Blackthorne Estates HOA Board Meeting

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| Minutes | June 24, 2017 | 4:00-5:30 pm | COR B200 |

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| Type of meeting | Summer HOA Board Meeting |
| Facilitator | John Thompson |
| Note taker | Lori O'Connor |
| Attendees | Board Members: John Thompson, Jen Gilstrap, Magda Belden, Lori O’Connor, Josh Clausen, Savanna Pavkov. Unable to attend: Robert Russell.  Homeowners: Jack and Marcia Bloom, Janelle and Joe Cavanaugh, Josh Gilstrap, Dennis Keegan, Byron Lewis, Julie Pace, Nancy & Joe Robinson, Amy & Robert Urbanek, Alan Voss |

1. **General Update & Opening Remarks - John**

Introductions & appreciation for participation (see official acknowledgements at end of this document).

As a Board we have been focused on understanding where we stand financially, and on reviewing previous documents (of which there are very few) and understanding the current state of the HOA. At the previous Board meeting we agreed to focus on **three key areas** as our priorities for the first half of the year:

**1) 2017 Budget** – the inherited budget was inaccurate and didn’t reflect current spending commitments or needs. Contracts had already been signed and in some cases committed to pre-paid. We have been working to bring the budget up to date and make it accurately reflect current costs to operate the neighborhood. At the same time, we have been looking for areas of cost-savings, and fully intend to adopt policies and pursue a careful bid process for the new service provider relationships we expect to obtain for 2018 and beyond, including landscaping & lawn service (this is the final year of multi-year current agreement), and pool service (we are in a one-year agreement for 2017).

**2) Opening the Pool** – We didn’t have a lot of lead-time to accomplish this and our previous pool vendor was no longer in service or reachable. Significant repairs were required before the pool could safely open. The electrical box was severely rusted as a result of exposure to the salt and pool chemicals and posed a safety hazard. That box was replaced with a new electrical box better suited for the type of exposure it receives. When the pool company went to turn the water on – it was discovered that there were several significant leaks in the plumbing that had to be repaired. There were also water pressure issues, which were resolved by adding a pressure release valve. Additional repairs included: replacing loose and missing tiles; re-establishing security cameras, bracing and painting the pool fence gate and securing the fence in areas where screws had been removed. And finally, modest cosmetic upgrades were made including adding umbrellas to provide areas of shade, additional pool seating, required signage, as well as painting the pool house exterior and bathrooms.

**3) Addressing the Poor Appearance of the Blackthorne Front Entrance Waterfalls and Landscaping –** we completed a basic cleanup of the fountain pools in preparation for the summer and the pool opening. Our declarations ask for the creation and maintenance of a residential neighborhood in possession of features of more than ordinary value to the community. It also assigns a duty to provide for the maintenance of those including among other things, the entryway areas. The primary entryway of the neighborhood has been unattended for many years now and needs to be addressed. The board considered options including: a) do nothing & continue with them as they are; b) determine if they could be repaired and what associated costs (one time and ongoing) would be, or c) tear out and replace with something smaller and easier to maintain. We conducted investigative work and bid process to identify vendors for options (b) and (c) below.

1. **2017 Budget & Financial Status - Magda**

**Update on Budget**  - Current Budget is being updated to reflect actual expenses. With 171 homes in the neighborhood, our dues generate $102,600 annually and the budget adopted by the prior board targeted a deficit of $2,623.26 for 2017. The budget had a significant error in that yard-waste removal price increase was agreed to, which would have resulted in roughly an additional $12,000 of unplanned expense. We were able to re-negotiate that agreement and reclaim $9,600 of that expense.

There have been some material variances on expenses, including:

* Increase in pool maintenance costs from plan of $9,600 to $13,600
* Incurred $12,674 of unplanned pool repair costs
* Increased yard-waste costs from expense incurred prior to vendor re-negotiation

We now expect to finish 2017 with an operating deficit just over $17,000 (up from a planned deficit of $2,623,26). The drivers of the increased deficit are pool repairs, pool maintenance service, and yard-waste removal contract.

The HOA has reserves available (built through inactivity over the last several years) of roughly $85K. The operating deficit will be covered using funds from these reserves.

It will likely be necessary in the near future to replace the pool ‘coping’ (concrete blocks and tiles around the pool edge) as they are loose, cracked and pulling away allowing water to seep in and create conditions for mold and additional cracking. This is fairly typical for a pool of this age.

Removal and replacement of dead and dying diseased trees along Mission Road – we have some preliminary estimates on this and the current budget does include approximately $4,500 per year for such service. There are approximately 9 fully dead trees, along with nearly 40 diseased trees. We expect to remove the fully dead trees under the 2017 budget and expect to implement an ongoing removal/replacement in 2018 and beyond.

We have a long-time landscaping contract expiring in 2017. There is some budget risk associated with renewing or securing a new vendor. We are generally dissatisfied with our current vendor and do not, at this time, plan to renew the agreement. We expect to secure bids for this contract from numerous vendors.

