

**West Fork Village Executive Board Meeting
June 14, 2012
Agenda / Minutes**

1. Adam called the meeting to order at 6:38 p.m.

Board Members present:

Adam Lowrance - President - Unit 605
Rosann Holman - Vice President - Unit 711
Anita McAllister - Treasurer - Unit 610
Herb Davidson - Secretary - Unit 1502
Dean Bodwell - Voting Member - Unit 1403

Others present:

Travis Ryan - W.F.V. Manager - Unit 1602
Mary Davidson - Unit 1502
Betty Sullivan - Unit 612
Pat Pope - Unit 301
JoAn Nickel - Unit 804
Jean Sherrod - Unit 1104
Dyane Tower - Unit 605

2. **Unfinished Business**

Adam explained why he chose to have an open meeting. He said that this is the last meeting before our elections and the Board has no one requesting an audience with the Board. The audience was told that audience participation was by Board invitation only, in that this is not a scheduled General Meeting.

- A. Approval of May 17, 2012 Minutes**

Adam moved to accept the Minutes as submitted. Rosann seconded the motion, and all voted in favor thereof.

- B. Storm Doors**

Travis explained what has transpired to date. Travis said that two of the four Owners with non-conforming doors have refused to bring their doors into compliance, and have instead retained an Attorney. Adam explained the process the Board has taken on this issue to the audience. Herb read our Attorneys legal opinion on this issue. Basically, the Attorney was not supportive of taking any legal action, but instead suggested we give the Owners some options. It was noted that the Board had already given these Owners several options. These Owners allege that their doors have been in place for about 5 years, and that they had been given permission by the then Manager to install them. Dean Bodwell stated that Howard had given the requirements to one Owner, but then that Owner installed something else. It was decided to kick it back to the Attorney as to whether we can legally paint the outside of the storm door. Travis said he would contact the Attorney. Travis will also ask if we can bill the cost to the Owner if we do paint the door.

- C. Storm Door Letter Signing, Additional Letter Signing**

This topic was set aside.

- D. Owner/Non-Owner Ratio - 83/97**

Adam explained to the audience that this problem has been batted around for years and nothing was done about it until now. He explained he had visited with a person working for Wells Fargo, and was told the highest percentage of Non-Owner occupancy they would consider is 45 percent.

They do however loan to people that want to purchase a second home, and will be spending at least 14 days out of the year in the second home. Adam suggested that perhaps some of the Non-Resident Owners might be willing to reclassify their Unit as a second home instead of a rental. He suggested that a questionnaire could be mailed to all of the Non-Resident Owners, asking them if they spend at least 14 days in their Unit. There was much discussion on this issue, and Adam said he will look deeper into this, to determine the legal ramifications of it. Anita asked Travis if he is requesting a copy of the Lease Agreement when a Unit is rented. Travis said no. Discussion ensued as to how the Non-Resident Owners could be caused to be more accountable for their Renters, and the screening/selection of same. No action will be taken on this issue until Adam has acquired more data addressing the technicalities.

E. WFV Unit Lease Request Form

The proposed Form was passed around and it was discussed as to who it should be sent to. Anita made a motion to accept the proposed Form with changes. Adam seconded the motion and the motion passed.

F. Window Tinting

Rosann asked if we could make a decision on a window tinting product. The audience was asked for opinions after Rosann's presentation of available products. After much discussion, **Solar Gard - Silver - AG 50 - Low E** window film was suggested as the acceptable product. This was after a sample of all products being passed around for everyone to inspect. Rosann moved to accept the aforesaid product, and Adam seconded the motion. Herb asked if anyone had a problem with the window tinting. Dean Bodwell said he did. Adam asked Dean what his problem was. Dean said it would raise the same problems as the screen doors. Dean Bodwell was the only opposing voice, therefore the motion passed.

G. Unpaid Charge Summary

Travis reported on the status of unpaid charges. The total uncollected is \$4,909.50. Travis informed us as to what actions are being taken to collect the outstanding amounts.

