

SONTERRA PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES

Held at The Club at Sonterra

June 24, 2010 – 9:00 AM

MINUTES (Corrected)

Directors Present

Rick Faner, Bill Wuest, Bernie DeNisio, Vince Nazzaro, Sergio Salazar

Directors Absent

John Tracy, Donna Howington

Guests

Ray Jansure, Tonja Condor, Chief Marvin Tillman

A quorum was established and the meeting was called to order at 9:15 by Mr. Faner.

Approval of May 27, 2010 Minutes and Unanimous Consent

The following Unanimous Consent was read into the record:

RESOLVED, that Automatic Gates, Cameras & More be contracted to install DoorKing 1601 Barrier Operator and LPR camera at the entrance for The Waters at a cost not to exceed \$8,335.55 (\$6,329.53 for barrier operator and \$2,006.02 for LPR camera), including tax, to be paid from the Capital Account.

The May 27, 2010 Minutes had been previously provided for review. Mr. Faner asked that in the second paragraph under the heading of "Finance Committee" on page 3, the words "including late fees" be inserted in the last sentence following "The BOD agreed to pay the last four years of Bexar Met invoices..." Mr. Faner clarified the procedure previously approved by the Board concerning placement of PODs on residents' properties.

"A POD may remain in place for no longer than three (3) days; however, in cases of extenuating circumstances, such as difficulty in arranging timely pick-up and resultant delay in removal of the POD, residents should contact the management office. Those situations will be handled on a case-by-case basis."

Per the Board's request and for future reference, the article included in the June 2010 Sonterra Insert is attached to these Minutes as Addendum "A." A motion was made by Mr. Wuest to approve the Minutes with the above-stated correction. The motion was seconded by Mr. DeNisio and passed unanimously.

Resident Covenant Violation Issue – Discussion/Decision

Mr. Jansure advised that a resident in The Oaks had requested relief of fines assessed as a result of a front door which needed refinishing. While the needed work has now been completed, the Board decided to maintain one-half of the levy and that further he be advised that any further violations of Sonterra policies and/or covenant violations occurring within six (6) months would result in reinstatement of the fines waived. Mr. Jansure was asked to advise counsel of this procedure.

Financials and YTD Capital Expenses

Mr. Jansure presented the May 2010 Financials and the following items were noted:

- Page 2 – Although the financials indicate that \$83,208.17 is shown as “Due from Operating-Midlands and Vistas,” the amount actually due from a cash accounting standpoint is \$77,449.51 toward the total amount owed of \$84,761.21. The discrepancy occurs because the financials are prepared on an accrual basis. Payments have been made for February through May, with the June payment to be made shortly.
- Page 2 – Under “Property, plant and equipment,” the entry for “Leasehold/land improvements” refers to improvements to property or addition of equipment that cannot be depreciated, i.e., lighting for the fountain at the main guardhouse.
- Page 4 – “Gate opener sales” under “Revenues” and “Cost of gate remotes” under “Expenses” resulted in a net gain of approximately \$2,400.
- Page 4 – Under “Revenues,” “Overbilled assessments” in the amount of \$76,257.72 represents what was overpaid by some commercial properties and will be -0- at the end of this year.
- Page 5 – Mr. Nazzaro advised that the \$49,193.09 entry shown on page 5 as “Major capital repairs or improvements” was removed from operating expenses and placed here as a capital expenditure. Establishing a Reserve Fund budget in our financial report should provide greater clarity.
- Mr. Jansure stated that payments being made to Stone Oak for reimbursement of incorrectly billed irrigation charges are being posted through “utilities-water.”
- Page 9 – Mr. Jansure advised that there is a significant revenue shortfall in “Revenue-Special Assessments.” This is attributable to the fact that certain special assessments (i.e. loan repayment) were inappropriately included in this line item at the time of budget preparation. Mr. DeNisio asked whether the 2010 Budget could be amended to correct the error. Mr. Jansure will speak with the accountant and report back. Page 10 – “Transfers to Reserves” may also need to be adjusted on the amended 2010 Budget due to commercial overassessments and the result credits’ impact on future collections.
- Page 12 – Mr. Jansure advised that “Maintenance Building” refers to Sonterra’s main guard house and the kiosk located at the La Cierra entrance.

- Mr. Wuest advised the Board that although some of the entrances are in need of refreshed landscaping, primarily flowers, he does not plan to ask Expert Lawn to add new plantings until other pressing financial matters have been addressed by the Finance Committee. The Board asked that any dead plantings at the entries be removed regardless.
- Mr. Nazzaro and Mr. Wuest advised that the Finance Committee is considering an increase in the basic assessment and is proposing the 10% maximum increase allowed per the By-Laws, which would amount to \$21.28 per quarter per assessment point. The Finance Committee will continue its discussion and will bring a complete proposal to the Board to include date of implementation and whether a prepayment discount would be offered.
- Page 14 – Mr. Jansure pointed out that violation fees have increased over the last three years from approximately \$2,000 to approximately \$9,000 for the most recent five-month period.

