

Minutes of San Clemente Estates Board Meeting for May 23, 2022

The San Clemente Estates (SCE) Homeowners Association (HOA) Board of Directors (Board) met by zoom on May 23, 2022.

Board Treasurer Brisa Garcia and Board President Marise Textor were present, and Board member Karen Foster was absent. With two of the three board members in attendance, the meeting had a quorum.

Additional attendees included:

- Patty Russell – Chair of the Architectural Review Committee (ARC) and owner of property at 456 and 454 Rocky Pointe
- Robert Moreno – 367 Rocky Pointe
- Paul and Carmella Covington – 401 Lechuguilla Court
- Sheldon Wheeler – Representative of Dana Properties (DP), management company for SCE

The notice for the meeting was sent via email by DP to SCE property owners with a valid email on file with DP and posted on the DP's webpage for SCE at: http://www.danaproperties.com/danaprop/document_category.asp?cat_id=118&name=San+Clemente.

The Meeting followed this agenda:

1. Determination of Quorum
2. Approval of minutes of January meeting
3. Financial report year-to-date
4. Comments from Property Owners (limit to 3 minutes each please)
5. Old Business
 - a. Finalize details of path forward to seek membership vote for an increase in the annual assessment (dues) and a one-time special assessment
 - i. Amount of each
 - ii. Explanation for each including list of currently unfunded needs
 - iii. Information package
 - iv. Ballot and Proxy
 - v. Date for initial meeting
 - vi. Location of initial meeting
 - vii. Generating interest in attendance
 - viii. Other details
6. New Business
 - a. Establish a non-refundable portion of the construction deposit to contribute towards the Construction Liaison payments as a professional consultant in accordance with Article XV Section 15.01 of the Bylaws.
7. Meeting Adjournment

Brisa moved and Marise seconded to approve the minutes of the March 8 meeting of the Board. The motion passed unanimously.

Brisa gave a financial report indicating that we are in the black so far this year since we invoice for the full year in January but that our budget has a deficit of \$11,600 based on expenses. The budget was based on the prior five years of actual expenditures without accounting for current inflation. Of the delinquent property owners for dues payments, only one property owner still owes more than \$100. Marise recently located what appears to be the current address for the owners with the large outstanding balance and provided it to Sheldon, who recently sent them a new invoice and demand letter to that address.

Property owners in attendance were invited to make any comments. Comments were general in nature and homeowners are interested in being more involved

Under Old Business, the Board discussed the details to move forward with a property owner vote to increase the annual assessment (dues) and levy a one-time special assessment. If approved, the annual increase will help the HOA to collect sufficient funds to maintain a balanced budget over the next several years. If approved, the one-time special assessment will provide a working fund to support moving forward with larger maintenance and repair projects as needed such as asphalt maintenance.

Marise summarized the requirements for a property owner vote to allow the one-time assessment and the annual assessment increase to move forward. The Board may increase dues by up to 5% per year on its own vote, which the Board voted to do about four years ago, to increase by 5% per year in perpetuity to address inflation and start to build an asphalt maintenance fund. The following year after that initial vote, the Board reaffirmed the vote. However, we learned late last year that the amount was not sufficient and the asphalt fund had dwindled to zero and we did not have sufficient funds to cover the full year. A larger increase or a special assessment both require a vote of property owners, per Article IV, Covenant for Maintenance Assessments, in the Amended and Restated Declaration of Covenants, Conditions, and Restrictions:

- Both a special assessment and an annual assessment more than 5% greater than the prior year's annual assessment may be approved by a vote of 2/3 of the members who vote either in person or by proxy at a meeting duly called for this purpose.
- Written notice for the meeting shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting.
- At the first such meeting called, the presence of members or proxies entitled to cast 60% of all votes shall constitute a quorum.
- If the required quorum is not present at the first meeting, another meeting may be called and the required quorum at the subsequent meeting shall be on-half of the required quorum at the preceding meeting.
- No such subsequent meeting may be held more than 60 days following the preceding meeting.
- We have 82 lots, so a quorum at the first meeting equals $0.60 \times 82 = 49$, and a successful vote is 2/3 of the number voting. If exactly 49 vote, it would pass with 33 votes in favor. For the second meeting, the quorum would be $49/2 = 25$. Again, a successful vote is 2/3 of the number voting, so if the number voting is exactly 25, it would pass with 17 votes. In either case, if more than the minimum number for the quorum vote, then the number needed to pass increases accordingly.

Marise also showed a list of unfunded needs for the SCE community including:

- Replace dead and dying plants in common area landscaping. Ongoing need.

