

OAKMONT VILLAGE ASSOCIATION
BOARD OF DIRECTORS MEETING – OPEN MEETING
Tuesday August 21, 2018 – 1:00 p.m.
Berger Auditorium, 6633 Oakmont Drive, Santa Rosa CA 95409

Agenda

- I. CALL TO ORDER/DETERMINATION OF A QUORUM**
- II. ADOPT MEETING AGENDA**
- III. TIME KEEPER – Rich Laden / TASK MASTER – Cathy Dougherty**
- IV. CONSENT CALENDAR**
- | | |
|--|-----------|
| A. Approval of the July 17, 2018 & August 15, 2018 Board Meeting Minutes | Pages 1-5 |
| B. OCDC Committee Chair Appointment | Page 6 |
| C. Project Process Training Appointment | Page 7 |
| D. LRPC Committee Appointment | Page 8 |
| E. Finance Committee Appointment | Page 9 |
- V. PRESIDENTS REPORT**
- VI. SECRETARY’S EXECUTIVE MEETING SUMMARY (Neufeld)**
- VII. OTHER REPORTS**
- | | |
|---|-------------|
| A. Treasurers Report (Strunka) | |
| 1. Monthly Financial Summary | Page 10 |
| 2. ERC Building Renovation Loan | Pages 11-14 |
| 3. Transfer of Funds – Catastrophe Fund | Page 15 |
| 4. ARF Threshold Funding Increase | Page 16 |
| B. Management Report (GM) | |
| C. Committee Reports (Committee Chairs) | |
| • BCC – Permit Report (Iris Harrell) | |
| • Other | |
- VIII. OPEN FORUM**
- IX. UNFINISHED BUSINESS**
- | | |
|-----------------------------------|-------------|
| A. Insurance Proposal Update (GM) | Pages 17-32 |
|-----------------------------------|-------------|
- X. NEW BUSINESS**
- | | |
|--|-------------|
| A. Committee Member Appointment/Board Criteria (Spanier) | Page 33 |
| B. Project Process Training Plan Approval (Spanier) | Pages 34-42 |
| C. CPA Y/E Audit & Tax Return Engagement Letter (GM) | Pages 43-59 |
| D. Inspector of the Election (GM) | Pages 60-72 |
| E. Pool Floatie Proposal (GM) | Pages 73-74 |

F. Flammable Plant List (GM)	Pages 75-77
G. Ad-Hoc Bylaw Revision Committee Appointments (Kendrick)	Pages 78-82
H. Board Packet Membership Review Proposal (Spanier)	Page 83

XI. FUTURE AGENDA ITEMS

XII. REVIEW

Items for Board review: Member correspondence; Committee Minutes; Other Page 84

XIII. NEXT MEETINGS

A. The Next Board Meeting is Tuesday September 18, 2018 at 1:00 PM in the Berger Building

XIV. ADJOURNMENT

OVA FINANCIAL SUMMARY
Seven (7) Month Ending July 31, 2018

1 YEAR-TO-DATE OPERATING FUND INCOME AND EXPENSES

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
Income <i>(Net of fund trsf)</i>				
Operating Revenue	\$ 1,518,719	\$ 1,494,952	\$ 23,767	\$ 2,562,778
Miscellaneous	\$ 50,217	\$ 40,950	\$ 9,267	\$ 70,200
Total Income	<u>\$ 1,568,936</u>	<u>\$ 1,535,902</u>	<u>\$ 33,034</u>	<u>\$ 2,632,978</u>
<small>*minus reserve contributin & CIF</small>				
Expenses				
Administrative	\$ 333,516	\$ 310,021	\$ 23,495	\$ 531,465
Payroll	\$ 699,012	\$ 733,687	\$ (34,675)	\$ 1,257,750
Custodial & Maintenace	\$ 54,601	\$ 86,380	\$ (31,779)	\$ 148,080
Grounds Common Areas	\$ 60,068	\$ 78,458	\$ (18,390)	\$ 134,500
Recreation Common Areas	\$ 56,097	\$ 62,825	\$ (6,728)	\$ 107,700
Community Bus	\$ 33,453	\$ 33,833	\$ (380)	\$ 58,000
Patrol & Fire Systems	\$ 11,918	\$ 16,462	\$ (4,544)	\$ 28,220
Utilities	\$ 182,810	\$ 190,903	\$ (8,093)	\$ 327,263
Contingency	\$ -	\$ 23,333	\$ (23,333)	\$ 40,000
Total Expenses	<u>\$ 1,431,475</u>	<u>\$ 1,535,902</u>	<u>\$ (104,427)</u>	<u>\$ 2,632,978</u>
Net Income (Loss)	<u>\$ 137,461</u>	<u>\$ -</u>	<u>\$ 137,461</u>	<u>\$ -</u>

