

MARINA HILLS PLANNED COMMUNITY ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
GENERAL SESSION – September 9, 2009

BOARD OF DIRECTORS PRESENT: Loretta Pierce
Jim Sabatello
Jeff Taylor

BOARD OF DIRECTORS ABSENT: Chuck Johnston
Vito Ferrante

MANAGEMENT REPRESENTATIVE: Kim Hockings
Keystone Pacific Property Management,
Inc.

ISSUES DISCUSSED IN THE SEPTEMBER 9, 2009 EXECUTIVE SESSION MEETING

The following items were discussed during the September 9, 2009 Executive Session meeting:

- A. Executive Session minutes from the August 12, 2009 meeting were approved.
- B. 2010 4th of July carnival contract.
- C. Delinquent accounts.
- D. Held hearing.
- E. Independent sports instructor agreement.
- F. Homeowner fine reversal requests.
- G. Personnel issues.
- H. Violations.
- I. Personnel issue.
- J. New paint colors contract.
- K. Homeowner collection fee reversal request.

CALL TO ORDER

The General Session meeting of the Marina Hills Planned Community Association Board of Directors was called to order by Board President, Loretta Pierce at 6:15 P.M. at the Marina Hills Clubhouse, 31461 Parc Vista in Laguna Niguel, California.

LANDSCAPE REPORT

Amy Crapo from Villa Park Landscape was present and reported the following:

Maintenance Items:

- The slopes along Son Serra and Parc Vista near Chandon were detailed.
- Slope on Parc Vista behind Agia, Corfu and Via Vetti were detailed.
- Tecomaia along Valle Vista below Chamonix was trimmed down.
- Median islands along Marina Hills Drive were cleaned and detailed.
- Color by Niguel Road and Marina Hills Drive monument sign was replaced.
- Color in planter facing Parc Vista by recreation center was replaced.

Tree Trimming:

- Due to the high volume of work order calls for tree trimming, the schedule has increased to three weeks for completion. Some trimming may need to wait for the schedule, depending on species.
- Tree trimming includes thinning and lacing only. Hard pruning, cutting back or topped are not allowed.

Irrigation Items:

- New controllers have been installed.
- Four major leaks have been repaired.
- Vandalism was minor and only a few broken sprinklers were reported
- One controller by the recreation center needs to be replaced
- Central system is communicating with all satellite controllers.
- Remote connection is also working properly. They can control the central system from anywhere an internet connection exists.

Javier Reyes and Jose Noyola were present to review with the Board, the next phase of the landscape renovation project, to remove the rest of the dying Myroporum throughout the community for a total cost of \$335,900.00. This landscape renovation project would be divided up into five different sections and could be completed over the next three years or as the Association has the money to do it.

Jim Sabatello stated that he felt that since the last Board meeting, Villa Park Landscape had not made any progress regarding the items that they said they were going to work harder on. He said that he drives Marina Hills Drive everyday and it doesn't look like the medians are being maintained as there is trash and piles of debris not being picked up. Javier Reyes stated that the medians along Marina Hills Drive will be cleaned once a week. There are also trees on these medians that need to be trimmed because they are hanging down, berried are dropping on the stamped concrete and making a mess and there are weeds. Jose Noyola from Villa Park Landscape explained that they need to pull a permit with the City of Laguna Niguel because when work is being done on Marina Hills Drive; one or both lanes need to be closed. He also stated that they have to bring a special tree trimming crew out to trim these trees. Mr. Sabatello also stated that the color was removed on the corner of Marina Hills Drive/Niguel Road and because Villa Park Landscape couldn't get the right sized color; this area remained bare for about a week. In the future, color shouldn't be removed until the new color has been ordered and is ready to install. Jeff Taylor mentioned that there is still a leak on Marina Hills Drive across from the soccer field in the fast lane.

DELEGATE REPORTS

Vacant, Monaco

George Webster, Bel Fiore – Present. George Webster asked who maintains the park near the soccer fields and Management explained that the City of Laguna Niguel does. Mr. Webster also stated that a homeowner on Sorbonne is leaving their trash cans out all week. Management will send this homeowner a courtesy notice.

Manny Piceno, Terracina – Not present

Andrew Kienle, Vistara – Not present.

Larry Buss, Chandon – Not present

Gaby Buscher, Amarante – Present. Gaby Buscher stated that there are parking issues on Bergamo and a homeowner that is using a fire pit in her front yard on almost a nightly basis.

