

Villas of Babcock (Summerwind) HOA Board

Meeting Minutes

May 23, 2016

I. Call to order

Melissa Martinez-Carrasco called to order a regular meeting of the Villas of Babcock (Summerwind) HOA Board at 708pm on May 23, 2016 stating that Roberts Rules of Order would preside over the meeting.

II. Roll call

The following directors/officers were present at the meeting: Melissa Martinez-Carrasco, Angela Casas (via webex), Martin Salazar, Monica Moreno, Property Manager, was also present. Karen Mueller was also in attendance.

III. Officer Reports

1. Presidents Report

No report.

2. Secretary Report

- January 2016 meeting minutes were emailed to BOD. No questions or amendments. Melissa motioned to approve the minutes. Martin seconded. Motion carried.

- February 2016 meeting minutes were reviewed. Melissa motioned to approve the minutes. Martin seconded. Motion carried.

- Deferring May 7 meeting minutes due to password on webex recording not working. Melissa will work with Karen to get the minutes done to present to the board before the annual meeting on May28th. Decision was made to move this review to the next regular BOD meeting instead of the annual meeting.

Martin mentioned that since we have not yet appointed temporary officers for meeting, we need to set officers for current meeting. Melissa motioned to appoint Angela Casas as secretary. Karen Mueller volunteered to take on the duties. Melissa amended motion to appoint Karen Mueller as secretary. Motion carried. Angela suggested that Martin serve as treasurer for the meeting. Melissa motioned that Martin be appointed as interim treasurer. Angela seconded. Motion carried.

2. Treasurer Report

- Martin passed the floor to Monica. Angela reported that she is still due to scan the IRS filings to the storage. She agreed to have it done by EOW. Monica will complete 2014 and 2015 taxes will be mailed as of Friday and she will scan to online storage. Some discussion ensued. Taxes that Angela filed were 4 years worth – 2010, 2011, 2012,2013 we think. Form used is 1120. Monica mentioned that form states it is for when you are filing on time only. Angela mentioned the form could change over the years so you have to be sure you grab the form needed for the year you are working on. Some discussion ensued. Angela mentioned that when we discovered years ago that Procom was not filing our taxes, Jesus filed them using the 1120 and there was no issue as far as we know. Agreed to file with the 1120.

Martin passed the floor to Karen and Monica for a report on the financial assessment. Karen shared the reconciliation of 2015 – comparing Frost Bank deposits to Quickbooks line items. Items in red/yellow are the outstanding items to reconcile. First item was a \$700 payment showing with a members name listed. There was no \$700 payment from this member so still working to reconcile that one. Monica mentioned that the member paid monthly and never made a payment that large. Karen mentioned that same members name also shows on one of the insurance check deposits. On January 2, the \$20,744 deposit, as well as the \$4500+ payment is showing same member. Not sure why member name is on these. Attempted to logon to Frost Bank to continue investigation but Monica did not know her password because it is saved on her computer. Questioned if it's possible this \$700 entry was an accidental manual entry. On Jan 2nd a deposit for \$547.50 is a deposit that hit Frost Bank but there is no record of that

payment in Quickbooks eventhough it is an Intuit payment. Monica mentioned the returned checks showing in quickbooks for \$652.50, but the total does not match up. Martin asked for clarification. Left column is Frost Bank, and right is Quickbooks. Martin asked about expenses. Karen mentioned those are on a separate sheet, if we get to it. Continued review of deposits reconciliation. Next item was 9/24/2015 a mobile deposit of \$357.50. Monica mentioned this one is member x, which leaves the 6/22/2015 deposit of \$357.50 currently showing as x as outstanding to reconcile. So there is one deposit for \$357.50 that is outstanding to reconcile, an INTUIT payment not a mobile deposit. Next item is a Cash payment for \$250. The outstanding item here is to reconcile these cash payments to receipts that Monica has. Also there were times when Monica would credit the cash to Bexar Mowing, and then the monthly invoice bill would be adjusted down for that amount. Ie. \$1041-\$250. Melissa questioned if the monthly contract payment was not setup as ACH. Monica indicated no, she pays Bexar Mowing with a check. Karen mentioned that the checks are actually easier to reconcile than electronic deposits, but the different amounts monthly did make it harder to reconcile. Karen mentioned that perhaps for cash payments we should have an official Petty Cash box with an official ledger. Angela mentioned that member money should not be placed into Petty Cash. It needs to be only our money. Martin suggested we not accept any cash from members because that exposes us to questions from members and cash is difficult to trace. Angela agreed do not accept any cash. Karen agreed it would simplify bookkeeping if no cash payments were accepted.