2 YEAR-TO DATE CONTRIBUTIONS TO RESERVE FUNDS:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Total</u>
Asset Replacement Fund	\$ 637,367	\$ 637,367	\$ -	\$ 1,092,630
Capital Improvement Fund	\$ 87,500	\$ 87,500	\$ -	\$ 150,000
Total Fund Contributions	<u>\$ 724,867</u>	<u>\$ 724,867</u>	<u>\$ -</u>	<u>\$ 1,242,630</u>

3 YEAR-TO-DATE PROJECT EXPENDITURES FROM RESERVE FUNDS:

	<u>Actual</u>
Asset Replacement Fund	\$ 183,711
Capital Improvement Fund	\$ 217,775
Total Fund Expenditures	<u>\$ 401,486</u>

4 CASH & INVESTMENTS:

	<u>Ending Balance</u>
Operating Fund	\$ 863,957
Asset Replacement Fund	\$ 2,173,872
Capital Improvement Fund	\$ 916,987
Catastrophe Fund	\$ 132,137
Total Cash & Investments	<u>\$ 4,086,953</u>

Elke Strunka, August 16, 2018

East Recreation Renovation Loan Resolution

August 21, 2018

Person Submitting: Elke Strunka

Date Submitted: 8-17-18

Resolution Content:

Whereas the board previously authorized the treasurer to research obtaining a loan to pay for the renovation of the East Recreation Center, and

Whereas the ERC renovation will cost an estimated \$2.3M to update/renovate the facility, and

Whereas OVA Treasurer, Elke Strunka, is recommending obtaining a loan in the amount of \$1.6M with Mutual of Omaha bank for a five-year period at approximately 5.5% rate, be it Resolved:

The Board authorizes the procurement of a loan from Mutual of Omaha in the amount of \$1.6M with debt service to be remunerated through the subsequent years operating budget, beginning in 2019.

Background:

Fiscal Impact: Increase of monthly assessments pursuant to the "Dues Impact Schedule"

Documents Attached: ERC Loan Projections; Dues Impact; Other Assumptions.

Catastrophe Fund Transfer Resolution

18.08.21

Person Submitting: Kevin Hubred, GM

Date Submitted: 18.08.10

Resolution Content:

Whereas, the Board established a catastrophe fund to cover costs that the Board would not be able to accurately budget for if the Association suffers a catastrophe, and

Whereas Civil Code Section 5600 provides that associations must impose assessments sufficient for the associations to perform their obligations, but must not impose assessments that exceed the amount necessary to perform the obligations:

- (a) Except as provided in Section 5605, the association shall levy regular and special assessments sufficient to perform its obligations under the governing documents and this act.
- (b) An association shall not impose or collect an assessment or fee that exceeds the amount necessary to defray the costs for which it is levied.

Whereas, Civil Code Section 5600 does not restrict the Board from transferring the funds from its catastrophe fund to its reserve fund, especially if the reserve fund is not fully funded. We believe that in such circumstances, i.e., the funding of the reserves, a court would reason that the Association would not have been imposing an assessment “that exceeds the amount necessary to defray the costs for which it is levied.” We further believe that a court would reach such a conclusion even if the Board had not originally collected the funds for the catastrophe fund, since the Board will have ultimately collected the funds for the reserve fund.

Whereas there are no other laws that address the circumstance of transferring funds to the reserve fund. (In contrast, there are laws that restrict boards from transferring funds from reserve funds. For example, Civil Code Section 5515 provides that boards must take particular steps in order to transfer funds from reserve funds to operating funds.)