H. Resolution 10 Discussion

A copy of Resolution 10 was distributed to all in attendance. The cost to the Non-Resident Owner (if their Renter is to have Clubhouse privileges) was discussed, and decided to be potentially lower than set out in the Resolution. Anita suggested that the Fee assessed be calculated to cover Common Elements expenses only. It was decided that Anita would calculate that cost and pass it on to Herb. Dean Bodwell suggested that the Renter be considered as a guest of the Owner. Adam said that the idea was good, but that train of thought did not follow with the Resolution and its purpose. It was pointed out that the Owner must accompany his/her guest, thus, the Renter would automatically be banned from using the Common Elements if the Owner lives out of town. Therefore the idea of the Renter being considered as a guest is unworkable. Adam moved to pass Resolution 10 contingent upon Anita generating an acceptable percentage of the then existing monthly assessment. Rosann seconded the motion. The motion passed by a majority vote. Dean Bodwell stated that he does not oppose the Resolution, but is not in favor of it either, so he won't be signing it.

Adam moved that a separate Resolution be drafted stating that Renters not be allowed to bring guests into the Common Elements, subject to approval from the Attorney. Rosann seconded the motion. A vote was not called for.

3. New Business

At this point, Adam presented a document that refutes the accusation that he is not the Owner of his Unit.

The person that had made the accusation at a previous meeting was not present at this meeting. Adam passed the document around for everyone to review, if they were so inclined. Adam said that he was insulted that the issue was raised in what he believed to be an unprofessional manner. He felt he should have been approached personally, rather than publicly.

A. Who is allowed in the Fingerprint System

Travis indicated that this process is unclear. Some actual and hypothetical situations were discussed. Rosann felt that only the Owner or the person whose name is on a Lease should be in the system. It was suggested that if a document could be submitted showing proof of domestic partnership, then the partner of the Owner could be allowed into the system. In the case of a rental, the name(s) on the Lease are allowed into the system. Anita moved that any non-Owner, or person not on the Lease must present written permission from the Owner of the Unit prior to being allowed into the system. Herb seconded the motion. The motion passed with the majority voting in favor.

4. Additional Information Needed to be Discussed

A. Meeting Report with Bruce J. Lichtenberger (Associations Accountant)

Anita explained the reason for meeting with Bruce was to clear up some matters of concern to the Board. All Board Members had been invited to attend the meeting, and those that chose to do so were Anita, Herb and Travis.

The first subject discussed at the meeting was the QuickBooks accounting software. Bruce's office uses QuickBooks, so she believes changing our accounting system (which very few people know how to use) over to QuickBooks should reduce our accounting cost. Anita explained the various versions and their cost. Anita suggested that the actual transition take place at the beginning of 2013, giving Management time for training and getting the system ready to use. Bruce will submit a quote as to training cost per hour, and a flat fee charge for training. Bruce suggested the hourly rate might be the least expensive if Travis catches on rather quickly. Anita said she is very familiar with the program and will be able to assist Travis. Travis said it should be more cost efficient, because he now inputs all the data into the existing system, then prints it all out and gives it to Bruce's office. After they get it, they then re-enter the data from the printout into their QuickBooks program so they can print out the quarterly reports that Bruce submits to the Board. Adam moved to purchase and transition to QuickBooks. Rosann seconded the motion. The motion passed with the majority voting in favor.

The second subject had to do with Budget changes that Travis needed as a result of the meeting with Bruce. Anita will request a printout from Bruce's office that will define the areas where the Budget needs changed to be consistent with the General Ledger. The changes needed were discussed and resolved.

The third subject was that of IRS penalties that had been paid, and why they had been levied. Anita said that she had performed a short audit to find out what had happened. Following is an excerpt from Anita's report:

There were two instances in 2010 where penalties were assessed by the IRS due to EFTPS (Electronic Federal Tax Payment System) not being set up as required. The requirement to pay by EFTPS when quarterly 941 (federal payroll) taxes goes over \$2,500 in a calendar quarter was enacted prior to 2006. Prior to 2nd quarter, 2010, total 941 taxes were less than \$2,500. In the 2nd quarter, 2010, 941 taxes went above the \$2,500 threshold. The taxes remained there in the 3rd and 4th quarter, and from that point forward. Bruce explained to us that he and Tricia had spoken to the previous managers on more than one occasion and had urged them to set the EFTPS up because penalties would inevitably occur.

