

**THE MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF
THE VILLAGE PALOS VERDES HOMEOWNERS ASSOCIATION**

May 14, 2009

CALL TO ORDER

The following are the Minutes of the Meeting of the Board of Directors of the **Village Palos Verdes Homeowners Association**, held on Thursday, May 14, 2009 in Redondo Beach, California. The President stated that a **Quorum** was present and called the Meeting to order at 7:30 P.M.

BOARD MEMBERS PRESENT

President, Treasurer, Secretary and Member at Large.

BOARD MEMBERS ABSENT

Vice President

OTHERS PRESENT

Association Manager with Scott Property Management; On-Site Maintenance person; and Recording Secretary with HOA Organizers, Inc.

SPECIAL ANNOUNCEMENTS

The President stated that the Year-End Audit is in the process of being approved and will be sent to all homeowners. The President also stated that in response to the latest anonymous flyer that was circulated, the HOA defense counsel wrote a response letter to the Plaintiff's counsel. The letter will be posted on the Association's website.

HOMEOWNER FORUM

Members will be permitted to speak for 2 minutes each to allow everyone an opportunity to speak. The President asked homeowners to conduct themselves in a respectful manner when speaking. The President also added that because the minutes are posted on the Association's web-site, names are being omitted from the minutes for privacy reasons.

425 Camino de las Colinas

A homeowner referenced a prior statement made by the Member at Large stating that if the assessment were approved by a majority of the membership, the Member at Large would withdraw candidacy from the Board of Directors. The homeowner asked the Member at Large why the candidacy was not withdrawn, as the special assessment passed. The homeowner asked if the Member at Large was the author of the anonymous flyers. The homeowner also addressed the petition that was sent out regarding a re-vote on the assessment.

The Member at Large stated that any communication he sends out always has his name on it, so he is not the author of any anonymous letters. The Member at Large stated that he had the intent to resign, but after he got elected, he was approached by homeowners who asked him to remain on the Board. He stated that he had the right to change his mind, as he felt he had an obligation to participate.

444 Calle Miramar

The homeowner stated that there is some confusion about the Board's background on making sure that costs were investigated before the special assessment was put out to vote. He suggested to the Board that they send out the destructive testing information. The homeowner also stated that the Member at

Large had previously suggested cleaning the siding instead of replacing it, as a solution to the construction issues. The homeowner asked if Member at Large was involved with the "Concerned Homeowner Group."

The Member at Large stated that the cleaning of the cedar siding is only one of the many issues he brought up. He stated that he did not believe there was enough justification for the project. He stated he requested the renovation documentation and has not been privy to the documents.

The Treasurer stated that she was elected to the Board at the same time as the Member at Large. The Treasurer stated that they were both present at the management company, when the previous manager provided the renovation documentation and also explained the documentation. The boxes of documents were there and available for the Board to review.

456 Palos Verdes Blvd.

The homeowner wanted to address a few items from the letter he had written and wanted the Member at Large to respond to a few items. He stated he had a problem with the suggestion made by the Member at Large to clean the siding instead of replacement.

The homeowner also stated that he spoke to the Fire Department and was told that hardy board is a good material for fire prevention. The homeowner suggested that others research the material for fire prevention. The Member at Large stated that he had done research about the cedar sidings and was told that the cause of a fire is the point of ignition. If there is a fire, either material will burn.

466 Palos Verdes Blvd.

She wants to know if the South Pool is being renovated. The Community Manager stated that there is a newsletter going out about the Virginia Graeme Baker Pool Act. This Federal Act is requiring a dual-drain system, and the skimmers have to be replaced. The Association is in an obligatory position to do the project, despite wanting to postpone the repairs.

137 Calle Mayor

The homeowner stated that most owners have contributed \$8,000 on the special assessment since December and continue to pay despite the hold on the construction. She asked the Member at Large whether homeowners should continue to make payments. The President stated that last month, homeowners were told that the Board was not aware of the construction start date because of the litigation. The homeowner stated that the lawsuit could continue for a long time, but the President stated that until legal counsel states otherwise, the Association will continue to collect the special assessment.