*Action Item: John and Magda will continue to update and refine the 2017 budget forecast. The board expects to adopt formal bylaws later in 2017 and as part of that will consider documenting a standard process for future vendor selection. The Board will continue to work to identify future risks and determine a plan for addressing those.*

1. **Communications Committee Update– Lori**

Communication Goals:

* Encourage HOA participation
* Inspire Community Involvement & Volunteerism
* Instill trust by providing regular updates on budget & progress towards HOA goals
* Timely response to address questions and issues

Communication channels include:

* Residents can reach Board via email: [BlackthorneEstatesKC@gmail.com](mailto:BlackthorneEstatesKC@gmail.com).

The same messages are being published to:

* BlackthorneEstates.org
* NextDoor.com/BlackthorneEstates
* Blackthorne Estates Neighborhood Watch (Facebook page)
* Private Email list managed by Board with NO advertising

1. **Social Committee Update – Lori**

Social committee has already held several well-attended events including: Easter Egg Hunt, Ladies Night Out events; and our recent pool picnic. All of this is being managed on a very small budget and relying heavily on donations from our neighbors.

Next Event posted: 4th of July Parade

1. **Options for Fountain Repair or Replacement – Jen & John**

The entryway fountains were drained and cleaned in 2017, within the 2017 budget for this expense. A number of HOA members assisted with this process and helped keep costs down.

The board has explored two primary paths to move forward in improving the appearance of our entryway.

**Option for Repairing Fountain: Jen**

Board members had in depth conversations with multiple vendors to discuss fountain repairs, and requested bids from multiple water fountain companies. Requested referrals from multiple companies. Highly recommended vendor specifically for diagnosing and repairing fountains is Custom Ponds & Waterfalls. In order to give an accurate bid, they needed to drain and diagnose the existing fountain system. This was done in May. The original bid for the work to drain and diagnose was $4K – actual cost came in at just over $1,300.

**Diagnosis:** Materials used in construction of waterfall were more appropriate for a pool than a Water feature. Used PVC piping that becomes brittle in cold temps and has cracked. Sealant used was wrong for fountains. Concrete between rocks is cracked & crumbling. Concrete basins are sound and hold water. Existing Piping needs to be capped off and replaced with flex-pipe. New pumps are needed on both sides.

**Solution:** Cap off the PVC pipe. Use appropriate flex pipe that can expand and contract with weather. This would be kept either above ground camouflaged by landscaping or buried very shallowly so that if there were any future issues – it could be easily assessed. New pumps would be used which would be elevated off the floor of the fountain and encased in protective cages to minimize obstructions. Heavy duty sealant will be used to repair cracks in between rocks and in the upper basins where the leaks are located.

If initiated in short order, the repairs can be complete at the end of August.

* One time repair cost estimate: $35,786, which includes significant contingency expense
* Bi-weekly servicing: September to October - 8 weeks of 1.5 hours @ $79.95 per hour = $959.40 (includes contingency)
* Winter closing: $1,600 (includes contingency)
* The expected impact to 2017 is $38,345.30. This amount includes material contingency expense that would not be paid unless incurred.

A crucial element of securing this investment would be including regular servicing and maintenance. The expected annual cost breaks down in this way:

* Opening: $2,000 (includes contingency)
* Closing: $1,600 (includes contingency)
* Bi-Weekly Servicing from March-October - 16 weeks of 1.5 hours @ $79.95 per hour = $1,918.80
* Total = $5,518.80

We will have to make adjustments to the 2018 operating budget in order to accommodate this expense.

The board and meeting attendees discussed this option at some length.

**Option for Tear Out/Replacement – John**

John and Robert sought multiple bids to explore demolition and removal of the existing fountains and then subsequent replacement with smaller landscape-driven installments.

Costs came in at around $13k to demolish the fountains – but that would also leave the demolished stones where they lay and doesn’t include any haul-away. Significant contingency costs would need to be included that were not prepared by the vendor. Preliminary landscaping estimates were $20,262 for meaningful installments. Unfortunately, our received bids weren’t all inclusive of all the work to be done and the overall project would require a significant contingency and risk. We have estimated that contingency at approximately $18,000 and are therefore pricing this work at approximately $51,000 one time. Ongoing maintenance costs are included in our current budget for landscape service.

Based on investigation, it was determined that this option would be significantly more expensive and involved than replacing and maintaining the fountains. John, Robert & Savanna all went into the process thinking that the fountains should be torn down, but after seeing the preliminary expenses from multiple vendors, changed their perspective.

**Discussion, questions and comments from attendees:**

Feedback from the meeting attendees included:

* Appearance of the front entrance definitely impacts our home values.
* Current look is unacceptable.
* We need to be certain that we can do this within our existing funds.
* Several attendees commented that they would be willing to have an increase in dues to have the fountains repaired.
* We need to be responsible with the reserve money for future unknown expenses.
* Some attendees expressed a concern that this should be put to a neighborhood vote

After considering questions and comments from attendees, the Board took a vote and agreed 6 to 1 to proceed with repairing and maintaining the fountains. The no vote requested that additional diligence and searching for options take place.