They chose not to do this and, as a result, in the 3rd and 4th quarters, 2010, penalties were assessed.

The penalties were not posted as such in the general ledger system. The penalty paid for 3rd quarter, 2010 on 11/27/10, in the amount of \$288.81 was posted as Colorado Use Tax. The penalty for the 4th quarter, 2010, paid on 3/1/11 was posted to Social Security Tax.

Herb mentioned that these penalties had never shown up in the minutes of past Board meetings. Bruce concurred that he had only discussed it with the managers and in addition, Tricia had offered to come over to West Fork Village and help them set it up.

As a result of the history of penalties assessed in 2010, and because until Travis took over in 2011, the EFTPS still had not been set up, another penalty of \$1,208.90 was assessed for 1st and 2nd quarter, 2011 (received and paid on 4/02/12). In the mean time, Travis followed the direction of Tricia and set up the EFTPS so that West Fork Village would be in compliance. Travis brought this additional penalty notice to the Board's attention, and as Treasurer of the current Board, I felt it was my duty to audit the situation to see what had happened. On April 13, 2012, I researched and found the original two penalties. I feel it is still worth writing a letter to the IRS to see if they will waive at least a portion of the last penalty, due to the change in Management, and that Travis wasn't aware of the situation until after the fact. Bruce agreed with this point and suggested we write the letter.

Anita reported further on the Internal Revenue Code 6672. Following is an excerpt from Anita's report:

Bruce explained to us in our meeting that the IRS is now imposing a "100 percent penalty" as well, as in our case as an HOA, the Board itself can be held financially responsible for any deficiencies. This is particularly important for the Treasurer and President, as Board members who sign checks. Simply the act of signing checks can cause them to be held personally responsible by the IRS.

The question was asked by a member of the audience, as to whether past management had cost the association nearly \$2,000, and Anita said no, it is more like \$1,800. Adam noted that perhaps future Board nominees should run for a specific position on the Board, based on their qualifications, instead of it being more of a popularity contest. There was a lot of discussion that followed on this topic. Dean Bodwell spoke up and wanted to set the record straight on whose fault it was that we were penalized. Dean said he is going to add his clarification at the July meeting as to whose fault those penalties are. Dean said he does not agree with Bruce and Tricia as to how the penalties came to be. Anita asked Dean if Bruce's office told them of the \$2,500 threshold, at which point penalties would be assessed, and Dean said no. Dean said that Bruce and Tricia said eventually they would have to begin paying the taxes monthly, but didn't tell them when. Anita asked Dean if when they received notice of the penalty, did they go to Bruce and ask him if we can go forward and not pay anymore penalties. Dean said Bruce called it a late fee. Anita explained why it is called a late fee, and offered to tell him when the penalties were paid. Dean said "lets just forget it". Anita said she didn't think we should just forget it, because we paid penalties we should not have had to pay. Dean said "that's right, we did". Anita said she doesn't want Travis to get blamed for penalties he knew nothing about. Adam said he doesn't remember of IRS penalties being brought up at any Board meetings, and Anita said that it was probably because they were never categorized as penalties on the financial reports.

B. Certified Management of Community Associations

Travis informed the Board that he is going to pursue getting certified as a Manager. It will entail two and one half days of class work, and that will cover multiple aspects of management. There will also be annual continuing education classes that will be required, in order to retain the certification. Travis said that initially the cost to him will be \$800, and after obtaining the certification, he will probably ask the Board for reimbursement of that expense. Travis was congratulated on taking the initiative to become certified.

5. Adjournment

Adam adjourned the meeting at 10:00 p.m.

Next Meeting: July 19, 2012

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Bob Peterson Helmen

Alan Hunter Pres.

Anita