The Member at Large stated that there are two strong, opposing sides regarding this renovation. Regardless of the positions, the Member at Large stated that the project has not been delivered despite continued collection.

215 Calle Mayor

The homeowner stated that the work needs to be done. She stated that the longer it takes, the less money is valued. She hopes it can get done as soon as possible. The homeowner stated that the landscapers are using blowers, which is causing debris to come in to her home.

419 Camino de las Colinas

The homeowner asked if every homeowner has paid at least \$8,000, and she wanted to know if the funds were separated and marked. The homeowner also asked if the labor costs will be re-negotiated. The Treasurer stated that all of the funds collected for the special assessment are deposited in a liquid, Money

Market account at Merrill Lynch. The reserve accounts are also at Merrill Lynch in 3 month CD accounts. She has spoken to Paula, the controller at Scott Management, to ensure that the special assessment is completely accounted for and is not co-mingled with the Association's other accounts. The special assessment funds will continue to remain in separate accounts until there is resolution.

The President stated that the Board and ERC Committee reviewed the sub-contractor bids in December, just before the litigation. The bids were negotiated and approved, but not executed. There is a potential for savings, as the figures that were provided may no longer be valid. The homeowner also asked if there will be any refunds if the project is completed under-budget. If there are any excess funds, the Board plans to leave the funds in the reserve account for future reserve projects.

The homeowner expressed that she felt concerned about homeowners not being able to review the sub-contractor bids. The President stated that the Board showed homeowners how detailed the bidding process was but could not release the bids for review because there were no executed contracts.

131 Calle Mayor

The homeowner asked the on-site maintenance person how many time the roof had been replaced on phase 1 of the project. The on-site manager stated that the roof was replaced 22 years ago and was scheduled to be replaced again two years ago.

APPROVAL OF MEETING MINUTES

The Board reviewed the minutes of April 16, 2009. The President and Member at Large added changes. The Secretary moved to approve the minutes as edited by the Board. The President seconded the motion, and the motion carried unanimously.

TREASURER'S REPORT

Reserve Investments

The Treasurer reviewed the financial statements as of April 30, 2009 and reported that \$300,000 was put in 3-month CDs in March. Another \$150,000 will be invested this month for a 3-month term, which will leave about \$52,000 in the Money Market reserve account. She completed her review of the year-end audit and relayed a few questions to the CPA on May 11, 2009. She explained that when Horizon prepared the year-end statements, they had categorized pre-paid assessments as accounts receivables that were due at the time they were received. The Treasurer explained that everyone was billed \$5,000 for the special assessment, but some people paid \$75,000. That was a pre-payment, but all of it was showed as a receivable. To follow generally accepted accounting principles, she is working on showing that homeowners were all billed \$5,000 and some chose to pre-pay an additional amount that should be reflected as a pre-payment. The Treasurer stated that the special assessment account will remain untouched until there is resolution with the litigation

The President stated that the Year-End Financial statements are normally done at the end of April. There were so many factors that slowed the process down. They needed to be approved at an open meeting, so there was an emergency meeting to correct the audit as necessary. The Treasurer met with the CPA to discuss it, and there were corrections. The Treasurer stated that there will either have to be another emergency meeting, or this will need to be held until the next open session meeting to be approved.

Delinquencies

There are no new delinquencies at this time.

Resolution to Record Liens

There were none noted at this time.

MAINTENANCE REPORT

Maintenance Requests

The on-site maintenance person reported a number of items that he received directly that did not get sent to Scott Management, including a hose bib repair, 9 sprinkler repairs and lighting issues. There are also ongoing leaks and minor repairs that are on his list.

The on-site maintenance person has been monitoring life-safety issues that are scheduled to be repaired as part of the renovation project. There are two deck and porch beams that have been shored with concrete beams and posts. He identified two more to shore. The next is balcony support posts. These need to be replaced, but they are not a safety issue. They have been identified as to where they are and what repairs are needed. He will be re-evaluating all balconies, decks and handrails shortly. People are going to get notified with door knockers when he schedules inspections.