A motion was made by Mr. DeNisio to accept the May 2010 Financials. The motion was seconded by Mr. Wuest and passed unanimously.

Update on Sonterra Capital Suit Status

Concerning the Sonterra Capital Suit, Mr. Jansure advised that the Registered Agent is avoiding service and a motion to serve using substituted service will be filed by counsel in order to assure that he is served.

Delinquencies

Meadows delinquency: counsel is proceeding with pursuing default judgment and implementation of foreclosure proceedings.

Mr. Jansure advised that we have received payment of some delinquent assessments. In one instance, a builder and resident of Sonterra was denied ARC review of his plans for a construction project until his account was brought into good standing. Complete payment was received forthwith. Additionally, Mr. Jansure stated that payment had been received from insurance companies of both the resident who ran into the Stone Oak Parkway wall and the moving company which caused damage to the landscape/irrigation at The Vistas entry.

Commercial Assessments

Mr. Jansure stated that all commercial entities that were incorrectly assessed and thus over billed have been notified; he has received no response from any of the companies at this time.

The Board reiterated the necessity to mail quarterly assessments no later than the middle of the last month of the quarter since payment is due the first day of the first month of the quarter. Mr. Jansure advised that letters will be mailed this week advising the approximately 40 residents who have paid monthly that they will no longer be allowed to do so without incurring late interest charges.

Finance Committee

Mr. Nazzaro presented a contract for renewal with Jim Oliver & Associates. We are currently being charged \$800 a month for their accounting services; Oliver proposes an increase to \$950 a month (Option A) and will include one hour of consulting time per quarter. The current contract will expire July 1, 2010 and Mr. Nazzaro asked that Mr. Jansure request a 90-day notice of any fee increase be provided by Mr. Oliver in the future. A motion was made by Mr. Wuest to accept Option A, as above.. The motion was seconded by Mr. Nazzaro and passed unanimously.

Mr. Nazzaro provided a hand-out showing the formatting impact that the creation of a Capital Budget would have on our current financial reports . He stated that Ana Ball of Jim Oliver & Associates, advised him that once the Finance Committee created the budget, there would be a cost of \$600 to \$1,200 for her to set up required records and to prepare financials reports for tax and reporting purposes. A motion was made by Mr. Wuest to approve this operating expense but he asked that Ms. Ball be advised that it would be preferable to keep the cost as low as possible. The motion was seconded by Mr. Nazzaro and discussion followed. Mr. Salazar and Mr. DeNisio expressed their objections to the cost, stating that they felt it was excessive for the amount of work required to provide the needed information. A vote was taken which resulted in three "For" (Mr. Wuest, Mr. Nazzaro and Mr. Faner) and two "Opposed" (Mr. DeNisio and Mr. Salazar). The motion carried.

Discussion Concerning Gate Entry Procedures – Delay in Entry

The topic of delays occurring at gate entries was tabled until the July meeting.

Maintenance Building

Mr. Jansure informed the Board that the Stone Oak POA is purchasing a new building for the maintenance area currently utilized by maintenance personnel for both associations, and is offering an opportunity for Sonterra to purchase a bay or bays for storage of its equipment/supplies at a cost of \$6,250 per bay. The Board inquired as to whether this would be considered a capital expense, and Mr. Jansure advised that it would not since the property is not owned by Sonterra. The decision on the expenditure hinges on whether it can be a capital expenditure, and the Board asked Mr. Jansure to inquire of legal counsel whether there is a way this expense could be considered a capital expense. Mr. Jansure also advised that because the area is in a floodplain, the current roadway continues to deteriorate and the area is almost inaccessible when rain occurs. Stone Oak is planning to have the road improved and he inquired as to whether the Board was interested in contributing toward the road. At this time, the Board declined any contribution for this purpose unless it can come from the capital account.

A break was taken at 11:00 a.m. and the meeting reconvened at 11:15 a.m.

Greensview Turn Lane

The Area Representative for The Greensview has strongly suggested that the City of San Antonio install a traffic light at the Greensview entry as well as a left turn lane on northbound Stone Oak Parkway at this entrance. Mr. Jansure investigated and was advised that because this involves entry to a gated community via a private street, the City would not pay for the required traffic volume survey (\$10,000 to \$15,000) to determine whether the traffic signal was justified. If Sonterra funds its own survey, and the findings support the need of a light , the City will then

consider funding the project. It is unclear whether these same requirements also apply to installation of a turn lane. Mr. Jansure stated that he spoke with Buz Buckley regarding the history of the traffic signal/turn lane request at this location. Mr. Buckley advised that several years ago, North Central Baptist Hospital had a study done regarding the installation of a traffic signal, but the response from the City was that a traffic signal could not be installed at the Greensview gated entry due to the potential of cars turning left crossing Stone Oak Parkway blocking southbound Stone Oak Parkway in cases of gate malfunction or denied entry to the subdivision. The City also noted that there is another entrance/exit at the rear of The Greensview; therefore, using the entry/exit on Stone Oak Parkway is not mandatory. There was no decision by the Board to do a survey at this time. Further information will be gathered.