Calvin Stewart, Siena – Present. Calvin Stewart gave Management a map of the landscaped areas around Siena to show areas along the fire access roads on Pienza that don't look very good. Management will contact Mr. Stewart so he can join us on the landscape drive on October 19, 2009.

Carol Albert, Cabo Del Mar – Not present

Morris Passwater, Encore – Not present.

Richard Butler, Palacio – Not present.

Hector Rodriguez, The Heights – Present. Hector Rodriguez stated that there is quite a bit of dying Myroporum on the slope on Lucca behind the Pallazo homes. Management explained that this area is a part of the next phase in the landscape renovation project. Mr. Rodriguez also mentioned that there seemed to always be trash/debris on the corner of Pallazo/Son Serra. Management will send a work order to Villa Park Landscape.

COMMITTEE REPORTS

- A. Landscape – No report.
- B. Architectural – No report.
- C. Tennis – Hector Rodriguez, the chairman of the tennis committee was present to inform the Board that the committee is trying to recruit additional members. He wanted to remind the Board that there are a couple of homeowners that are misrepresenting the entire community by stating that tennis lessons should not be allowed on the courts. There are a lot of homeowners that want their children to be able to take tennis lessons on the courts so he would not be in favor of having tennis lessons eliminated from the community. Mr. Rodriguez also wanted the Board to know that the tennis committee is very dysfunctional. He feels that the proposed changes to the independent sports instructor agreement that were presented to the Board limit the homeowners' and the Board's rights. The lights on courts #4 and #6 still aren't coming on at night and the patrol officer has to flip the breaker for them to come on.

OFFICER REPORTS

- A. President – No report.
- B. Vice President – No report.
- C. Treasurer – Jeff Taylor gave the following report:

MARINA HILLS PLANNED COMMUNITY ASSOCIATION
Treasurer's Report
For the Period Ending August 31, 2009

STATEMENT OF INCOME AND EXPENSES

Income:

- \$186,790.00 Actual vs. \$175,536.00 Budget.

Expenses:

- \$184,650.00 Actual vs. \$143,118.00 Budget.

Net Deficit:

- \$(47,132.00), including Reserve Deposits of \$49,272.00.

BALANCE SHEET

Assets:

Current Assets:

- \$555,607.00 of which \$495,828.00 consists of Operating Cash.

Total Assets:

- \$2,880,695.00 of which \$2,296,762.00 consists of Reserve Assets

Liabilities:

Current Liabilities:

- \$97,019.00

Reserve Liabilities:

- \$2,296,762.00

Equity:

- \$344,118.00

Surplus:

- \$142,796.00

Total Equity:

- \$486,914.00

Total Liabilities, Reserves and Equity:

- \$2,880,695.00

The Association accounts are in balance. The Association has adequate Current Assets to meet Current Liabilities, and Reserve Assets are at appropriate levels to fund Reserve Liabilities.

Collections/Bad Debt Expense - Most likely due to the current economic environment, we have seen an increase in overdue accounts, as well as an increase in the time these accounts are overdue. We have also seen a corresponding increase in expenditures to collect on these accounts. At the direction of the Board, Management performed a study on the effectiveness of collection expenditures compared to overdue accounts that are eventually collected.

According to Management, "This information does mean that a total of \$14,493.71.00 in late and collection charges were assessed from January 1, 2009 through June 30, 2009. For these same accounts, payments amounting to \$34,775.40.00 was also received during this same time period. This report only includes those accounts that received a late fee or collection charge from January 1, 2009 through June 30, 2009 as well as the payments received for those same accounts

The expenditures for the collection of unpaid assessments are effective. The association's collection expenditures and delinquency policy not only helps secure the association's position in regards to assessments owed, but can be an effective collection tool for many years. In reviewing the report, the total amount of assessments that were billed to owner's accounts who received some type of collection and/or late fees amounted to \$43,014.00, representing approximately 4% of total assessments billed during this time.

Please also note there was a balance forward from these same homeowners amounting to \$32,302.66 prior to January 1, 2009. Some of this balance forward amount includes collection charges as well as other possible fees, which could have contributed to the collection of the \$34,775.40 during January 1, 2009 through June 30, 2009. The total amount owed including the balance forward, all collection fees, and dues from this time period amounts to \$89,810.37, of which \$34,775.40 was collected. This amounts to a 39% the total amount owed."