Whereas no governing document prohibits the Board from so transferring the funds, be it Resolved:

To approve the permanent transfer of funds from the Catastrophe Fund to the Reserve Fund in the amount of \$132,136.87.

Background:

Reserve Threshold Funding Increase Resolution

August 21, 2018

Person Submitting: Elke Strunka

Date Submitted: 8-17-18

Resolution Content:

Whereas the board has previously created the minimum threshold for funds in the asset replacement fund to not fall below \$700,000, and

Whereas the OVA Treasurer, Elke Strunka, would like to raise the minimum threshold for funds in the asset replacement fund to not fall below \$1M, be it resolved that:

The Board increase the threshold funding in the ARF from 700K to 1mil.

Background:

Fiscal Impact:

Documents Attached:

Insurance Proposal Update Resolution

August 21, 2018

Person Submitting: (GM)

Date Submitted: 8-16-18

Resolution Content:

Whereas the board met with AJ Scott at their July 17, 2018 Board meeting and requested information and proposals for partial term insurance based on increased insurance valuations, and

Whereas AJ Scott with Cline Insurance presents the enclosed terms for the Board's consideration, from QBE Insurance Corporation (CA-Admitted, "A, XV" (*Excellent*) A. M. Best-rated). QBE has offered **GUARANTEED Replacement Cost** coverage for OVA property, based on the increased limits set forth in the CDS report dated 5/21/18. QBE has written coverage for community associations for many years, but this is actually a brand-new program that they have just launched within the last 6 months, through Ian H. Graham (IHG). IHG is a program manager that crafts insurance products specifically for community associations, and

Whereas this proposal is offering **76% more** coverage* for an annual increase of **less than 4%**. AND QBE is willing to write the policy on a short-term, to preserve the Association's 1/01 renewal date and to ease the cash flow considerations of rewriting this policy. Since QBE is offering Guaranteed Replacement Cost (GRC) coverage, it could be seen as *infinitely* more coverage – GRC means that the carrier will cover a loss on a replacement cost basis (no deduction for depreciation), *regardless of the stated property limit*. (While this policy is based on a Property Limit of \$23,020,935, it's not limited to that amount at the time of loss, and

Whereas AJ Scott believes this is a truly *excellent* option for the Association, and recommends that the Board proceed with binding coverage with QBE as soon as possible – effective 8/22 if this works for them. (The reason for the urgency is that we are already less than four and a half months from the end of the year – as this window shrinks, the carrier will be less and less willing to issue the policy on a short-term basis. Most carriers will NOT agree to write a policy for a period of less than six months; QBE is willing to accommodate us based on an 8/22 effective date.)

Whereas the board would like bind coverage with QBE insurance, be it resolved: The Board Binds the coverage as listed below, effective August 22, 2018, with an attempt to obtain reciprocal indemnity clauses with CFM.

IUM SUMMARY
PREMIUM SUMMARY

Prepared for Oakmont Village Association

Please indicate your acceptance/ rejection of each line of coverage by initialing in the right-hand columns.

DESCRIPTION OF COVERAGE	NEW ANNUAL PREMIUM*	PREVIOUS ANNUAL PREMIUM*
Association Common Property (\$23,020,935) with additional values for Business Income, Scheduled Equipment & Landscaping GUARANTEED REPLACEMENT COST \$10,000 Deductible	\$ 53,388	\$ 51,655**
General Liability (\$1,000,000 / \$2,000,000) Includes Hired & Non-Owned Auto	Incl.	Incl.
Commercial Auto Coverage (\$1,000,000) Endorsed to include Hired & Non-Owned Autos (HNOA)	\$ 1,823	\$ 1,656
TOTAL PREMIUM:	\$ 55,211	\$ 53,311

Does NOT include any lines of coverage not specifically referenced above.

***These amounts to be pro-rated for the shorter policy term (e.g. 8/22/18-1/01/19):**

- Estimated short-term premium for Master Policy: **\$19,308** (NOTE: OVA will be entitled to a refund of the un-earned premium associated with their existing master policy through Riverport; estimated refund: **\$18,680.**)

- Estimated short-term endorsement premium for Auto Policy: **\$60**

These amounts are subject to final calculation by the carriers and could be slightly different.

