

THREE FOUNTAINS CORPORATION

Annual Board of Managers Meeting

September 26, 2017

President: Jeff Rickard
Treasurer: Kathy Mehlmann
Member at Large: Cassandra Rocha

Vice President: Barbara Florey
Secretary: Barbara Griswold

MINUTES

1. Call to order - meeting called to order @ 7PM
2. Roll Call and Establishment of Quorum - Quorum was met with 73 units represented, 71 were needed. Mike Homyak served as Parliamentarian.
3. Approval of Minutes - Semi Annual Board of Managers Meeting, March 28, 2017 - approved

4. Reports of Standing Committees

1. Finance Committee - Mimi Karsh - Chair, Irene Carlow, Cassandra Rocha, Abby Marsh, Becky Richmond, and Bill Scholten are members. Kathy Mehlmann is the Board liaison. The Finance Committee meets monthly and continues to review the monthly expenses, budget variances and investment statements. This past year, Irene Carlow, Abby Marsh and Barbara Florey worked with Chris Fox, property manager, to review and expand the Long Range Plan to include additional assets that the HOA is responsible for maintaining and preserving. June of 2017, it was agreed that contracts for various projects and services should be reviewed every 3 years. In 2018 the committee plans to review the following for new bids and contracts: asphalt paving, roof replacements, Verizon services, clubhouse janitorial services and any other large project bids. Budget plans are now being reviewed for 2018 with the Board and Chris Fox. In conjunction with the Board, the Finance Committee has been looking at ways to expedite the shake shingle roof replacement project.

2. Landscape Committee - Katy Conroy - Chair, Barbara Florey and Kevin Haight are members. The Landscape Committee is pleased with the progress in upgrading the lane entrances. The Board approved a master plan for the improvements to the lane entrances and had increased the committee's budget by \$9,000 for the previous years. With that increase the committee has been able to have irrigation lines installed and to plant all the lane entrances along Oneida. The common elements at the corner of Girard and Pontiac were also restored with that budget. The Board has been asked to support that same level of funding for projects in the 2018 budget. With that money plantings that died in lane entrances and were not covered by a warranty can be replaced, lighting that was originally installed in front of the fountain in Lane 1 can be replaced, as well as plantings in the area between the fountain and clubhouse and around the clubhouse. There are still plants throughout the community that need attention. The committee continues to improve the appearance of Three Fountains so that residents can continue to be proud of one of our greatest assets. Keesen has mapped out the mud spots. The initial bid to resod these areas was \$54,000. By using seed instead, the cost is \$4,000.

3. Pool Committee - Barbara Griswold and Cassandra Rocha are members. The crew kept the pools pristine again this year. The lap pool had an algae problem at the end of the season. Chris and Toby have begun to use a different source for the chemicals and a different quantity of algicide when the problem begins. The Board voted to allow Chris to call in an outside pool company to help with this problem. The Pool Committee will be evaluating the Rules and Regulations regarding pool passes. Last year in 2016, 8 late pool passes were handed out and this year 32 late pool passes were given out after having held (3) three hour open houses in the clubhouse to give the passes out. This seems to be an ineffective system. Homeowners and their guests were reminded to read the rules posted outside the gates. Glass beer bottles and cigarettes were reported to have been used in the pool area. If glass is broken on the cement around the pool, the pool has to be drained and refilled to provide safety for swimmers. This is at least 2 days of down time for the pool.

4. Welcoming Committee - Martha Blanton - Chair and Barbara Griswold member. The committee is being revamped with new literature being composed to be given to new residents. Jeff asked for other residents to consider helping on this committee.

5. Library Committee - Donna Dillenback - Chair. The library is great! There have been no problems.

6. Social Committee - Martha Blanton is a member. Volunteers are desperately needed. The Christmas potluck will held on Sunday, December 10, 2017. There is no time set yet.

7. Nominating Committee - Donna Dillenback - Chair, Abby Marsh and Rebecca Klein are members. Donna presented the list of two candidates who volunteered to run for the Board. Both candidates have been serving interim terms due to Board members resigning. There were no nominations from the floor. Barbara Florey and Cassandra Rocha both addressed the residents and stated why they felt they should be considered for the Board. A motion and second was made for the acceptance of Barbara Florey to join the Board. A voice acclamation made it so. A motion and second was made for the acceptance of Cassandra Rocha to join the Board. A voice acclamation made it so.

5. Reports of Special Committees

1. Parking Committee - Debra Rickard - Chair, Peter Kandell, Cassandra Rocha, Kathy Mehlmann, and Barbara Florey are members. Before any changes can be made in the parking situation the word "temporary" in our Rules and Regulations had to be defined. It has now been defined as parking no more than 3 consecutive days and nights and after that a pass from Chris is required. An outside company will be monitoring cars in guest spaces and residents and guests that are moving their cars on to the street after 3 days and then back into guest parking after a night or two, will be noticed and fined.

6. Reports of Officers

1. Treasurer's Report - Kathy Mehlmann, Three Fountains Treasurer, gave highlights from the Three Fountains unaudited Financial statements as of August 31, 2017.

1. 2016 Audit Report was approved by the Board via email in May 2017. The Board also voted to retain Dix Barrett & Stiltner P.C. as Three Fountains CPA firm for this year.

