

Palomar Hills Community Association, Inc.
Board of Directors Meeting Minutes
Held via ZOOM video conference
May 18, 2020

Joe Clabes, President - Present
Jeannie Hixson, Vice President - Present
Brad Kerkhof - Present
Jay Hierro - Resigned

Matt Malone - Present
Donna Potter - Present
Signe Dunn - Present

Neighborhood Presidents:

Sara Janes, Townhomes - Present
Todd Taylor, Olde Bridge - Present
Karin Iorio, Crossings - Present
Trisha Dang, Greens - Absent

Michael Schwab, Villas - Present
Josh Fee, Meadows - Present
Linda Smith, Woods - Present
Don Hollis, Glades - Present

Others in attendance: Chuck Hord, Peter and Sharon Woollam, Ross Tekulve, Tom Roentz, LaShawn Fuguate, Tony McPeek, Leslie Nickols, Sara Demuth, Paula Johnson, Jay Conne, Jeff Heath, Haroletha Klausung, Yvonne Thompson, Howard Coleman, Greg Mitchell, Martha Deener, Nikki Reichert, Scott Frazier, Charlie Brown, and others logged in via Zoom.

The meeting was held via Zoom due to COVID-19 and social distancing requirements. Joe Clabes called the meeting to order at 7:00 PM

Minutes: The April 20, 2020 minutes were reviewed. Brad Kerkhoff made a motion for the minutes to be approved, Signe Dunn seconded. They were unanimously approved.

Guest – Chuck Hord – Breeding Henderson & Hord PLLC

Chuck Hord with Breeding, Henderson & Hord, PLLC, agreed to speak with the neighborhood about its audit and review request for 2017, 2018, and 2019. His firm and other firms submitted proposals. The cost of an audit is significant from \$15,000-22,000 and review is \$9,600 to \$12,100.

Mr. Hord stated that he obviously has submitted a proposal to the Board to complete an audit or review. He provided, when submitted, an in depth statement discussion about the difference between an audit and review and what to expect to be provided to the Board once any is completed. He also wanted to share his experiences with similar organizations including HOAs, condo associations and community associations who are looking at some analysis of their financials. Unless a loan document, bylaws or charter require an audit, generally the better bang for the buck is to set up specific procedures to be tested. An audit will review the complete set of financial statements including the balance sheet, income statement, cash flow and include footnotes and disclosures and accounting policies. He believes unless required the best use of dollars might be spent differently. He reviewed PH 2019 financial statements. A significant portion and probably in his mind the assets most residents could be concerned about are: the cash and money market accounts. His PLLC completes a lot of agreed upon procedure testing. They can review bank reconciliations, make sure proper documentation and authorization is completed on payments and get a sample of receipts for dues to test.

Board members asked questions. Donna Potter wanted confirmation that there has never been a full audit since Palomar Hills was formed. Joe Clabes stated a financial review was completed for 2008. Chuck Hord reminded the audience during discussion by board members that an audit would not look at 100 percent of transactions it is just selective testing. The outcome might not give any specific assurances. There was discussion that the townhomes is having a reserve study that will look at maintenance of their many structures and set up priorities of spending and maintenance. Some board members expressed an interest in that. Mr. Hord noted that Palomar Hill HOA has about \$390,000 of facilities and improvements and that number has seemed to remain close to that since development.

A resident noted that until we determine the purpose of the audit or testing, how can we determine what to do? There would be different testing if the goal is to provide assurances to neighbors that the finances are being maintained properly or if there is a suggestion of malfeasance. After discussion about the need, the Board discussed forming an Audit Committee. Donna Potter made a motion to form an Audit Committee; there was a second by Matt Malone. It was unanimously approved. Brad Kerkhoff agreed to chair the committee. The structure would be at least one member of the board and each neighborhood president should nominate a resident from their neighborhood that has expertise and would be willing to serve. The Committee will report back to the Board in 60 days.

Financial Report: Jeannie Hixson, Interim Treasurer, gave the report. Palomar Hills is on track for budget purposes. April expenses are mainly normal and for maintenance for the pool to be ready should we open and spring clean-up for the park and common areas, including tree trimming on Valencia, MOW and inside the pool, and muskrat removal at the pond. For 2020 capital expenses- the clubhouse deck has been pressure washed and sealed as well as the Lyon Drive fence and the ash borer treatments have been completed. Matt Malone made a motion to approve the financial report, it was seconded by Signe Dunn. It was unanimously approved.