****Previous Property Limit: \$13,054,000**

SUBJECT TO CONDITIONS LISTED ABOVE; **SATISFACTORY INSPECTION & COMPANY APPROVAL**
SUBJECT TO COMPLETED/ SIGNED APPLICATION & ROOF UPDATE PLANS FOR BERGER HALL
(LAST UPDATED 1992?)

This Proposal is Valid for 30 Days; please advise if an extension is needed.

IMPORTANT: In order to extend Additional Insured protection to CFM and SSU, the carrier would like these parties to consent, in writing, to observe mutual hold harmless agreements with OVA. (OVA's contract with CFM and MOU with SSU requires OVA to hold these parties harmless, but does not impose a reciprocal agreement upon CFM and SSU – the idea is, if Oakmont is agreeing to hold these parties harmless for any injury arising from Oakmont's activities, these parties, in turn, should agree to hold Oakmont harmless for any injury arising from their (exclusive) activities.)

If either party is unwilling or unable to accommodate this request, please provide their explanation/ rationale, and we will relay it to the carrier for consideration.

Background:

Fiscal Impact: Marginal increase

Documents Attached: AJ Scott Email and Cline Insurance proposal & recommendation.

Committee Member Appointment/Board Criteria Resolution

August 21, 2018

Person Submitting: (Spanier)

Date Submitted: 8-17-18

Resolution Content:

Whereas the board has a duty to protect the Oakmont Village Association (OVA), a non-profit corporation doing business in the State of California, and

Whereas the Board appoints committee members to serve on standing and ad-hoc committees who serve at the pleasure of the Board, and

Whereas Committee members are an extension of the Board and should follow the same criteria as the elected board members, and

Whereas elected Board members, prior to their candidacy for election by members, must be members in good standing (not delinquent in their monthly assessments, in violation of any bylaws, Protective Restrictions or rules, and are not currently and/or planning to take legal action against the Association), be it Resolved:

The OVA Board will deny member/resident appointments to serve on an OVA Committee who are currently or intend to take legal action against the OVA, or have contributed funds to a group who are currently or intend to take legal action against the OVA, and will remove from any committee those members who fall into such categories, and will further create a policy specifically addressing those actions that we believe could harm the Association.

Background: See above:

Fiscal Impact:

Documents Attached: NA

Project Oversight Process and Training

18.08.21

Person Submitting: Steve Spanier

Date Submitted: 18.08.11

Resolution Content:

Whereas on July 18, 2018, the Board resolved to assign Directors Kendrick and Medeiros to work with Oakmont resident Jim Ouimette to prepare project management training materials at no cost for the OVA Board, and

Whereas Directors Kendrick and Medeiros worked with Jim Ouimette, Iris Harrell, and OVA Manager Kevin Hubred to form a project team to complete the first phase of the project, and

Whereas the results of the first phase of the project are documented in the attached "Phase 1 Project Report", and

Whereas the Phase 1 Project Report includes a proposed Phase 2 plan, and

Whereas the project team requests that the OVA Board approves the project to proceed to Phase 2, be it resolved that:

The Board finds the Phase 1 project report to be complete, and that the project proceeds to Phase 2.

The Board continues to assign Directors Kendrick and Medeiros to the Phase 2 project team.

Background: See above.

Fiscal Impact: No direct expenses. Probable savings based on more effective project management.

Documents Attached: Phase 1 Project Report - Project Oversight Process and Training final.doc

CPA Y/E Audit & Tax Return Engagement Letter Resolution

August 21, 2018

Person Submitting: (GM)

Date Submitted: 8-16-18

Resolution Content:

Whereas the board is required to complete an annual audit and tax returns for the fiscal year end December 31, 2018 and

Whereas the Y/E audit must be completed prior to the Annual Membership Meeting and Election of Directors, be it resolved that:

The Board approves the CPA Engagement Letter to complete the Y/E annual audit and tax returns with Levy, Erlanger, CPA in the amount of \$4,900 for the Y/E Audit, \$400 Taxes with funds allocated from the operating fund.

