

Special Meeting - Transition
Executive Session
Yoakum Run Homeowners' Association
Lester Miller's Home
21 September 2019

Lester Miller, President, called the meeting to order at 9:00 AM

BOARD MEMBERS PRESENT: Lester Miller (LM) - President, Robert Foster (BF) - Vice President, Diane Kaufman (DK) - At Large, Robert J. Cherry (BC) - Treasurer, Greenleaf H. Smith (GS) - Secretary.

This Special Meeting was convened to address financial management, budgetary matters and planning, road repair planning and administrative management.

Financial Management:

1. BC passed forms from Grant County Bank that needed to be signed by LM, President, BF, Vice President, BC, Treasurer, that authorized them to sign checks and manage YRHOA finance matters, as attested by GS, Secretary. As well, GS and DK were required to sign the document as corporate officers. Any signatory changes to accounts will require new signature cards be executed.

2. BUDGET: During discussion of the 2019-2020 budget, it surfaced that there was no documented former Executive Board Meeting at which the budget was discussed and approved. Hence, BC made the following motion:

Motion: I move that the (current) EB declares the 2019-2020 budget that was proposed by former president and approved by the members on 20 July 2019 to be invalid, null and void for the following reasons:

1. WV law requires the proposed budget must be adopted by the EB before it is ratified by the members. There is no corporate record, in the form of EB Meeting Minutes, that was written by former Secretary, or by any other board member, as evidence that the budget was discussed and adopted by an action of the former Executive Board before it was presented to and ratified by the members.

2. The 2019-2020 budget, as proposed by the former president, did not include funding for the primary essential duty of the YRHOA to complete the repair of Yoakum Run Road and a property owner's driveway and yard. Funds were included in the 2017-2018 budget but not in the 2018-2019 and 2019-2020 budgets. Generally Accepted Accounting Principles (GSSP) states that the maintenance, repair or replacement of the road is classified as an operating expenditure which must be funded in the operating budget of a reporting period, which is 1 July - 30 June of every year, and cannot be rolled over from one year to the next.

(NB: In the case of an invalid budget, WV Law requires that the budget last ratified by the members must be continued until the members ratify a subsequent budget proposed by the EB.)

The motion was seconded and received unanimous approval.

The EB discussed best practices in moving forward to ensure that funding would be available to cover essential expenditures and payments. These discussions focused on non-essential expenditures and what could be done. BC made a motion.

Motion: I move that the EB suspends all non-essential, elective expenditures and payments until after all essential expenditures and payments are first made. Suspended elective expenditures include: Canaan Valley VFD donation, limb clean-up and the 2020 annual meeting luncheon.

The EB shall use funds from the Reserve Fund, as needed, to pay for the completion of the road repair project.

The motion was seconded and received unanimous approval.

By using the 2018-2019 budget approval, funds available for essential expenditures will be \$12,813.00. Other anticipated essential expenditures are: snow removal (\$2350.00), office supplies/postage (\$500.00), taxes (\$126.00), web hosting (\$150.00), total (\$3126.00).

The Business NOW Checking account is a critical factor in the business operations of the HOA. It must be able to obligate funds based on the current approved budget. Note that only essential, critical expenditures will be funded during the current fiscal year. In order to be in a position to cover unanticipated costs and other expenses of critical importance to the HOA, this checking account should be capitalized at about 1.25 - 2.0 times the amount of the annual budget, e.g. \$20,000 to \$24,000. The EB supported this figure as a target amount to be achieved over a period of years.

3. BANKING: BC has conducted a review of available financial documentation and has reconstituted electronic files and records to the extent that he was able to do. He noted that the following documentation vital to managing an HOA corporate entity is missing for the period July 2015 through June 2019: ledgers, check registers, deposit slips or registers, minutes of board meetings, tax returns or tax documentation, tax payments, records of member dues payments, late fees or liens. LM will contact appropriate officers of the former board in order to recover any financial documents that are still in their possession.

BC reviewed and reported the status and use of the three bank accounts currently held by YRHOA. They are: Business NOW Checking, Reserve and Capital Reserve.

BC recommended that the currently entitled Reserve Account (\$4047.00) be closed due to inactivity charges that cost the HOA \$5.00 per month. The funds would be folded into the checking account. The currently entitled Capital Reserve will be renamed the Reserve Account and will be reallocated to money market and CDs, so that inactivity charges of \$5.00/month will be obviated. Funds will be allocated as follows: money market (\$15,000.00), 14 month bump CD (\$15,000.00) and 30 month bump CD (\$15,000.00). This action will enable the HOA to avoid inactivity charges and remain in a position to fund essential expenditures that are appropriate and necessary.

MOTION: GS moved that the Reserve Account be divided into three amounts of \$15,000 each, to be placed in the above enumerated accounts, namely Money Market, 14 month bump CD and 30 month bump CD.

The motion was seconded and received unanimous approval.

OTHER:

Website Administration: Sue Rubenstein volunteered to assume responsibility for website administration. The EB supported this addition. As it were, GoDaddy leases the YRHOA Domain to YRHOA on a 10 year basis. Homestead Technologies supports the website at the cost of \$9.99/month and enables the system administrator to create and edit five pages on the website, two of which (members list and minutes/financial documents) are password protected but available to all members.

Insurance: YRHOA maintains two insurance policies; HOA Liability and Director and Officers Liability Policies, administrated by two insurance companies. HOA General Liability Insurance has increased from \$1044.00 to \$1150.00 since May 2015. Directors and Officers Liability has increased from \$947.00 to \$1238.00 since May 2015. Both policies are in effect for three years. HOA Liability runs from September 2019 through September 2022. D&O Policy runs from September 2017 though September 2020.

Critical Essential Expenditure: There is one critical expenditure that must be contracted and completed as soon as is feasible; the completion of the road repair in two places, in front of one home where the road and driveway must be repaired and the road at the other end of Yoakum Run where the utility had to repair a water line but has not yet repaired the road. (NB: The EB will contact CVPSD concerning this repair.) The EB will contact various contractors for estimates of what it will cost and seek to schedule the repairs at the first available date in spring when the work can be done. The EB will also contact YRHOA members to determine who may want to have their driveways paved. The EB will facilitate contact for the member with the paving contractor. Separately, the EB will send an email to the association asking those who want their driveway paved to respond.

Succession planning: The EB held discussions concerning the importance of succession planning for critical positions.

Committees: Given that YRHOA has no legal responsibility for drainage issues, with the exception of drainage through culverts under Yoakum Run Road, the EB determined that there was no requirement for a drainage committee and hence, it is dissolved. Any drainage issues on the individual lots are the responsibility of the homeowner/member. YRHOA is only responsible for drainage under Yoakum Run Road which is HOA property.

MOTION: BC moved that the drainage committee be eliminated as drainage is not a legal responsibility of the HOA under WV law. Each homeowner is responsible for drainage issues on their property.

The motion was seconded and received unanimous approval.

The By-Laws and PC&Rs: Both documents were written in the mid-1980s based on previous similar documents. They are not currently in compliance with current WVA law. Hence, in future, the EB will be taking action to update both documents.

As ARC chair, LM and Bob Rubenstein spent circa four hours trimming branches overhanging Yoakum Run Road. Many thanks are extended to Bob Rubenstein for assisting LM in this endeavor.

The next regular EB will be held on 2 November 2019 at 9 AM at LM's home.

The meeting was adjourned at 12:46 PM.



Greenleaf H. Smith
Secretary

9/28/2019
Date