Street Evaluations by 4B Paving – Woods/Midlands

Mr. Jansure presented a Street Evaluation prepared by 4B Paving for repairs needed at The Midlands and The Woods, and asked if the Board approved the format. The Board stated that the format is fine but cost extensions should be included by 4B Paving in the evaluation.

Holiday Party

Mr. Faner stated that the Stone Oak POA has invited the Sonterra POA to join them in a combined Holiday Party of the two associations at The Club in December. Ms. Howington, has offered to gather cost and room information and report back. The Board supported the idea of a combined party but will wait to hear from Ms. Howington before a final decision is reached.

Abandoned Properties in The Midlands

Mr. Jansure advised that Expert Lawn is addressing the two vacant properties in The Midlands with severe landscaping/yard violations and will bring them into short-term compliance; he reminded the Board that the covenants allow for recovery of costs. Mr. DeNisio stated that the Awareness Committee has discussed the problems posed by vacant properties due to security concerns they create. To that end, the Chief has developed a database of unoccupied properties in Sonterra. He stated that the Committee also discussed the need for contact information for any “vacation” homes in the event of emergencies such as water leaks or fire.

Wall Repair – Stone Oak Parkway

Mr. Wuest reported that wall and fence repair along Stone Oak Parkway has been suspended until sufficient funding becomes available on favorable terms.

Midlands Residence Assessment Issue

Mr. Jansure addressed assessment charges for a property in The Midlands which consists of two merged lots. The homeowner is constructing a major addition to the existing home on the adjacent vacant lot that he owned. While the existing home/lot is being charged a full assessment (point), the vacant lot is currently only be charged a half point. Mr. Faner stated that administration of this entire project by both the Architectural Review Committee and The Management Company has been enormous and that the Committee felt that once the addition is completed on the second lot it should be charged a full assessment as well. The Board was in agreement with this position.

Landscape Committee

Mr. Wuest stated that landscape improvement have been temporarily put on hold. Two irrigation contractors are looking at the possibility of installing automated sensors to monitor the soil for moisture content and to allow remote programming for all controllers. He has not yet received a cost estimate but will keep the Board advised.

Club Issues

Mr. Salazar had no items to report concerning The Club at Sonterra.

Architectural Review Committee

Mr. Faner reported that there were no Architectural Review Committee issues to report.

Highlands Area Representative Candidate – Norma Garza

Mr. Jansure advised that Ms. Norma Garza, a resident of The Highlands, was interested in becoming the Area Representative for that neighborhood. The Board was in agreement and asked that Ms. Condor provide the information packet to Ms. Garza.

Awareness Committee

The Incident Report, Gate Runner Analysis and other handouts provided at the Awareness Committee meeting had been previously provided to the Board for review. Mr. DeNisio stated that a member of the Awareness Committee who is also an Area Representative had discussed the need for Area Representatives to be more informed regarding fines, delinquencies, abandoned properties, etc. Mr. Jansure stated it is office policy that Area Representatives receive copies of violation letters and ARC letters; however, letters dealing with fines, delinquencies or other personal financial information had never been provided to the Area Representatives due to privacy concerns.

Updates

- The reimbursement from Sonterra to Stone Oak for Stone Oak's mistaken payment for a Sonterra water meter for several years was discussed earlier in the meeting.
- Mr. DeNisio continues to negotiate with Securitas on reducing costs of their contract.
- Mr. Wuest stated that the Stone Oak POA is awaiting responses from a couple of their neighborhoods regarding trash collection preferences. At this point, it appears that the trash and recycling contract they are negotiating will retain Allied Waste as contractor. There will be the same twice-weekly pick-ups; the only change will be the substitution of a 35-gallon recycling covered container for the smaller blue tote bin currently in use. He will keep the board advised.
- Mr. DeNisio reported that The Management Company is still moving toward a "go-live date" of July 1 for the accounting software conversion. As a result, the office will be closed to the public on Friday, July 2nd, and Express Information Systems representatives will be on site to help with training and implementation. The office will also be closed in recognition of the July 4th holiday on July 5th.

Newsletter Articles

There were no suggestions made for Newsletter articles.

Adjournment

A motion was made by Mr. Nazzaro to adjourn the meeting. The motion was seconded by Mr. Wuest and unanimously passed.

The meeting adjourned at 12:02 p.m.

ADDENDUM "A" TO MINUTES OF
JUNE 24, 2010 SONTERRA POA BOARD OF DIRECTORS MEETING
(Article Included in the June 2010 Sonterra Insert to the Stone Oak Newsletter)

PODS

Just a reminder to all residents that "PODS" are not allowed to be in place in any driveways for longer than three (3) days. Residents should have any items to be placed in the POD packed and ready for storing prior to bringing the POD onto your property. If extenuating circumstances require that the unit be on your property longer than the three-day period, such as difficulties in arranging timely pick-up, then please call The Management Company office; requests will be considered on a case-by-case basis. We appreciate your cooperation.