

SONTERRRA PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
Held at The Management Company Office
January 28, 2010 – 8:30 AM

Directors Present

Bernie DeNisio, Rick Faner, Vince Nazzaro, Dayna Rinklin,
Sergio Salazar (Arrived at 8:40 AM), John Tracy, Bill Wuest

Directors Absent

Guests

Amanda Cockrell, Tonja Condor, Ray Jansure, Josephine Stevens, Chief Marvin Tillman

A quorum was established and the meeting was called to order at 8:37 AM and conducted by Mr. Wuest.

The December 17, 2009 Minutes had been previously provided for review. A motion to approve the minutes was made by Mr. Faner, seconded by Mr. Tracy, and passed unanimously.

Mr. Wuest read a statement, "Taking of Minutes for Sonterra POA Board Meetings" (Appendix A), that with advice of counsel, minutes would be transcribed in the customary manner, motions recorded with voting results, and position papers could be presented and included in the records. Mr. Nazzaro disagreed with the statement and said that a request to have a discussion included in the minutes should not have to be approved by the BOD.

Mr. Salazar arrived at 8:40 AM and was introduced to the Board.

Mr. Wuest moved to accept the document "Taking of Minutes for Sonterra POA Board Meetings" (Appendix A) as read, and Ms. Rinklin seconded the motion. The motion carried with five (5) For, one (1) Against by Mr. Nazzaro, and one (1) Abstention by Mr. Salazar.

Andrew Thomasson (23107 Whisper Canyon)-Presentation Concerning Drainage Issue

Mr. Thomasson did not attend the January BOD Meeting, and Mr. Wuest extended an invitation to BOD members to attend a meeting the following week with Mr. Thomasson, his attorney, and the Association's counsel.

Financials and YTD Capital Expenses

Ms. Cockrell arrived at 8:55 AM.

The December 2009 Financial Statements had been previously provide for review. The following line items were noted and discussed:

- The Petty cash line item formerly listed on page 2 under Cash and Cash equivalents was removed as the account no longer exists.
- Under Other assets on page 2, the Compass reserve money market account with \$66, 664.44 was set up in 2009 to facilitate the payment of capital expenditures directly out of a capital account that does not have a monthly check limit. \$75,000 was moved into the account to cover the purchase of gate arms, LPR cameras and other upcoming capital expenditures.

- Under Other assets, the line item for Investment-Ford truck will be replaced with a note for \$24,365.89 upon BOD approval of the Bill of Sale which will transfer the ownership of the 2010 Ford F-150 to The Management Company.
- The process to transfer to a capital account the reimbursement from the operating account will start in January 2010. Mr. Nazzaro said total amount should be reflected as an asset in the Financial Report.
- On page 3, the \$559 line item for Income tax due to IRS was the last payment of 2009.
- On page 8, the total revenue variance at end of year was \$48,116.59 above budget as late fees, gate opener sales, and collected violation fees were not included as a source of revenue in the budget.
- On page 8, the variance at end of year for operating expenses: Utilities-water costs was over budget due to the drought.
- On page 9, the variance at end of year for Operating expenses: Maintenance was over budget partly due to one employee's overtime.
- On page 12, the maintenance expense for drainage/clearing/lot mowing was over budget. In the 2010 budget the item will list drainage easements and private lots separately. Expenses for private lots are billed back to the owner.
- Mr. DeNisio commented that maintenance expenses can be better managed to cut costs—it is an opportunity for quality improvement. Mr. Faner noted that maintenance as a process had not been discussed by the BOD. Mr. Nazzaro commented that the BOD is doing a better job of looking at infrastructure maintenance requirements. Mr. Salazar offered his past experience with maintenance of common areas that indicated in-house maintenance was preferable to outsourcing maintenance. Mr. Wuest suggested choosing a maintenance category monthly for study by a board member with a follow up report to the BOD. The Finance Committee will propose maintenance areas for the first study to begin in thirty to sixty days.
- On page 14, Mr. Nazzaro asked whether the net after transfer amount of \$136,781.87 minus the depreciation amount of \$136,184.00 reflected a deficit for 2009 of less than \$1000.00. Mr. Wuest confirmed the interpretation and termed it a “wash year” in terms of cash. Ms. Rinklin commended the Finance Committee for its work in controlling the budget.
- On page 14, Mr. Wuest expressed concern about the \$116,413.22 amount listed under bad debt that was a result of the 2007-2008 Audits. Mr. Jansure said that the amount was not totally written off yet. First, the amount did not represent an expenditure; it was a result of accrual accounting which considers assessments as revenue before payment is received. Secondly, on page 2 under other current assets: allowance for doubtful accounts, the \$71,589.98 amount listed was the remainder of uncollected assessments after \$35,000 was approved by the BOD to be written off in 2009. Mr. Salazar suggested that a line item for a monthly reserve for bad debt could be used as a place holder. Use of a line item for a monthly reserve for bad debt will be reviewed by the Finance Committee with advice from the accountant.