Modification Request- 3989 Palomar Blvd. (Hannah) - The resident requested a 6 foot fence on the area of his yard backing the Heath property that lives on Peppertree Dr. The Palomar Hills rules allow for a 5 foot fence so the resident was asking for a variance. The resident was not on the meeting call. His request stated that the Heath family was in favor. Jeff Heath stated he was not in favor. Jeannie Hixson made a motion to deny the request for a 6 foot fence, Brad Kerkhoff seconded. All voted in favor of the motion but Donna Potter abstained from vote.

Neighborhood Reports:

Crossings - Karin Iorio - No report

Glades - Don Hollis - No report

Greens - Trisha Dang - Absent

Meadows - Josh Fee - Expressed his appreciation to the Board for volunteering their time to the neighborhood and Brad Kerkhoff for volunteering to Chair the new Audit Committee.

Olde Bridge - Todd Taylor - No report

Woods- Linda Smith - No report

Townhomes – Sara Janes - townhomes are meeting tomorrow for its board meeting. The townhomes have included trash in their townhome maintenance fee for many years. No governing documents state that it should be included in the fee so each homeowner will begin paying their own bill. The Reserve Study has been delayed until June because of Covid.

Villas - Mike Schwab - Valencia was paved and the fence surrounding the Villas continues to deteriorate.

Old Business – Joe Clabes announced that Board Member Jay Hierro has resigned from the Board. He asked Cindy to advertise the Board seat opening for the remainder of Jay’s term through June 2021 on the Blog.

Resident Business - Residents asked about the tennis court openings and why there was a need for an attendant at the tennis courts. Part of the reasoning for hiring the attendant was that they could move to the pool if it opened this summer. Also, guidelines from the Governor and the city discuss measures to stop the spread of COVID. The attendant keeps touching to a minimum and prevents non-guest players from entering the courts. There were reports of unauthorized players prior to the tennis court closing. LFUCG has taken down every other net at the city courts. Palomar only has four courts so that was hoped to be avoided. Several residents noted problems with hours, had problems with the attendant being there. The Board took these comments under advisement.

Jay Conne of 2032 Glade Lane discussed the paver patio and retaining wall being built in his yard. It was discussed at the April 2020 board meeting. He has had city water management visit his home as well as KU both saying the HOA had reported problems. Upon inspection both said his project was in compliance. Jay Conne stated that his neighborhood president is making the calls using the authority of the HOA. Joe Clabes said that the Board has not deputized any President to work or speak for Palomar Hills but noted for these agencies a concerned neighbor can make a report. Don Hollis states his calls were as a resident not as neighborhood president. In addition, Jay Conne asked the Board to require his neighbors to allow him to access his backyard by using their property. The Board stated it does not have the power to do this. It is between him and his neighbors.

A resident asked what the Association’s stance was on temporary kiddie/inflatable/above-ground pools in resident’s yards. Joe Clabes said noting the extreme circumstances of COVID-19 and the fact that the PH pools may not open or if they do some still will not be comfortable, the Palomar Hills Community Association won’t enforce the express provision that does not allow above-ground pools in the association master documents through October 1, 2020. Of course any such pool must be temporary since they must be removed by October 1, 2020. The Board hopes neighbors will understand.

Brad Kerkhoff noted a resident’s request for mosquito spray in the common areas. Cindy will look into it.

Manager’s Report:

Collections

PHCA currently holds liens on four (4) properties, with outstanding balances totaling \$2,248. One new lien was filed as homeowner became 90 days delinquent. One lien was paid off and the lien released.

Maintenance

- Replaced all broken irrigation heads in islands
- Pressured was adult pool deck
- Turned irrigation on at Harrodsburg Road entrance

- Repaired streetlight in townhomes
- Replaced photocell at clubhouse parking lot
- Made several repairs to irrigation system in townhomes
- Replaced several broken irrigation heads in townhomes
- Repaired irrigation line at Glade Lane island
- Drywall repaired and painted ceiling in clubhouse
- Added chlorine tablets to pools
- Replaced light fixture in gazebo
- Replaced electric receptacle in gazebo

Miscellaneous

- Mailed letters to several homeowners not in compliance
- Clubhouse deck has been pressured washed and sealed/stained
- Fence on Lyon Drive has been pressured washed and sealed/stained
- Routine maintenance of HVAC equipment for clubhouse completed
- Landscaping for Palomar Boulevard islands has begun
- Input maintenance requests information into townhome computer system
- Posted on BBB website need for roofing contractors to give estimates for roof repairs at the townhomes

At 8:33 PM, Brad Kerkhoff made a motion to adjourn and seconded by Jeannie Hixson. It was unanimously approved.

Minutes submitted by Jeannie Hixson