

**Minutes of the Annual Meeting of the Members
of the Summit Condominium Owners' Association Inc.
Held August 27, 2016**

Attendees: Attendees: President Ronnie Golden and Board member Phillip Fikes, Association manager – Bernard Harwood, Outgoing on site accountant – Katie Russell, incoming on site accountant – Kaylen Melton; Association members Rolf Beutler, Chris Stuckey, American Sanders, Elaine & Alex Overstreet, Billy & Martha Cameron, Dane & Marguerite Cameron, and Mary Lou Keller. Joining by speakerphone, Roger Botterbusch

I Call to Order

In accordance with the Summit COA bylaws and pursuant to the notice sent by US mail, President Ronnie Golden called a meeting to order.

II Quorum

Ronnie Golden examined the roll-call sign in sheet and stated that no quorum was present at this 2016 meeting.

III Proof of Notice of Annual Meeting

The notice envelope brought by an owner, postmarked August 13, 2016, with the notice letter within that envelope indicated proof of proper notice of the annual meeting.

IV Reading and Approval of the Minutes

The minutes of the 2015 meeting were reviewed by the members present. President Golden made a motion to accept the minutes as presented which was seconded and unanimously passed. President Golden turned the meeting over to Manager, Bernard Harwood

VI Reports - The Manager's and Financial Reports

Mediation Report – The Board of Directors had entered into negotiations in 2015 with Bill Lunsford Construction & Development regarding the \$49,680 of deferred compensation which was owed to Bill Lunsford Construction & Development for services as manager over previous years. Harwood reviewed a history of how the monies had accrued each year given that there was not enough revenue to pay both the expenses of the Association and the management fee. An internal audit of the books confirmed the liability had indeed accrued. Bill Lunsford had sent a demand letter requesting payment and the Board to Directors sent a reply letter pointing out areas of disagreement with paying the full amount owed. Both parties agreed to mediation and met on March 23, 2016. Ronnie Golden acted as the representative for the Summit COA. President Golden took up the report at this point and gave insight into the mediation indicating that both sides were at a point where they would next be talking to lawyers and a potential

lawsuit might likely ensue. He gave a history of offers and counter offers prior to the mediation. During the mediation, the mediator presented new offers and counter offers with insight into the legal consequences of failing to reach an agreement. In the end both parties were not happy but the Association had reduced \$18,000 off the amount originally requested and had avoided a potential increase to the amount requested for fees and other work done over the years. The Association has now made payment for most of the liability to Bill Lunsford Construction & Development and payment will be complete by the end of the year.

Reserve Fund Report – Harwood asked the members to review the Reserve Fund Analysis report that was included in their packet. The report includes that the Association bylaws charge the Board of Directors and the members of the Association with a duty to perform maintenance and upkeep of the common elements of the Association. The report includes a list of the various components that are part of the common areas, looking at their lifespans, and indicating an estimate of the cost to replace those components. Harwood indicated that we need to have money set aside to pay for those repairs. He stated that many states require not only a reserve analysis report, California being the best example, but also require the funding to be adequate to replace or repair those components at the end of their useful life. He stated that the reserve fund went unfunded for seven years but now there is a separate reserve account which has been funded. The Board of Directors has been paying particular attention to the reserve account since its funding to make sure that the monies within the reserve fund are dedicated to the repair or upkeep of these common area components.

COA On-site Manager's Report – Harwood reviewed the various areas within the community grounds and facilities. He discussed the gates, indicating that we have purchased parts for the gates which are ready in case of a needed repair. He also discussed the challenges given that residents strike the gates occasionally. Also discussed was the pool, the trash container, the grounds, pet waste management, parking, the clubhouse fitness center, and current and upcoming projects including the striping of the parking lot, the painting of the fence, painting of the breezeways and balconies and painting the clubhouse.