Background:

Fiscal Impact: \$5,400.00

Documents Attached: Levy Erlanger Engagement Letter

Inspector of Election Contract Approval Resolution

August 21, 2018

Person Submitting: (GM)

Date Submitted: 8-16-18

Resolution Content:

Whereas the board has hired James Ernst Accounting, CPA and Consultants (JEA) as the Inspector of the Election (IOE) to oversee the ballot tabulation during the annual membership and election of directors, and

Whereas the board would like to continue to work with JEA as he is familiar with our process and assisted the Association in rewriting the Elections Rules, be it resolved that:

The Board approves the contract with James Ernst Accounting to provide services of the Inspector of the Election for the 2019 annual membership meeting and director election pursuant to the contract price of: \$2,800 to act as IOE; \$400 for a reconvened meeting (if required); and \$900 for a recount (if required); with funds allocated from the operating account.

Background:

Fiscal Impact: \$2,800 for IOE; \$400 for reconvened meeting; and, \$900 for recount.

Documents Attached: Scope of work and contract from James Ernst Accounting

Pool Floatie Proposal Resolution

August 21, 2018

Person Submitting: (GM) For Tom Kendrick

Date Submitted: 8-15-18

Resolution Content:

Whereas Tom Kendrick (non-board member) presented a proposal to allow floaties in the pool, and

Whereas the primary purpose of the association is to provide athletic and recreational and club facilities for the use of the members of the corporation and their guests, be it resolved:

The Board approves in concept the idea of Adult floaties to be permitted in all pools by persons over the age of 18. Users must realize that lap-swimmers always take priority. For example, at the East pool, a floatie may only be used if a lane is vacant. If a floater is in the only vacant lane, and a lap-swimmer requests the lane, he/she would need to exit the pool and wait for a lane to become available.

Background: If approved, the association is required to submit the new rule change at least 30 day review before formally approving the new rule at an open meeting of the Board.

Fiscal Impact: None

Documents Attached: Proposal from The Classic, Tom Kendrick

Flammable Plant List Resolution

August 21, 2018

Person Submitting: (GM) Fire Safety Committee

Date Submitted: 8-16-18

Resolution Content:

Whereas the board appointed a Fire Safety Committee (FSC) to work towards creating a safer Association by reducing fire hazards, and

Whereas the FSC has created a “Flammable Do Not Plant List” of hazardous plants that should be prohibited in Oakmont to reduce the risk of fire, and

Whereas the FSC met with the Landscape Improvement Committee (LIC), the Architectural Committee (AC) and Communications Committee (CC) chairpersons to get their input concerning the list, be it resolved that:

The Board approves the do not plant list in concept to send to the membership as an update to the existing prohibited plant list prior to approval by the Board at a future meeting, allowing 30-day review by the members prior to final approval.

Background: See above

Fiscal Impact:

Documents Attached: Do not plant list

Ad-Hoc Bylaw Committee Appointment Resolution

August 21, 2018

Person Submitting: (Kendrick)

Date Submitted: 8-16-18

Resolution Content:

Whereas the board has previously appointed members of the Bylaw Committee, and

Whereas the board would like to appoint additional members interested in serving on the committee, be it resolved that:

The Board appoints Hugh Helm, Joe Henderson and Lynda Oneto to serve on the Ad-Hoc Bylaw Revision Committee.

Background:

Fiscal Impact:

Documents Attached:

Board Packet Membership Review Proposal Resolution

August 21, 2018

Person Submitting: Kevin Hubred

Date Submitted: 8-17-18

Resolution Content:

Whereas the Board of Directors receives board packets with action items for their monthly board meetings with full supporting documents, and

Whereas the Board has authorized providing the membership with the agenda and resolution pages for action items under unfinished and new business, without supporting documents, by means of email blast and posting on the OVA website, and

Whereas an OVA homeowner has requested that the full board packets be made available to the membership, be it Resolved:

The Board authorizes the production of a "Membership" board meeting packet with redacted information that may be considered proprietary in nature, beginning in September, 2018.

Background: See above

Fiscal Impact: None

Documents Attached: N/A