The board also agreed to complete additional steps prior to proceeding, including:

* Complete an updated 2017 forecast that includes the one-time expenses for the fountain repair.
* Updated 2018 draft budget that includes the expected expense for fountain maintenance, to understand potential impact to ongoing expenses.
* Complete an updated balance sheet assuming the 2017 forecast above.  The goal of this is to have a precise estimate of our remaining reserves after repairing the fountains and incurring the additional maintenance expense.
* Board members will complete a review of the proposed agreement from Custom Ponds and Waterfalls to ensure that appropriate risks are mitigated before proceeding.

*Action Item: Pending the board’s review of these steps, the Board plans to move forward with the repair plan in 2017. Board will communicate with the residents through the channels when repair work is scheduled to begin.*

1. **Other business - Open forum**

**Street Repairs –** Trees were trimmed to allow for machinery for chip and seal & pothole repair. Board is in active communication with the city trying to determine what can be done to improve appearance of our aging streets.

*Action Item: Continue to follow up with City and see if/when we can qualify for fresh pavement. Owner: John or as assigned.*

**Property Maintenance** – Joe Cavanaugh shared that he has been mowing several unmaintained properties. Would like to see a process in place for addressing property maintenance and landscaping issues. Landscaping is needing attention throughout the neighborhood.

*Action Item: In second half of the year the Board will be formalizing a process for reviewing existing properties and addressing these issues. Owner: John or as assigned.*

**Removal of dead/dying trees with tip blight**. Board currently has preliminary estimates and also an option for Robert Russell to take down the dead trees if we can find volunteers to help with cutting/hauling debris. Also, a suggestion to put the onus on the people with dead trees adjacent to their property to request permission to remove trees, or to request that the HOA remove said trees.

*Action Item: Jen will confirm that existing bid still holds at 9 trees (original bid was for 51 trees). The board will evaluate various options and determine next steps within 2017 budget boundaries. Owner: Jen or as assigned.*

**Walking Trail Water/Slime issue** - Have received multiple complaints about a Waters Edge property which has installed a sump pump that drains directly onto our walking trail. John has spoken to our lawyer to determine best path to pursue fixing this.

Action Item: John is looking for someone to drive the process of contacting property owner; Water’s Edge, and potentially seeking a homemade solution if we can’t get resolution any other way.

**New Homeowner Transfer Fees** - Dennis suggested raising the fees charged to new homeowners to the max allowable: 50% of dues per covenants as an additional income stream.

*Action Item: Board will investigate and consider available options, as well as ensure that existing policies are being enforced. Owner – John or as assigned.*

**Will dues be raised in 2018?** **If so, will that be put to a neighborhood vote?** Any decision for raising dues for 2018 will be put to a vote of the entire homeowners with options for proxy vote or mail-in ballot. This will be considered at our next meeting in October (expected) when we have a more complete picture of our projected costs for 2018. We plan to secure new bids for 2018 for lawn and landscaping and for the pool maintenance. Additionally, we would like to maintain a healthy and (if possible) growing reserve for unexpected emergencies.

**VII. Closing Remarks & Next Steps - John**

Thank you to all for attending and participating. In the next half of the year we will be looking at ways to improve our overall process and will be looking into the issues raised today as well as:

* Resolving the Walking Trail Water/Slime issue noted above
* Developing an accurate budget for 2018
* Continuing a dialogue with the City on determining what is possible for improving our streets.
* Addressing the number of entrances to Blackthorne: gate between Hills of Iron Horse & BTE

Establishing a draft of bylaws, sharing with the members, and pursuing adoption

**Acknowledgements:**

Thank you to our Social Committee volunteers led by Committee Chair Heather Nichols. The Social Committee volunteers Magda Belden, Marcia Bloom, Melissa Budz, Tonya Hoobler, Lynne Heflin, Rhonda Keegan, and Sandy Lewis – have planned and hosted several successful events so far this year. They have done a tremendous job of getting us off to a great start with several well-attended and successful events on a very limited budget. They have also started a neighborhood Welcoming Committee delivering baked goods and info about the neighborhood to our new neighbors. Thank you!

Thank you to Dennis & Rhonda Keegan for *everything*, including: donating the copper top table at the pool; and Dennis’ countless hours refurbishing and improving the sign at the front entrance; making repairs around the pool; spending nearly 2 full days working cleaning out the slop in the fountains; and much more.

Thank you to Matt Budz for donating his time and energy on his birthday to power-wash the front entrance sign and fountain rocks. And thank you to Melissa and Matt for donating the decorative rug under the copper top table at the pool.

Thank you to George and Julee Booth and family, Jen & Josh Gilstrap and family, Dennis Keegan, Cash Haggadone, Lori O’Connor, Savanna Pavkov, and Josh Clausen and his daughter for painting the pool house and bathrooms.

Thank you to Jack Bloom for his time designing the event posters for our Front Entrance Sign.

Thank you to Lee Greenstreet for donating hamburgers for our Neighborhood Pool Picnic.

Thank you to everyone who contributed food, beverages, etc. for our Pool Party & Picnic.