Financial Report - Included in the packet was a budget to actual report which compared the actual expenses to the budget. Harwood reviewed these line items with input from Katie Russell. The Comcast line item was discussed particularly the fact that we will be in the \$52,000 range per year due to 5% per year increases allowed within the Comcast contract. Mr. Stuckey and Mr Beutler asked that The association contact other television providers such as Whit Sky and AT&T to give us some leverage in those discussions prior to contract expiration. It was noted that this will be a "hot topic" in the 2018 meeting (the year the contract expires). Katie Russell explained that we had a larger "miscellaneous" line item because we had to pay over \$4900 to repair a common drain pipe leak within one of the units. It was noted that in an aging

community, these types of expenses can and will happen. The next report reviewed was the Expense by Vendor Summary, detailing the amounts paid to each individual vendor or contractor. Next report reviewed: Profit -Loss year to date and Profit - Loss 2015. It was noted that there was a modest "profit" shown for the 2015, year given that some expenses had not hit yet. It was noted that there was a modest "loss" for the current year. The next report reviewed: the Balance Sheet, and also the Reserve Account. It was noted that projects which have been paid out of the Reserve Account to date include painting of breezeways and balconies, painting of the fenceline, striping of the parking lot, and heat trace installation of the breezeway attic sprinkler pipes.

The Budget - The next item to be discussed was the proposed budget for the final quarter of 2016 and for the 2017 fiscal year, both of which were included in the packet. During a review of the budget it was noted that there were concerns from owners and board members that we had gone eight years without funding the reserve account and we now had to play catch up. The budget reflected a decision to appropriately fund the account based on the guidelines from Fannie Mae and Freddie Mac as well as information contained within the Reserve Analysis Report. The 2017 budget reflects a healthy funding of the reserve account of \$30,000 per year. As the budget was reviewed, Harwood stated that the budget included an increase in revenue stated which would result in an increase in dues. This increase in dues works out to about \$15 per month per unit. Harwood stated that this 2017 budget should have adequate revenue to pay expenses and fund the reserve fund the for many years going forward without need to increase dues. Mr. Botterbusch asked if this increase was a little over 6% and Harwood stated that he was correct. It was noted that this level of increase was within the limit established within the bylaws. Mr. Botterbusch asked if the increase would kick in on October 1 and Harwood stated that this was correct. Mr. Stuckey asked that future meetings look at a potential assessment as opposed to a dues increase. Mr. Beutler asked if we can forecast the expenses over the next five years. Harwood referred him and the members to the Reserve Analysis Report showing the remaining life of the various components and the cost to make those repairs and replacements. In looking at the report, it seems the next big item to be repaired will be repaving of the parking lot. Mr. Botterbusch asked about the roof. It was noted that the roof has a 20 year warranty and that the roof was replaced after the 2011 tornado. There was a next a discussion of pet rules within the community. There were questions regarding a potential pet fee. After some discussion, Alex Overstreet made a motion that pet owners pay a modest pet fee (around \$25). This motion passed unanimously. There was also discussion of making sure that the reserve fund was in an account that gained interest once the balance became significant enough.

Camera Security System - The next area of discussion was a follow up on the previous owners meeting. Bids had been received for a camera security system. Total cost to install an adequate

system was between \$11,000 and \$13,000. Monitoring would be about \$239 per month. President Golden asked how everyone felt about installing cameras. All were in favor. Mr. Overstreet made a motion that monies within the short term reserve line item be devoted to the video security system and that the Association go forward with the installation of the security system. The motion was seconded and passed unanimously. President Golden instructed Harwood to research the cameras to decide which would be best for the community.

Past Due Dues - Next was a review of a summary of what dues each owner owes as of the date of the meeting. It was noted that the number of outstanding balances was less than in previous years.

Next item of business, **old business**. There was none.

Next item of business was **new business**. There was none.

Ms. Keller requested clarification on what the rate would be for dues for each unit per month once the budget which was just approved takes effect. Harwood stated that beginning October 1, 2016, monthly dues will be as follows: one bedroom units will pay \$175 per month, two bedroom units will pay \$185 per month, and two bedroom plus units will pay \$195 per month.

Next, Board member Fikes asked about the owner's webpage which was discussed at the previous owners meeting. Harwood explained that the webpage had made some progress, that SummitCOA.com have been registered and was up and running and there were some content on the page. The person hired to do the work was a college student. She left without completing the project and with money owed to her, but is not returning phone calls. We are in the process of hiring a new person to complete the work on the webpage. It was noted that all association governing documents are on the original website, SummitCondos.net.

Adjournment - Seeing no more discussion and Mr. Sanders made a motion to adjourn the meeting. The motion was seconded and all were in favor.

The Meeting was adjourned.