

HACIENDA CARMEL COMMUNITY ASSOCIATION
MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS
Thursday, May 27, 2021
Casa Fiesta

PRESENT:

Mr. Rex Young, President & Director
Ms. Linda Mullally, Vice President & Director
Mr. Art Sutton, Treasurer & Director
Ms. Mary Pat Adams, Director
Ms. Fran Baca, Director
Mr. David Delwiche, Director
Ms. Judi Lehman, Director
Ms. Connie Winners, Director
Mr. Sam Womer, Director
Mr. Robert Hedberg, General Manager
Ms. Jeanne Mileti, Recording Secretary

26 members attended the open meeting in Casa Fiesta.

1. **CALL TO ORDER:** As there were no comments from members on agenda items, the open meeting was called to order at 10:13 a.m. by Rex Young, President.

2. **APPROVAL OF MINUTES:** Ms. Winners made a motion to approve the minutes of the March 25, 2021 regular Board Meeting as submitted. Ms. Mullally seconded the motion which carried unanimously.

3. **PRESIDENT'S REPORT** The Board met in Executive Session at 8:30 a.m. Mr. Young reported that in executive session the Board discussed mainly contracts & delinquencies. The Board held an Executive Session meeting on May 13th via ZOOM (also attended by two representatives of HUB International). The Association budgeted 10% as an increase to our property and liability policy, however, we were informed by our broker that it would likely come in at 15%. When the final renewal was quoted it came in at a 35% increase. We ended up with a premium just under \$260,000. More about the policy will be reported under the Finance Committee.

Mr. Young addressed the May correspondence to the Board: The General Manager has sent two letters to residents regarding Hacienda CC&R compliance. Since our last regular Board meeting the Board has received eight letters from our residents. Three from Alexandra James, and one each from Jerry and Elizabeth Blanchard, Candy Kelly, Diane Freier, Ellinor Roeck, and Norbert Kammer. Thanks for writing. We appreciate your constructive input as it provides an opportunity to answer questions or clarify misinformation via direct communication.

Alexandra James, dated 4-23-21. Concern: She feels Hacienda needs a mediator.
Response: No response required.

PRESIDENT’S REPORT, continued

Jerry & Elizabeth Blanchard, dated 4-23-21. Concern: Disappointed the paintings on the wall of the dining room were replaced with metal artwork. Response: With the Board of Directors’ approval, the dining room was decorated by a professional designer.

Candy Kelly, dated 4-25-21. Concern: Increased recycling violations. Response: We agree. The only items recyclable are clean bottles (glass or plastic), clean cans, flattened cardboard, and paper. Everything else is trash. If in doubt, throw it out. Recycling will also be addressed at the June 7th annual meeting.

Diane Freier, dated 5-1-21. Concern: The ongoing harassment of Hacienda Carmel management and the Board of Directors by Alexandra James. Response: Thank you for your concern. Hacienda Carmel’s policy on harassment is clearly stated in the General Section of the Ground Rules dated 2-1-20, in Section 1, paragraph k, on page 2. It states: “Effective December 2015, Hacienda Carmel Association adopted the following policy prohibiting abusive, harassing, or discriminatory behavior; ***No person shall engage in any abusive, harassing, or discriminatory behavior, either verbal or physical, including words, gestures, actions or any other form of intimidation or aggression directed at fellow residents, guests, invitees, employees, co-workers, management, vendors, or visitors on any basis protected by federal, state or local laws.*** As such, any alleged incidents should be reported to management or the Board President as soon as possible. Persons found to be in violation of the harassment policy will be subject to disciplinary action in accordance with the governing documents of Hacienda Carmel and/or local law enforcement.”

Ellinor Roeck, dated 5-3-21. Concern: Fire concern with juniper bushes being close to buildings. Response: Your input is appreciated. Your letter will be referred to the Building & Grounds Committee for consideration.

Alexandra James, dated 5-5-21. Concern: Objects to having her white windows being painted. States that she received approval from a prior General Manager. Response: In the past, many windows were found to be inconsistent with Hacienda’s architectural rules. Within the past 4 years, the Board of Directors directed management to paint all white window frames with vinyl paint in a color consistent with current architectural rules. Doing so will bring your unit into compliance.