The next item he reported about is the trellis. The trellis by the trash enclosures has been removed. He will continue to monitor trash areas because there is a lot of rot and deterioration.

The on-site maintenance person reported that two roof access ladders are in need of replacement and are not safe to use. One is on top of the roof, and the other is a safety rail. A lot of them have rust on the rungs, but they are sound. He will continue to monitor them moving forward. They may have to do something with two that are worst off. There are 17 roof access ladders altogether.

MANAGEMENT COMPANY

Annual Review (Year-End Audit)

This matter was tabled.

Update Status on Virginia Graeme Baker Pool and Spa Safety Act

The Association Manager stated that there is a section in the newsletter that provides details.

Update Status on the South Pool Renovation

The Association Manager stated that the Board approved Discount Pools to start both pools. The North pool will be shut down for 4 days. The South pool will be shut down for 2 months. Lindahl Concrete will also be working on the decking for the South Pool, which is the same contractor that did the decking for the North deck. They are going to be doing quite a bit of work on the South pool. The reserve study has called for the South pool to be renovated at this time.

This matter was tabled.

Incoming Correspondence

A homeowner requested information about what needs to be disclosed when selling a unit. The manager stated that the information is standard and gets passed through escrow.

The homeowner sent an inquiry about tree trimming, which is detailed in the next newsletter.

A homeowner had a question regarding the HOA loan program and enrollment form. The President stated that the HOA loan that was originally with Bank of Popular contained documentation to sign and notarize, which would then be attached to the unit's title. The Association is looking to obtain a new loan

but is not at that stage yet and will provide documents when they become available. In the last communication, the Board offered to refund homeowners who paid anything in excess of what was due. The manager will respond to state that there is not a loan program right now.

A homeowner asked about the Year-End audit and the emergency meeting. The Association's manager explained that the emergency meeting was short because it was only held for one topic. Therefore, the meeting was short, and the Board reconvened in Executive Session to discuss contract formations.

A homeowner sent an inquiry about their account. Scott Management will respond.

A homeowner sent a letter regarding tree sap. The manager will respond and tell the homeowner to refer to the newsletter.

A homeowner asked for a written notice of the May, 2009 notice of meeting and agenda. The Association Manager emailed and mailed copies to the owner, as per the Statute. The manager noted that two additional requests were received. The statute states that it has to be mailed 4 days prior.

A homeowner inquired who the cable provider was, and the manager already responded.

Another homeowner requested for a special assessment refund. The Board removed the deadline date for payment in full.

Another homeowner had guest parking problems. The manager will respond with the policy and ask if the homeowner wants to submit the specifics and encourage the homeowner to submit the license plate number and times of the vehicles. The Treasurer suggested forming a Parking Committee to have homeowners participate in consistently enforcing the Rules. The next newsletter will ask for Parking Committee volunteers.

A homeowner sent a letter with some construction questions. The manager will send a response.

Another homeowner requested reimbursement of their over-payment on special assessment.

A homeowner asked about over-turning the special assessment and also inquiring about construction costs. A response will be provided regarding the homeowner's questions. The homeowner also asked for the financial records. The manager will tell them it will be coming out in the audit shortly.

Outgoing Correspondence

There was a request for a hardship case in last month's packet, and the response was sent to the homeowner. An RFP will be created to find an appropriate financial assessor or advisor to review this homeowner's case. It's a 2-year program based on an individual's basis, not a standard situation.

Closed Escrows

None

OLD BUSINESS

Manager stated that Rancho Pool Service sent a letter to service pool spa and heaters. The President stated that two heaters have been burned out. The on-site maintenance person stated that if it prolongs the life, the Board should approve the service. The President asked the manager to get more information on the inspection, what it includes, and what the service will do for the life expectancy.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned to at 9:15 P.M.

Submitted by: Recording Secretary with HOA Organizers, Inc.