for 2015-16 directors were not present: Barney Deasy, John Graves & Charlene Padovani Kiesselbach.

Actions Taken:

As there was no quorum, no actions were taken.

3. Election of the 2015-2016 FHA Board of Directors:

Peter Schwarz, Inspector of Elections, announced that 286 votes were received, constituting quorum. The following candidates for election received the required 25% of total ballots; and were duly certified as Board Directors for the year:

<u>Name of Director:</u>	<u>Votes Received:</u>
1. Eric Buonassisi	247
2. Tom Cooke	245
3. Barney Deasy	239
4. John Graves	249
5. Charlene Padovani Kiesselbach	253
6. Diane Wara	260
7. Mark Watts	251

4. Treasurer's Report:

Income and Expenditures

Income for the full year was \$408,795.78 with Assessment revenues \$6,457.22 better than expected and Clubhouse rental revenues finishing our strongest year at \$94,650 – \$28,250 more than we dreamed possible at the beginning of the year.

Full year expenditures to support our community events, Board initiatives, landscaping, and Clubhouse rentals totaled \$391,088.76. The resulting \$17,707.02 surplus is automatically transferred to the Reserve/Surplus Savings account at the end of the year. Line items that were over budget for the year were largely to support the 42% higher than expected.

Clubhouse rental activity and income:

- Personnel expense at \$62,362.36 was 55.3% over budget. Four months into FY 2014, we approved a 75% increase in Janette's hours to meet the increased demands of showing the Clubhouse at a much higher rate.
- Utilities expense finished the year at \$9,418.97, 10.8% over budget and driven by a 35.9% over budget usage of gas and electricity required for more Clubhouse rental events.
- Direct Clubhouse maintenance expenses were 27.5% or \$10,305.56 more than budgeted. Most of the above budget expenses relate to ongoing but unanticipated Clubhouse infrastructure expenses (like casement window repairs) and Reserve maintenance items (\$12,500 for Clubhouse painting) that were completed during the year.

Other line item operating expenses that exceeded the 2014 budget were as follows:

- Insurance expense at \$20,330.82 exceeded budget by \$1,550.82 or 8.3%. We have put our insurance needs out to bid with a significant reduction for next year for the same coverage.
- Office expenses for the year totaled \$8,496.35 or 26.2% over the \$6,730 budget. New computers, monitors and a printer were the cause of the miss.
- Landscape expenses finished the year at \$134,197.05, about \$14,300 over the original budget but very close to the increased pruning budget approved at mid-year. Tree removal was \$9,610 higher than budget and it was spent in the last month.

The following operating expenses were within \$100 of their budget or well under budget:

- Property taxes at \$3262.76 were over budget by \$62.76.
- Professional services finished at \$14,820, 10.7% under budget
- Community/Communications completed the year at \$27,956.27 which was 193.73 under the \$28,150 budget.

Balance Sheet

A review of the association's balance sheet for March 31, 2015 shows that we are entering FY 2015 with a strong balance sheet. An expected assessment increase and above forecast Clubhouse rentals have enabled us to execute a \$100,000 advance principal payment in March to lower our interest expense for the remainder of our loan term. Our cash balance after the advance principal payment of \$100K is \$390,841.60. Other notable comments on our final year-end Balance Sheet are as follows:

- Assessments due at the end of our fiscal year total \$26,295.17 or 8.2% of the 2015 Assessments invoiced. This is about 1% higher than this time last year (see page 7, attached Treasurer's Report)
- In February 2015, one of our 10 liens was paid in full when the homeowner refinanced.
- Deferred revenue from ALL rental agreements received but not recognized in FY 2014 total \$67,575. This amount includes full and 50% partial payments for rentals booked for FY 2015 events (April 2015 through March 2016). Almost all of this will be recognized as April 2015 Clubhouse Rental Income when the cash received is taken out of the deferred suspense account and recognized as FY2015 income. To put this in perspective, this single month of income represents the entire FY2014 rental income that we forecasted for last year. Our new budget forecast for FY 2015 will, consequently, reflect a much higher rental activity resulting from this high bookings rate and our recent rental rate increases.

- Our Union Bank loan balance at the start of the new fiscal year is \$367,279.71. This represents \$132,720.29 in principal payments that have reduced our long term debt liability. Our reamortized monthly principal and interest payments going forward will be reduced from \$5,321.77 to \$4,182.84.

5. **Finance Committee Report:** Not presented

6. **Activities Committee:** Not Presented

Thomas Cooke was commended for staffing and managing the various events \$200 under the \$9500 events budget. Comment was added that we should consider adding more activities and events for the Members in the upcoming year.

7. **Architectural Review:**

- a. Next mtg. Monday, April 20, 2015 to discuss 120 Dorantes, 490 Magellan and 555 Magellan
- b. No Motions or Action Items recorded

8. **Clubhouse Rentals:**

Below are the updated rental statistics since the last Board Meeting in March. In the last month, (15) new contracts were received with the Clubhouse toured by 39 new potential renters (a 38% successful closure rate). The 15 new contracts received total \$27,050 with 27% being rented by members and 73% rented by non-members. Member-sponsored events represented 27% of the total member events received.

- 2015 statistics:

83 Contracts received during calendar 2015 totaled **\$149,160**

27 members 33% (70% of these member-sponsored)
56 nonmembers (67%)

- 2015 Fiscal year contracts received: \$115,160 (75% of 2015 Forecast & Budget)
- 2016 Fiscal year contracts received: \$4,500

9. **Communications/Newsletter:** Not presented

10. **Infrastructure:** Not presented

11. **Trees and Landscape:** Not presented

12. **Legal & Governance:** Not presented

13. **Garden Club:** Not presented

14. **West of Twin Peaks:**

- a. Dena Williams stated that the Police Chief will be attending the next West of Twin Peaks Council meeting Monday, April 27th at 7:30 PM. No motion or action items.
- b. Precita Eyes Muralist discussed for the wall opposite the Forest Hill Muni station

15. Friends of Forest Hill: Mark Watts reported that the planters and soil have been installed for the new Children’s Garden. Irrigation plastic tubing has been purchased and will be installed to connect to adequate water pressure serving the Clubhouse. Would like to see a new pathway to the garden area.

16. Clubhouse Insurance:

- a. Rigo Cabezas reported that, after an in depth analysis, FHA will be going back to the O’Kane insurance broker firm, reinstating them as our broker. They served the association for many years before Sweet & Baker were brought in several years ago. O’Kane has secured new insurance policies that have reduced our annual premium payments by \$4,485, a 22% reduction
- b. Members of the association will need to pay for event insurance if they rent the clubhouse. This is a new added cost for members resulting from an improved understanding of our insurance coverage. Event insurance for nonmembers has typically ranged from \$100 to \$150 per event accessed online.

Respectfully submitted,

Janette Najar

Follow up Items

Action	Who’s Responsible
1. Kathe Farrell is stepping down as FHA Director and asks that someone take on replenishing the kitchen tea/coffee/paper product stock.	?
2. Add Parking Strip discussion on May agenda	Janette Najar
3. Add Election results to the next Newsletter	Janette Najar