Norbert Kammer, dated 5-25-21. Concern: How we develop and spend our Operating budget and how and when we spend from our Reserve Fund. Response: 1) We are continually researching money saving opportunities and, as you suggested, our current budget did limit this year’s wage increases to the Social Security COLA. 2) Regarding staffing of the part time position at the front desk, that has nothing to do with expenses incurred with the dining room refurbishment or the construction repair of units 101 & 102. 3) Purchasing a new van and repairing glass doors, heating and cooling systems, and TV replacements are all Reserve Fund expenditures that are always reviewed to determine if that expenditure can be delayed; just as we did this year regarding the re-roofing of carports 5, 6, & 7, the Art Studio, the doctor’s office, and the purchase of a new shuttle van. 4) Depreciation and laundry expenses noted in the General and

PRESIDENT’S REPORT, continued

Administration portion of the budget reflect association expenses incurred regarding depreciable assets, and laundry expenses incurred as a result of a Hacienda Carmel sponsored event, i.e., table clothes, linen napkins, etc. 5) The reason the Reserve Fund percentage continued to decline was because we had reduced the amount recommended by the Reserve Study analyst in order to have sufficient funds for the Operating budget. It has nothing to do with the solar panel project.

Alexandra James, dated 5-26-21. Concern: Pickleball court expense. Response: The pickleball court is available to all residents as an amenity, just like the swimming pool, exercise room, and the library. The Reserve Study is developed by a professional Reserve Study analyst. The floor covering is the responsibility of the Association, just the same as the dining room floor covering, or the floor coverings in the West Room, the Durr Room, and any other common area that can be used by all members.

Mr. Young gave a closing comment regarding Operating budget vs Reserve Fund: During this Board’s term many forums were held. One thoroughly explained the difference between the Operating budget and the Reserve Fund. If it is held again next year, I would encourage all who can attend to do so. Aside from that, and you’ve heard me say this many times, if you have questions, please contact the business office upstairs. You’re always welcome to visit the office. If necessary, they will meet with you downstairs in the lobby or the small meeting room. They are willing and able to answer all your questions.

The President reminded everyone that the deadline for returning your ballots is June 4th at 9 a.m. The Annual Membership Meeting will be held on Monday, June 7th, with the meeting being called to order at 11:00 to facilitate counting of the ballots. The luncheon will be served at 12 noon, and the meeting will reconvene, for the business portion, at 1 p.m. We will have our insurance broker in attendance to explain the current insurance trends. All members of Hacienda Carmel are encouraged to attend.

In June, at the first regular meeting, the new Board will be forming their standing committees; Finance and Buildings & Grounds. If you are currently on one of these committees and would like to serve again; or if you have an interest in serving for the first time, please let the Board know prior to the meeting on June 24th. The Organizational meeting of the new Board will be held between the election and the first regular meeting, on June 10th at 10 a.m. in the Casa Fiesta.

4. **OCCUPANCY APPLICATIONS:** The General Manager announced there were no occupancy applications this month.

5. **GENERAL MANAGER’S REPORT:**

- **Sales & Rentals:** Mr. Hedberg announced there are currently four units on the market; three of them are in contract, pending sale. As of April 30th – the end of the fiscal year – there were twenty-nine sales.

GENERAL MANAGER’S REPORT, Sales and Rentals, continued

The number of rentals remains unchanged at thirty-nine. There does not appear to be anyone else interested in renting their unit at this time and one of the units for sale was a rental. The limit on rentals is seventy-five units.

- **Miscellaneous Projects:** The new website is about 95% completed. A few minor tweaks are needed. Mr. Hedberg noted he is hoping to be able to announce that it is up and running by the Annual Membership meeting.

The Governing Document forum was held and subsequently there were no comments or suggestions for changes made by the membership. The Board will be discussing approval of the draft documents under old business.

As mentioned in the correspondence section, the painting of the exterior of all white windows is nearly completed. There were about twenty-five units that had white windows and completion of the project will bring them all into compliance with approved colors.

