

Minutes

Reflections of Walnut Creek II Owners Association
Board of Directors Meeting
September 23, 2011

Attending

Rita Pierson
Michelle Parriott
Carter Rowles
Kate Valish
Adriane Simons, Beck & Company

The meeting was called to order by Rita at 3:05 pm. Four of five board members were in attendance along with Adriane Simons, property manager. Carter provided the proxy for Swayne.

Minutes From The Previous Board Meeting

Michelle made a motion to approve the September 6, 2011 board meeting minutes and Carter provided a second to the motion. The board voted to accept these motions.

Financial Report

The board reviewed the 2012 draft budget and asked any pertinent questions which were answered by Adriane of Beck & Company.

Review Analysis of Increase in Dues vs. Special Assessment

Carter reviewed the analysis in its entirety as well as the data behind it to get an understanding if increasing monthly dues or continuing with a special assessment makes the most financial sense for all owners. The current reserves level has an approximate shortfall of 19%. It was determined that there are still other options outside of raising monthly HOA fees that provide recovery of the 19% shortfall.

It was noted that on the reserve analysis the life expectancy of the paint is calculated at 8 years. Carter has contacted a number of reputable paint vendors to discover that the current quality of paint available on the market has a life expectancy of 10-12 years and not 8 years as is currently forecasted. If the life expectancy of the paint on the reserve analysis is changed from 8 to 10 years it would essentially give the HOA the reserve needed and puts the budget closer to what is needed to execute these projects.

The owners have historically voted in favor of special assessments being administered. The board decided to table the prospect of raising HOA fees for the time being however acknowledged that this prospect needs to be reviewed on a regular basis to determine what approach makes the most financial sense given the current conditions.

Carter made a motion to table the prospect for the time being and Michelle provided a second to this motion. The board also approved to change the life expectancy of the paint from 8 to 10 years on the current reserve analysis.

Delinquency Review

The board reviewed all delinquent accounts and discussed the appropriate next actions for the accounts.

Landscaping

Rita will be meeting next week with Jeff from ProScape to discuss options for plant replacement for losses caused by the drought. There may be an opportunity to take advantage of recent reimbursements offered by the City of Austin for removing St. Augustine grass and other varieties that do not withstand the dry conditions. Rita will also be reviewing zero-scape opportunities with Jeff. It should also be noted that the drought conditions have currently been forecasted to continue through most of 2012.

Insurance Premium Renewal

FHA and Fannie Mae rules have changed.

- a. Ref II may be insured at \$63 per sq. ft. per Fannie Mae needs to be about \$75 per sq. ft. Higginbotham (broker) is reviewing these insured amounts to see if premiums should increase. Premium may have to go up slightly to get this closer to \$75 per sq. ft.
- b. Also, FHA and Fannie Mae would like the structure to be insured at 100% replacement cost.
- c. FHA and Fannie Mae are not comfortable with the Beck POOLED insurance policy
 - i. How does this work: All properties are insured under one policy for Beck and Company
 - ii. Each association is covered based upon its total square footage, building construction, roof type and age.
 - iii. Board can consider insuring for 100% replacement cost or ask how many buildings will you lose in a loss – Adriane to ask this question as well as what 100% replacement cost actually is.
 - iv. Deductible is currently \$10,000

Sewer Line Repair

The board reviewed sewer line repair #72 and approved moving forward with Star Tech service.

Carter made a motion to adjourn the meeting at 4:42 pm and Michelle seconded. The board voted to accept these motions.

Minutes submitted by Kate Valish, Secretary.