Next item there were 5 that were unreconciled for \$195. We reconciled the 5 payments that were outstanding, but now those exposed 5 others that need to be reconciled. Next item is payment of \$184.59 from member y, is a Quickbooks payment, that did not hit Frost Bank. Potentially this is part of the \$652.50 bank returns. Melissa questioned why this isn't done at the end of each month. Karen mentioned that is what she wanted to suggest is that the Treasurer meet with the Acting Treasurer weekly, or at least monthly, to do this reconciliation so it is done real-time and not so hard to all figure at the end of the year. Melissa agreed especially for returned checks to ensure that we remove the credit from the members account. It was suggested that we get with the bank to get the details and in the future we make sure it is done at least monthly. Martin also mentioned that we need a process to pass the NSF fees on to the member so that HOA is not paying it. Melissa mentioned that the statements should show the NSFs. Monica and Karen both mentioned that they did not see any NSFs on the bank statements. Some additional discussion ensued. Melissa mentioned we do need to reconcile the \$652.50 so that we can remove the credits from the members accounts. Karen mentioned she would like to wait to go to the bank until we have answered all the questions we can answer, then go to the bank for their help with these. There is one unreconciled for Independent Title Company. Melissa questioned why Boardwalk Property Mgmt received a payment. Monica answered this is not a payment to them but from them and this is a property manager for a property in the neighborhood. Melissa expressed concern that some actions in Quickbooks are manual and easy to be missed. Total shown in Quickbooks and not in Frost Bank was \$1294 and total deposits at Frost Bank that were not in Quickbooks was x.

Karen Mueller reported part 2 of the assignment was to review expenses/payments. Ie. Where did our money go? Expense spreadsheet presented. Total spent was \$98328, but have to account for the 2 insurance deposits of about \$25000. Angela questioned why our monthly expenses are at \$59,000 on the budget. Karen mentioned this is not the proposed budget, this is what we actually spent in 2015. Angela said we need to remedy the issue that we are spending more than we take in. Martin Salazar requested to see the individual line items. Karen indicated this is the General Ledger report that can be pulled directly from Quickbooks. She can email this to the BOD. Melissa noted that the Quickpass is showing the reduced amount. This reduction was not accomplished until 2016. Karen updated amount to \$658 per month increasing the total spent to \$102,000. Next assignment was to propose a budget. Karen reported it was necessary to do the 2015 history of expenses in order to propose an accurate 2016 budget. Melissa had additional questions on the actual expenses. It was mentioned that the Intuit fees are significant and that we should be building that in to the total for the member instead of the HOA eating the expense. A review of all the items under Monthly Expenses section was done. Moving into the next section, a review was done of each of those line items. Some discussion on Social Events total and why it was so large. Monica mentioned that we did Super Bowl and Halloween. Again it was mentioned that detailed line items need to be seen. Karen will email the general ledger report from Quickbooks. Melissa noted that the Gate Maintenance total needs to be adjusted to remove the expenses that were covered by the insurance payments. Karen mentioned that will also be the case with Street Maintenance. We need to determine the breakdown of where the insurance money went. Monica indicated we can review the invoices in online storage to determine. Karen no longer has access to online storage. Monica mentioned that some of the insurance also went to Cima Iron Works for the new gate. Karen questioned when the accident was and BOD was not sure. We need to look in online storage. Melissa questioned what the administrative fees were. Karen Mueller mentioned it was 2 items – one was the administrative support we hired to get the documentation needed for the lawsuit. Questions about the Taxes line item. If these are actuals, did we pay \$300 in taxes? Karen mentioned taxes did not show as paid in Frost Bank, but after doing the actuals the previous budgets were reviewed to see what's missing and taxes was one item that was missing and added.

Karen next presented the proposed budget. She offered to store the HOA items for free to save the \$900/yearly. On electric, Karen suggested we could save on electric by doing less lights at Christmas. Since all the other lights are on dusk/dawn sensors, we cannot really adjust those. Melissa questioned if the electric goes up in December. BOD will need to review the general ledger when it is sent to see individual amounts. Karen mentioned that for water it was mentioned that spending over \$5000 on water annually is too much. We need to reduce. Angela reminded us that there are the built-in fees on each of the meters and these fees are set. Some additional discussion ensued. Karen offered to add a phone line to her family plan for \$40/month vs the \$70+ we pay currently and that GoDaddy would host our website for \$3.99/month vs. the \$230 we pay today. It was ultimately decided that the BOD needs to review the general ledger before a budget can be approved. Karen agreed to send the General Ledger report from Quickbooks and to also send the electronic copy of the proposed budget so each director could review and reply with their recommendations for changes. Discussion about ensuring we are able to meet our obligations for the remainder of the year took place and where expenses could be reduced. It was mentioned that Gate Maintenance in the budget needs to be just the quarterly maintenance that is recommended. Any other maintenance required on the gate is above and beyond what is budgeted. Additional discussion on other line items ensued, including potential to reduce water usage. Next totals were figured to see what the expenses would be for the remainder of the year. Monthly expenses, which does not include Property Manager salary, at first glance appeared to be about \$17000, with the reductions that were agreed upon. Monica agreed to accept \$400 vs \$450/mo in the contract for the remainder of the year to help meet obligations, making that total for the remainder of the year \$2800. Operating expenses were then reviewed. The proposed budget reduced the amount to \$12,259.00. Some discussion ensued. Again, ultimately the BOD opted to wait to review the General Ledger before approving a budget.

IV. Property Management

Discussion occurred about the current state of affairs. After much discussion, BOD opted to invoke the 30 day notice to release the current Property Manager from her contract and agreed to enter into contract negotiations with Trio Property Management.

V. New Business

None

VI. Adjournment

Melissa adjourned the meeting at 947pm.

Minutes submitted by: Karen L. Mueller, Temporary Secretary