The completion of the paving work that they were not able to finish due to the colder winter weather, will be completed most likely next week. Announcements will be sent to all affected residents and, hopefully, the work will take place Tuesday through Friday. There will be a little more paving work done later in the summer, but not on the scale of the previous project.

We received another invoice for fines from Waste Management. The amount was \$1,118 - all due to contamination. A big thank you to the residents who are going around making sure the recycle bins are not overflowing. However, the contamination occurs primarily because people throw a plastic bag containing their recyclables into the container, instead of emptying the bag into the container and throwing the plastic bag into the regular trash. So long as this practice continues, we will continue to be fined by the garbage company. This is a subject that will be discussed at the Annual Membership meeting.

The General Manager noted he has had several reports from residents about door hangers that were placed on people’s doors this week. The notice says they would like you to call and give your account number. There is no company name, but they are addressed to residents by name. Clearly this is a scam – please do not call or respond in any way.

Mr. Hedberg additionally reported that our two owl boxes are in the completion stage. A big thank you to Jerry Park for taking this project on.

Additionally, Mr. Hedberg noted he went to the planning department and asked about the feasibility of constructing a concrete slab (for pickle ball, dancing) on the West End. He was informed that the chances are zero in getting approval for a slab that size in proximity to the river, and in the flood plain.

GENERAL MANAGER’S REPORT, continued

- **Tribute:** The General Manager acknowledged Anne Clark, who decided to step down from her leadership position in the Library/Book Shoppe. We acknowledge her for her many years of service and hard work. The Library/Book Shoppe will continue to be run by the team Anne affectionately called “the Bookies.” If you happen to see her, please give a gentle pat on the back. Ms. Lehman added that they are waiting until restrictions are relaxed somewhat to have a gathering to honor Ms. Clark.

6. **TREASURER’S REPORT: Art Sutton, Treasurer**

- **Reserve Fund Expenditures:** Mr. Sutton reviewed the April Reserve expenses which included \$250.46 to Granite Rock for concrete surfaces replacement; \$1,010.98 to Hayward Lumber and M.J. Murphy for exterior building surfaces repair; \$680.45 also to Hayward Lumber and M.J. Murphy for fence repairs; \$527.44 to Drought Resistant Nursery for landscape replacement; \$877.22 to Kelly Moore for paint; \$3,913.74 to Opus Consultants (our IT provider) for upgrades to the accounting software; \$4,021.00 to Antonio Hernandez for well repairs; and \$499.27 to Built-In Distributors for washer/dryer replacements. Total Reserve Fund expenditures for the month of April were \$11,780.56. Ms. Mullally made a motion to approve the April 2021 Reserve Fund expenditures in the amount of \$11,780.56. Ms. Baca seconded the motion which carried unanimously.
- **Document Review:** The Treasurer reported that, as required by the Civil Code, he and the Board President reviewed the general ledger; payable and receivable ledgers; bank reconciliations for all seven accounts; and unopened bank statements for the month of April 2021. They found everything in good order. Ms. Baca made a motion to ratify the inspection. Ms. Mullally seconded the motion which carried unanimously.

Resolution 2021-002: Mr. Sutton read the resolution: “WHEREAS, California Civil Code section §5510 requires authorization from the Board of Directors, in writing, for any transfer between the Operating and Reserve Funds in excess of \$10,000, BE IT HEREBY RESOLVED that the Board of Directors of Hacienda Carmel Community Association approves the following transfers for the fiscal year beginning May 1, 2021 and ending April 30, 2022” followed by a list of inter-account transfers (such as the transfer to Reserves monthly) that will be made throughout the fiscal year.

Ms. Baca corrected the Civil Code section number – 5502 and changed “between” to “from.” Ms. Lehman made a motion to approve the resolution as written, subject to the corrections. Ms. Winners seconded the motion which carried unanimously.

7. **COMMITTEE REPORTS:** The following committees had reports:

- **Finance Committee:** Art Sutton, Treasurer, reported that the committee met on May 20th. The committee reviewed the preliminary financials for the fiscal year end, April 30, 2021. There is no Board action necessary at this time, as the final journal entries are yet to be made. We can expect the final financials in July.