A motion to approve the Financials was made by Ms. Rinklin, seconded by Mr. Tracy, and it passed unanimously.

Delinquencies

The BOD directed Mr. Wuest to confer with counsel about a recommendation for an attorney to focus on the pursuit of delinquent accounts if the collection agency was unable to resolve the debt.

Sonterra Capital Suit

Ms. Cockrell reported that the December 2009 payment per the Sonterra Capital suit settlement agreement was received. Sonterra Capital has not paid the amounts due for the 2009 Fourth Quarter, the 2010 First Quarter, and the suit settlement payment due January 20, 2010.

Shops at Stone Oak

Ms. Cockrell reported that the payment per agreement made by counsel had not been received.

Fairways Residence

Mr. Jansure reported that counsel has filed suit but no response has been received from the property owner. Mr. Jansure is conferring with counsel weekly about the process. Counsel did estimate that there was probably little or no equity in the property.

Sunset Meadow Residence

Mr. Jansure noted the residence at 19803 Sunset Meadow appeared to have considerable equity. Counsel sent a letter to the owner in California but received no response. Counsel will continue to pursue this matter.

The Vistas

Ray reported that the 1/12 payment of the Special Assessment for the Morgan lot, the 1/12 on past due amount for which payment had been suspended by agreement with the Association, and the current quarter assessment had been paid.

Preparation of Tax Return for The Vistas

Mr. Jansure reported that Mr. Bautista said his attorney would prepare tax returns for The Vistas HOA for 2009, and then hand over all the responsibility to SPOA.

Delinquency Conclusion

Mr. Faner would like to see a separate code for collections that lag in "to locate" status where the current address of the property owner is unknown.

Financial Committee

Mr. Nazzaro noted that the discussion on the 2010 Ford F-150 truck ownership was tabled from the December BOD meeting. Sonterra POA Directors and counsel met with the insurance agent, counsel and directors from the Stone Oak POA, the CPA for all these entities, and The Management Company directors. Mr. Nazzaro said that while he was not personally convinced, it appeared to be the choice of the meeting's members to move the truck to ownership by The Management Company. The Management Company will reimburse the capital account for the expenditure on the truck through a note for \$24,365.89 upon BOD approval of the Bill of Sale. Mr. Nazzaro asked whether The Management Company could be encouraged to build a reserve fund for capital expenditures. Mr. DeNisio confirmed that The Management Company will move toward establishing a capital reserve funded by fees from both POA's. Mr. Faner noted that the Bill of Sale could not be implemented until there is a mechanism for the transfer. A motion to accept the Bill of Sale was made by Mr. DeNisio, seconded by Ms. Rinklin, and passed unanimously. Mr. Wuest reported that The Management

Company would use the additional \$1000 per month payment from the Sonterra POA to repay the truck note and establish a capital reserve fund.

Assessment Increase Needed

Mr. Nazzaro gave an overview of the Sonterra POA Budgets from 2003-2009. In order to meet operating expenses, the Finance Committee recommended increasing assessments by 5% or \$10 per point per quarter. Mr. Wuest emphasized that the last rate increase took place in January 2003. Mr. DeNisio asked for and received confirmation that the entire 5% increase could be applied to operating expenditures. Mr. Tracy moved that the assessment be increased by 5% or \$10 per point per quarter to be effective for the second quarter. The motion was seconded by Mr. DeNisio and passed unanimously. A notice of the increase in assessments will be publicized in the newsletter and included with the second quarter invoices.

A break was taken at 10:40 AM and the meeting resumed at 10:57 AM.

Landscape Committee

Mr. Wuest reported that the Landscape Committee and The Oaks Area Representatives will meet to review the landscape plan for The Oaks West which was approved at the December 2009 Meeting.

Mr. Jansure reported on the dead palm tree situation in Sonterra neighborhoods. Leaving the dead palm tree fronds on the trees may help protect the palm from further cold damage until the spring. Mr. Wuest suggested that a newsletter article advise residents to wait until spring and then to address the removal of dead palm tree fronds/limbs. Mr. Wuest also suggested that BOD members participate in driving through the neighborhoods to review general conditions. The BOD agreed to wait until late March or early April to address neighborhood dead palm tree fronds and trees.