2. Unit 0058 Receivership - The problems began 2014 but due to the work of the Board under the leadership of Jeff Rickard, the receiver, LCM Capital Management, and the Three Fountains attorneys, Three Fountains was able to recoup all the funds owed to the association except for \$172. This includes all past due assessments, late fees and interest, legal fees, receivership expenses, collection fees and repairs and maintenance expenses. The check was received in August 2017.

3. Building 42 - One unit in the building has had problems with the shake roof leaking where an air conditioner had been placed by the builders. On September 12, 2017, the Board

approved, by using the line of credit, funds to repair the building this fall. The estimate from B & M Roofing is \$40,000 + bond expenses + extras that may be needed.

4. 3230 S. Oneida Way - Recently the unit sustained extensive damage due to clogged gutters and downspouts. Three Fountains insurance will not cover the damage. This is one of the units that the downspouts go through the interior walls rather than being placed on the exterior of the building. One bid from the homeowners contractor was for \$57,000 and the second bid from a contractor that Three Fountains insurance company recommended was for \$37,470.

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| OPERATING CASH | \$ 286,227 |
| General Reserve (Long Term Projects) | \$ 21,362 |
| Capital Reserve (Investments) | \$ 925,704 |
| Total Cash | \$ 1,233,293 |

Accounts Receivable: \$ 3,152

Decrease is due to payments received for property in foreclosure. Three Fountains currently has two units on payment plans. Payments are being received monthly.

Fixed assets: Fixed Assets (net depreciation) \$ 245,587

OPERATING FUND - Unaudited August 2017 Income Statement

Revenue: Assessments:

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| Assessments (\$400/mo) | \$ 677,532 |
| Transfers to General/Capital | (165,696) |
| Total Assessments | \$ 511,836 |

Total other income \$ 40,838

Other income includes an easement payment of \$37,100 received from Comcast. This is offered every 10 years.

Expenses:

Building, recreational facilities, grounds and salary expense all have YTD favorable variances.

Utilities: Water and Sewer \$ 52,897
Unfavorable variance of (\$5,791) due to increased water usage

Three Fountains has been told it needs to add back flow preventers to our three meters. The Board approved using C&L Water Solutions to complete the upgrade at a cost of \$55,750. There is an additional cost of \$7,000 for a commercial electrician to attach electricity to the preventers.

Administrative: Total \$ 95,340

The unfavorable variance is primarily due to increased insurance costs since Three Fountains changed the vendor to have full replacement cost coverage and prepayment of taxes for the current year. Unfavorable variance (\$7,545)

Overall Favorable Budget Variance for 2017 Operating Fund is \$ 44,394

GENERAL RESERVE FUND - Unaudited 2017 Income Statement

Expenses:

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| Roof Replacement: 2017 - Budget \$230,000 | \$ 210,604 |
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In 2017 Three Fountains replaced roofs on 5 buildings. The Board has agreed to complete building 42 this fall.

3200 - floor replacement and sub-basement replacement \$ 7,460

Overall favorable Budget Variance for 2017 General Reserve Fund is \$19,803.

CAPITAL RESERVE FUND - Unaudited 2017 Income Statement

Revenue: Dividends/Gains \$ 20,523

Expenses: Investment fees \$ 6,686

Three Fountains investment account is held with UMB. It is a conservative platform with 15% - 40% able to be held in stocks, 40%-80% in Bond Funds and 20% in Money Market funds.

Three Fountains has a \$400,000 line of credit with UMB that was not used in 2016.

Property values are going up. A unit on Girard sold for \$406,000 cash.

Jeff asked that the audit be approved - approved

7. Election of Mangers - covered under Nominating Committee

8. Unfinished Business

1. 3287 - receivership covered under unit 0058 under Treasurer's report
2. Building 42 - covered under Treasurer's Report
3. 3230 - covered under Treasurer's report

9. New Business

1. Backflow preventers- 3 bids were received: \$75,000, \$54,000 and \$36,000. The \$54,000 bid was chosen with \$7,000 more needed for a commercial electrician. The crew will do some of the electrical work. An extension has been given by the city for the 60 day completion.

2. The Board and the Finance Committee are reviewing options on accelerating the roofing project. \$950,000 was designated originally for this project.

3. There was a death in Three Fountains that was not discovered for 3-5 months. It presented a fly problem for the units adjoining the property of the deceased. Jeff received many calls from concerned neighbors about the HOA's responsibility in this situation. He wanted to be very clear the Board or Chris cannot go into a house, they cannot call police for a well- fair check. That is for family members only.

10. Homeowners Forum

1. A homeowner suggested that gutters be cleaned out with a hose for 15 minutes.

2. Jeff stated the exercise equipment has been put on hold until the cost of all the unforeseen expenses has been determined.

3. A homeowner suggested that Three Fountains should change their auditor every 5 years. She asked where the audited financial reports were and was told they are on the Three Fountains website and in the maintenance office for review.

4. A homeowner asked if Three Fountains borrowed from the line of credit if we paid back both principal and interest. Jeff said yes and that it had to be paid back in 10 months.

5. Parking regulations could begin in 30-45 days.

6. Jeff reminded everyone that Board Meetings are on the 4th Tuesday of every month unless a holiday interferes. He encouraged everyone to attend.

11. Adjournment - the Semi-Annual Board of Managers meeting is scheduled for 6 months from the Annual Meeting. The meeting was adjourned at 8:10PM.

Submitted by Barbara Griswold, Secretary

Semi-annual Board of Managers Meeting

March 27, 2018 at 7PM

DRAFT