COMMITTEE REPORTS, Finance, continued

The committee discussed the increase to the property and liability policy. The policy went from approximately \$191,000 to just under \$258,000 – an increase of 35%. The Board, at its emergency session, determined to borrow \$150,000 from Reserves (which was approved at the last regular Board meeting) and an additional \$50,000 from the monies in Schwab being saved for solar payouts. Both amounts will be paid back over a ten-month period. At the emergency meeting, the Board listened to a presentation on insurance by James Booth and Ashley McDonnell of HUB International. Mr. Sutton noted that it is well worth hearing and, as they will both be attending our Annual Membership meeting to impart the information to our members, he encouraged all members to attend.

Mr. Sutton reported that there were no other items of business at the Finance Committee meeting, and no requests for additional expenditures.

- **Buildings and Grounds:** Donna Bessant, Committee Chair, reported that the committee met on May 12th. Two units requested permission to do upgrades. Unit 90 requested five items that were approved, as they conformed with the Architectural Rules: Remove wall between kitchen and living room; remove the windows in the master bedroom and replace with French doors; replace living room slider with French doors; install skylight in living room; and remove hallway entry closet and replace heater with three Envi heaters. They also requested a variance to install a gas fireplace unit in the living room. Ms. Mullally made a motion to approve the installation of a gas fireplace in unit 90. Mr. Sutton seconded the motion which carried unanimously.

Unit 146 requested five items that were approved, as they conformed with the Architectural Rules: Close off door to master bathroom from the master bedroom and remove wall between the two bathrooms to make one large bathroom; remove existing gas heater and replace with four Envi heaters' install stone pavers on current cement exterior slab; replace bathroom window with new dual pane window; and replace the front door. They also requested a variance to vault the master bedroom ceiling to match the living room ceiling, and to install a water softener on the hot water line. Ms. Winners made a motion to approve vaulting the bedroom ceiling and installation of a water heater. Ms. Lehman seconded the motion. Discussion about the water softener ensued – whether or not it is an exchange tank. Ms. Winners left her motion as stated but asked that Buildings and Grounds consider water usage in the future on any component that uses water. Ms. Lehman felt they should also be aware in the future that permitting of a vaulted ceiling requires installation of a firewall. The motion carried unanimously.

The committee received a request from unit 168 that two liquid amber trees, whose roots are clearly under the foundation, be removed. Ms. Winners made a motion to remove the two trees. Ms. Lehman seconded the motion which carried unanimously. Replacement of two trees elsewhere on the property, in accordance with the new tree policy, can be taken up by the new Committee and Board in June.

COMMITTEE REPORTS, Buildings & Grounds, continued

Ms. Bessant presented the second draft of a proposed West End RV & Trailer Storage Area Policy. Mr. Hedberg suggested the policy be effective July 1, 2021. Ms. Lehman made a motion to approve the policy, effective July 1st. Ms. Mullally seconded the motion. Following much discussion, including a suggestion of vehicle size limits (which, it was determined could be included in the contract), the motion carried unanimously. The new Board will need to look at reasonable time limits for removal of all non-complying structures now in the parking area.

Planting of a crabapple tree, in memory of DeDe White, was inadvertently left off the agenda of today's meeting and will be presented next month.

Ms. Bessant reported that the committee continued their discussion regarding recycling. She noted she will be bringing recommendations from the committee to the new Board. She also asked that any residents who have ideas about a constructive solution to the problem, please contact her or write to Buildings and Grounds with your suggestions.

- **Library/Book Shoppe**: Ms. Lehman reported that the Library/Book Shoppe is currently in transition, with the Book Shoppe still open on Saturday from 11 a.m. to 2 p.m.
- **Garden Club**: Pat Ostrom noted that her request included on today's agenda has been withdrawn until it is discussed at the next quarterly Garden Club meeting on June 26th. She reported that the flowers are blooming, and produce is growing in the Garden Club. They have had two workdays in May, clearing out the native garden box area as well as Jan's Patio. They also had a successful plant sale in early May, making over \$600. Thank you to all who donated time and plants and made purchases. The Garden Club's gatherings on late Sunday afternoons are being well attended, as weather permits. All are invited to join these gatherings.
- **Events & Entertainment**: Judi Lehman reminded everyone about the big Memorial Day event on the green on Monday, May 31st, including a request for people to help with set up on that day.