Annual Meeting Agenda

Mr. Wuest reviewed the proposed agenda and accepted suggestions from the BOD. Nominees were discussed for the one open position. Either Mr. Oliver or Mr. Wuest address the assessment increase. In preparation for the Annual Meeting, Ms. Condor will send out the required notices and proxy forms. The time and date were confirmed for 7 PM on March 24, 2010 at The Club at Sonterra.

The Highlands Area Representative

Mr. Jansure reported that The Highlands area representative had resigned and shared a copy of her email resignation. The BOD will follow established procedures for appointing an area representative for The Highlands.

The Club at Sonterra

Mr. Salazar reported that he was rapidly becoming acquainted with many of the members at The Club At Sonterra and planned to focus on local resident membership levels and recruitment.

Architectural Review Committee

Mr. Faner reported that the two-lot property on Kristen Way had submitted a plan for an addition to the residence and landscaping for the second lot.

Chief Tillman arrived at 11:30 AM

Awareness Committee

Mr. DeNisio reported on the gate arm and gate runners analysis. The installation for The Breezes rapid recovery gate will begin next. The Awareness Committee recommended that the BOD support fining the resident for the damage incurred by gate arm in The Fairways. Mr. DeNisio noted that an arrest was made of at least one individual for the incidents of vehicle burglaries in The Hills. The San Antonio Police complimented the Securitas staff for investigating a suspicious car and notifying them.

Mr. Salazar departed at 11:47 PM.

Mr. DeNisio reported on complaints from a Greensview resident regarding speeders. The resident felt that drivers entering off Stone Oak Parkway do not slow down as much before entering through the rapid recovery gate arm as they did before entering through the metal gate. The speedminder monitor was used to analyze the entering and departing vehicles. An additional discovery was that there were more vehicles departing through The Greensview gate than entering. Mr. DeNisio proposed that people are departing through the Greensview from other areas such as The Waters, The Midlands, and The Enclave. Mr. DeNisio would like to have the number of vehicles using the back gate in The Greensview counted.

Chief Tillman reported that when gates are broken on weekends, he can replace the short arms immediately but not the longer arm used at The Fairways entry. Maintenance will be asked to also leave a replacement for the longer arm. Mr. Tracy reported that a resident in The Meadows was dumping material behind their property fence, and asked that Mr. Jansure please determine the name and address of the resident and advise that this is not acceptable.

The Management Company

Ms. Rinklin reported on a Microsoft accounting software presentation that was well-received by those who participated. The Microsoft Dynamics GP program is capable of generating reports, letters, quick queries, and it has better internal security with levels of permissions for access and identifies each person making entries. Ms. Rinklin reported that the approximate software cost was \$19,930 with an additional \$17,000 cost for training. Installation of the new software would involve a one-time migration of 2010 data from TOPS. Ms. Rinklin confirmed that the 2009 reconciliation of The Management Company budget showed Stone Oak POA owed approximately \$10,000 to Sonterra POA. The overall cost split for The Management Company is 60/40 between Stone Oak POA and Sonterra POA. Mr. Faner moved to have The Management Company move forward with the purchase of the Microsoft Dynamics GP software package; Mr. Nazzaro seconded the motion, and it passed unanimously.

Main Entry Fountain

Mr. Jansure reported that an invoice had not yet been received for plaster repair of the fountain at the main entry.

Wall/Fence Project

Mr. Wuest had asked Mr. Jansure to obtain an estimate to power wash, seal, and paint the wall and wrought iron fence along Stone Oak Parkway from the Sonic location south to The Villas. Mr. Jansure obtained an estimate from New Look Painting of \$20,000. A start date will be agreed upon on later this

spring. Mr. Jansure also reported that the Al Franz Fence Company is still completing the golf course wall project.

Ms. Rinklin departed at 12:28 PM.

Maintenance Areas

Mr. Jansure displayed a map of all areas maintained by the Association and pointed out several areas that are not owned by the Association. One large y-shaped area is owned by Jesse Baker Investments. One drainage easement in The Oaks and another in The Hills is actually owned by the property owners. Mr. Jansure was asked to compile a list of properties that are privately owned so that the Association can work to have them deeded to the POA or proceed to notify the private owners of POA expectations for maintenance.

Newsletter Articles

Mr. DeNisio was to report on area burglaries and Mr. Wuest on the assessment increase in the March Newsletter.

Mr. Wuest moved to adjourn at 12:45 PM and Mr. DeNisio seconded the motion.

A COPY OF
APPENDIX "A" MAY BE
OBTAINED FROM
THE MANAGEMENT
COMPANY OFFICE