- Clean up the trash in the arroyos, culverts, and natural common areas (area not landscaped) – minimum two times per year. \$2100/cleanup (based on recent quote). Ongoing need.
- Re-do the median on Rocky Pointe. May be able to get some of all of the cost from one or more builders, but that remains to be seen. One-time need, possibly two-time need.
- Build a fund for asphalt and major road maintenance (our roads within the gate are privately owned by us so the City of El Paso has no responsibility to care for them.)
- Install working camera at the front gate and maintain footage on cloud storage for retrieval as needed. (For example, when someone recently drove into the gate and severely damaged it and the mechanism, we had no camera footage and therefore could not identify who was at fault.)
- Maintain a fund for significant repairs – e.g., gate, gate mechanical, gate electronics, lamp posts, canyon bridge, medians, signs.
 - Recent quotes to repair the gate ranged from \$4500 to \$7500. We could not afford to pay for this, and a homeowner in the construction business repaired it at their own cost.
 - Annual major sprinkler repairs – our water bills have crept up, possibly due to leakage or maybe overwatering. Landscape contract only calls for doing minor repairs with equipment they have on hand in the truck when they do routine maintenance. In any event, the landscaper charges us for all sprinkler repairs.
- Conduct a periodic financial audit – maybe once every 3 years? We are overdue for one. Article VII of the Bylaws, paragraph 7.03(j) allows for one-third of the property owners to request a financial audit.
- Cover future increases in costs for services such as the management company (who has not raised their charges to us in several years) and the landscaping company.
- Replace the sprinkler system every 10-15 years as it deteriorates (needed now).

Note: San Clemente Estates shares the costs of maintenance of the median on N. Stanton Street on this side of Festival with the other communities. Although the City of El Paso maintains N. Stanton St., they do not maintain this median. The communities on this side of N. Stanton St. have agreed that it enhances our property values to maintain the median. Therefore, landscaping, water, plant replacement, and sprinkler repairs of this section of N. Stanton St. median are shared costs.

The list is not prioritized nor is it intended to be all-inclusive. If anyone knows of anything to add to the list, please bring it to the Board attention.

The Board reaffirmed their vote from the March 8, 2022, meeting to seek an increase to the annual assessment, to \$1200 per year for the assessment. The discussion centered around the need to address several currently unattended issues such as replacing dying plants, maintaining and/or replacing the sprinkler system which may be at end of life, routine trash pickup in areas not serviced by the landscaping company such as the arroyo, etc.

Brisa moved and Marise seconded to seek an additional one-time assessment of \$1000 per lot to establish a reserve fund for major maintenance. The motion passed unanimously.

Homeowners in attendance were asked to voice their thoughts on these amounts, and they stated they understood the need and suggested that we provide background information to the homeowners to explain the needs and the amounts.

In preparing a package of information for property owners to consider for the vote, the Board agreed to include the following:

- 5-year financial history and 2022 budget
- List of unfunded needs
- Any quotes for major maintenance (we have gate quotes and asphalt sealing quotes)

Towards that end, we assigned an action item to Sheldon to get quotes to re-do the median on Rocky Point and on the lower part of Lechuguilla, two quotes with one for rock and one for brick, and the Rocky Pointe quote to be split into two portions.

The Board agreed to hold the meeting of property owners for the two votes on July 17, 2022, at 4:00 p.m., in person. Karen Foster previously offered her home for the meeting.

Since we have never had this required quorum of attendance at a meeting, we will pursue a door-to-door campaign to generate property owner interest, with a handout. Patty and Brisa volunteered, and Karen previously volunteered to help with this.

The Board also discussed what we would do about the budget deficit if the votes do not pass. We agreed that our only option will be to hold fixed expenses down within the amount of funds collected for the year's budget. In other words, the level of maintenance and repair will decrease at a time when it needs to increase to maintain the community and associated property values.

The Board agreed that we should hold another Board meeting on July 11, 12, or 13, just prior to the meeting of the property owners. Marise will scheduling it and prepare the notice.

The meeting adjourned at 6:15 p.m. without addressing the new business, as Board President Marise Textor needed to leave the meeting for an unanticipated issue. The agenda item will be carried forward to a future agenda or addressed via an email vote if appropriate.

Key Decisions:

1.	Seek a property owner vote to increase the annual assessment to \$1200 per year and to seek a one-time special assessment of \$1000. Schedule the meeting for the vote for July 17, 2022.
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Tasks and Action Items:

	Owner	Due Date	Task
1.	Sheldon	June 3, 2022	Obtain quotes to redo medians on Rocky Pointe and lower portion of Lechuguilla. Get individual quotes for rock and brick, and split Rocky Pointe into two portions. <i>Status: Request sent to Brad Gelo and followup email sent, no reply yet. Marise spoke to Brad, who will try to develop an estimate for rock only by June 6.</i>
2.	Marise	May 31, 2022	Draft the meeting notice and ballot for the July 17 homeowners meeting to vote on the special assessment and annual assessment increase.
3.	Marise	June 5	Schedule a Board meeting for July 11, 12, or 13.

Meeting minutes respectfully submitted by Marise Textor, Board President and Secretary, May 31, 2022. Approved during July 11, 2022, Board meeting.