8. OLD BUSINESS:

- **Revisions to Bylaws and CC&Rs**: Mr. Young noted that subsequent to the Governing Document Forum held for the membership, there were no comments received from members indicating any desired changes to the final draft. Therefore, the Board needs to make a motion to forward the final draft, as it stands, to legal counsel for finalization. Ms. Lehman made a motion to authorize legal counsel to proceed with preparation of the written materials required to initiate the balloting process for member approval of the governing documents. Ms. Mullally seconded the motion which carried unanimously.

9. **NEW BUSINESS:**

- **Proposal by Employee Benefits Committee:** The Employee Benefit Committee has finalized their proposal for Paid Time Off in lieu of the traditional vacation and sick leave benefit. Ms. Baca explained: Pages 30 to 35 of the Employee Handbook covered benefits. The committee evaluated the benefits, trying to tighten them up somewhat, and trying to see if there was any way, without taking anything away from the employees, they could save the Association some money. Under the old policy, employees reached the maximum vacation amount of four weeks after only ten years. Under the new policy they must be employed for twenty years before that amount of vacation is given. Since the goal was to take nothing away from the employees, the committee proposes that those employees who have reached the four weeks of vacation (after ten years of employment) be grandfathered in so that they retain that amount, and it will be at least another ten years before any other employees reach this plateau. (Seven or eight employees were grandfathered in).

The new policy also proposes that the maximum accrual be lowered from 368 hours to 240 hours. It went from forty-six days to thirty days – and the savings to the Association should be significant. Thirty days of accrued Paid Time Off is still considered pretty generous. The new policy also discontinues payouts of unused vacation. This means that when an employee reaches 240 accrued hours, they must take time off or lose any additional accrual until they do so, because the hours will not be paid out.

Ms. Baca noted she has done a quick analysis of the changes and feels it will save the Association at least \$15,000 to \$20,000 per year. This will also encourage employees to take time off instead of losing their accruals. All changes under the new policy will be retroactive to May 1, 2021.

Ms. Winners made a motion to approve the policy for changes to the Employee Handbook, as outlined. Mr. Delwiche seconded the motion. The Board held a discussion about the changes and thanked the committee for its excellent work. The motion carried unanimously.

10. **COMMENT PERIOD FOR MEMBERS:**

- Joellen Bruce, unit 80, noted that when asked how she likes living here, she always comments on the excellent employees.
- Mary Lou Donegan, unit 291, suggested residents engage with door-to-door solicitors. She also commented on the amounts borrowed to cover the insurance payment and increase.

COMMENT PERIOD FOR MEMBERS, continued

- Pat Ostrom, unit 286, expressed her concern over the two liquid amber trees being removed. She appreciates the diligence of the Buildings and Grounds committee and Board in regard to the new tree policy.
- Valerie Fern, unit 205, is tired of the focus on the ACT NOW! comments and letters. She also requested that the policy regarding individuals being able to place cards in others' mailboxes be relaxed.
- Jeanne Wooldridge, unit 175, also wishes the policy regarding the mailboxes could be relaxed.
- Judi Lehman, unit 186, suggested the gray water from the laundry rooms be captured and utilized, and that the electric bills be billed individually to every unit owner.

- 11. ADJOURNMENT:** The meeting was adjourned at 11:55 a.m. The next regular meeting of the Board will be held on Thursday, June 24th, at 10:00 a.m. The Board will meet at 8:30 a.m. in the Durr Room, prior to the open meeting in Casa Fiesta. Prior to that meeting the Annual Membership meeting will be held on June 7, 2021 (luncheon at 12 noon), and the Organizational Meeting will be held at 10 a.m. on June 10, 2021 in Casa Fiesta.