Accordingly, the MHPCA expenditure of funds to collect overdue accounts appears to be generating a positive return per Management, therefore the current policy will remain in place. The Board and Management will continue to monitor this situation closely and will take appropriate corrective action as deemed necessary.

Reserve Analysis and 2010 Budget - As you are all aware, MHPCA undertook a substantial slope renovation project over the past two years to replace dead / dying Myriophorum plant material with new vegetation. Previously the Association had not reserved for this activity, and consequently this expenditure was not previously budgeted. The majority of this activity was paid for from the Association Equity account. The slope / landscape renovation is now a budgeted and reserved line item. However, the initial ten zones that were renovated represent roughly 10% of the total renovation of dead Myriophorum and other plant material throughout the Association property per the Association's landscape maintenance company, Villa Park Landscape. Landscape is a major component of maintaining the beauty, and hence value, of our community.

While it would be cost prohibitive to renovate the entirety of Marina Hills' landscape within a short timeframe, the Board will phase in the completion of the initial renovation of the remaining dead Myriophorum over the next three years, at an expenditure of \$100,000.00 in 2010, 2011 and 2012 in accordance with expected reserve levels. At that point the Association would continue to fund the Landscape Renovation reserve line item over the next 15-20 years to cover other necessary landscape renovations.

As a result, Management is proposing a dues increase of \$12.00 per month per unit, from \$107.00 per month per unit to \$119.00 per month per unit. Of the \$12.00 per month per unit proposed increase \$9.00 per month per unit relates directly to Landscape Renovation and \$2.50 of the remainder represents additions to reserves previously contributed by interest income, which has dropped substantially as a result of the economic environment.

Per the recently prepared 2010 Reserve Analysis report by Advanced Reserve Services the Association presently is at 72% of the theoretically ideal cumulative reserve funding balance. This is down substantially from last year. It is important to note the Reserve Analysis is an educated "best guess" as to needed funding levels.

While it is always more conservative to be at or slightly above 100% of theoretically ideal cumulative reserve balances, it is not necessarily indicative of immediate needs. With that said, it is this Board's policy to follow the most conservative recommendations made by the Association's vendors and consultants. Hence, the Board will be analyzing this situation in further detail to determine what, if any, additional dues increases may be necessary either in the current year or in future years in order to remain on the conservative side of recommended reserve funding levels.

- D. Secretary – No report.
- E. Member at Large – No report.

HOMEOWNER FORUM

A homeowner was present regarding the painting of the common area perimeter stucco walls.

CONSENT CALENDAR

A motion was made, seconded and carried to approve the following items from the consent calendar, without further discussion:

- A. **Approval of August 12, 2009 General Session Meeting Minutes/Architectural Report from 7/10/09 – 8/10/09 – RESOLVED**, to ratify the action taken and approve the minutes taken by Management from the August 12, 2009 General Session Board Meeting/Architectural Report from 7/10/09-8/10/09.
- B. **Maturing CDs – RESOLVED**, to allow Jeff Russell from Merrill Lynch to roll over the reserve CD's that are maturing on 9/21/09 in the amount of \$98,000.00, 9/24/09 in the amount of \$90,000.00 and 9/25/09 in the amount of \$95,000.00 for the same terms at the highest interest rates possible in order to keep the CD's staggered.
- C. **Delinquent Account – APN #653-391-04 – RESOLVED** to place a lien on account APN #653-391-04 that has a balance of \$537.66.
- D. **Delinquent Account – APN #933-27-239 – RESOLVED** to place a lien on account APN #933-27-239 that has a balance of \$399.21.

- E. **Delinquent Account – APN #653-531-22 – RESOLVED** to place a lien on account APN #653-531-22 that has a balance of \$1,086.47.
- F. **Delinquent Account – APN #653-611-21 – RESOLVED** to place a lien on account APN #653-611-21 that has a balance of \$387.07.
- G. **Delinquent Account – APN #653-611-24 – RESOLVED** to place a lien on account APN #653-611-24 that has a balance of \$399.21.
- H. **Removal/Replacement of Sidewalk Near Tennis Court #5 – RESOLVED**, to approve the proposal from So Cal Coatings to remove/replace 97 square feet of concrete walkway outside of tennis court #5 for a cost of \$1,685.00.
- I. **Perimeter Wall Repair – 19 Pallazo – RESOLVED**, to approve the proposal from So Cal Coatings to perform a stucco wall repair at 19 Pallazo for a cost of \$930.00.

A motion was made, seconded and carried to table and/or approve the following items from the consent calendar, with further discussion:

- A. **Landscape Proposal From August Landscape Drive –** A motion was made, seconded and carried to not approve and table the proposal from Villa Park Landscape for the items from the August landscape drive for a cost of \$11,815.00 until the October meeting.
- B. **Landscape Proposal from Removal/Replacement of Red Apple in Pool Area –** A motion was made, seconded and carried to not approve and table the proposal from Villa Park Landscape to remove the Red Apple in the pool/spa areas and replace it with different grasses and mulch for a cost of \$2,380.50.
- C. **Landscape Proposal for Winter Over Seeding Grasses –** A motion was made, seconded and carried to not approve and table the proposal from Villa Park Landscape for winter over seeding the grasses for a cost of \$4,050.00.
- D. **Holiday Lighting –** A motion was made, seconded and carried to approve the proposal from California Christmas Lighting to install the same holiday lighting display as last year with one exception. Instead of installing red bows on the monuments, Management will see if wreaths can be installed in place of the bows for the same price of \$4,700.00. Motion carried 3/0.

OLD/NEW BUSINESS

- A. **Financial Statement –** A motion was made, seconded and carried to accept the August 31, 2009 financial statement as submitted by Keystone Pacific Property Management, Inc. Motion carried 3/0.

- B. **Pool/Spa/Wader Area Proposals** – A motion was made, seconded and carried to table the pool/spa/wader area proposals and consider having the items performed that are due to be done this year per the Association’s reserve study. This would be re-plastering the pool and spa and possibly re-plastering the wader since it would save the Association money to have it completed at the same time as the pool/spa. Management will check with Aqua Pure to see what items that are listed below need to be done vs. what items are optional if the Board decides to have the pool/spa/wader re-plastered.

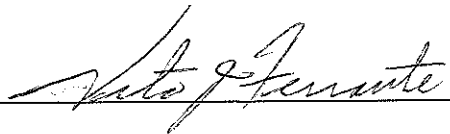
Install Two Sets of White Acrylic Wall Steps	\$450.00
Remove/Replace Waterline Tile up to Group 4 in Pool/Spa	\$6,426.00
Install Tile Trim on Seats/Steps	\$1,249.50
Install Waterline Depth Markers	\$336.00
White 3M Quartz with Meta Max/RPM Pozzolan for Increased Strength and Durability	\$5,355.00
Remove/Replace Six Tile Race Lanes and Remove/Replace Tile Targets	\$9,360.00

- C. **4th of July Carnival** – A motion was made, seconded and carried to hold a 4th of July carnival in 2010 and iron out the details at the October meeting. Motion carried 3/0.
- D. **Homeowner Request – Replacement of Glass Panel** – A motion was made, seconded and carried to deny the request from Cherie Usgaard, homeowner at 20 Nicosia to have the Association pay to replace the glass panel that was vandalized. Motion carried 3/0.
- E. **Balancing of Lights on Tennis Courts** – A motion was made, seconded and carried to have an electrical contractor come out to inspect the lights that do not seem to come on unless a breaker is flipped on tennis courts #4 & #6. Motion carried 3/0.
- F. **Homeowner Request – Painting of Stucco Walls** – A motion was made, seconded and carried to approve the request from Christine Kunkle, homeowner at 40 Via Di Nola to have So Cal Coatings repair and paint the common area perimeter, side and front stucco walls for a total cost of \$3,075.00. Motion carried 3/0.
- G. **Revising Pool Rules** – A motion was made, seconded and carried to table the issue of revising the pool rules to state that swim diapers are not allowed in the pool, people that have to wear them must only use the wader and people that cause the pool to be closed by urinating or defecating in it can be held financially responsible. Management will check with the Association’s legal counsel to see if legally the pool rules can be revised to include this language and if not, ask legal counsel to provide options on how to handle this problem.
- H. **2010 Proposed Budget** – A motion was made, seconded and carried to table approving a proposed budget for 2010 until the October meeting.

- I. **Association Wish List** – A motion was made, seconded and carried to not add any items to the Association wish list. Motion carried 4/0.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 8:10 P.M.

APPROVED: 

DATE: 10-14-09