

POINTE SOUTH MOUNTAIN RESIDENTIAL ASSOCIATION
BOARD OF DIRECTORS SPECIAL MEETING
City Property Management Company

Meeting Minutes of February 19, 2004

Directors present: Fred Huff, President
Dave Harp, Treasurer
President Kay Hatch, Secretary
Frank Frangul
Mike Harris
Jane Karkosky

Directors absent: Sunny Lee, Vice President

City Property Management Company: Renee Gordon, Association Administrator
Patty Garman, Senior Manager

Recording Secretary: Renee Gordon

CALL TO ORDER

The meeting was called to order at approximately 6:00 p.m.

INSURANCE

The Mahoney Group discussed insurance coverage and explained to the Board of Directors as long as the Community employs an armed courtesy patrol they would not be able to make a change in their insurance carrier.

The following is a summary of the insurance options as laid out by Mike Harris:

The Association could approve the bid from The Mahoney Group for \$71,831 for property and liability insurance, \$3,700.00 for an umbrella policy, \$2,649.00 for D&O insurance, and hence discontinues service with our Courtesy Patrol prior to the first effective date for savings of \$35,595.00.

Or

The Association could keep our armed Courtesy Patrol, approve the bids for \$91,385.00 for property and liability insurance, \$18,600.00 for an umbrella policy, and \$3,790.00 for D&O insurance.

Policy	2003 w/ Armed Patrol	2004 w/ Armed Patrol	2004 w/o Armed Patrol	Savings
Property & Liability	\$91,385.00	\$91,385.00	\$71,831.00	\$19,554.00
Umbrella	\$13,200.00	\$18,600.00	\$3,700.00	\$14,900.00
D&O	\$ 2,550.00	\$3,790.00	\$2,649.00	\$1,141.00
Totals	\$107,135.00	\$113,775.00	\$78,180.00	\$35,595.00

Notes:

- If we choose the first option, then we could use the money saved as follows:
- Go with option 2 with APS,
- Fix the Vantage Way Pool Cabana,
- Provide alternative Vantage Way Pool parking before the new court homes are completed,
- Get all our trees under control,
- Put more money towards reserves, and/or
- Other improvements.
- Besides the added insurance costs, our armed patrol was budgeted at \$52,000 for the year. APS costs for one year under option 2 of their plan at \$1500/month is only \$18,000 for a year. That represents another \$34,000 per year savings. If we stay with option 1 with APS, that represents another \$12,600 per year savings for a Grand Total of \$82,195 per year.

Dave Harp made a motion, seconded by Kay Hatch, that the following resolution be adopted:

RESOLVED to accept the existing Farmers policy with a 1K deductible effective 02/22/2004.

The motion was carried and the resolution adopted by a five to one majority vote. Mike Harris voted no because he wanted to save \$82,195 by dropping the armed courtesy patrol and accepting the insurance bid from the Mahoney Group.

Mike Harris made a motion, seconded by Dave Harp, that the following resolution be adopted:

RESOLVED to have Dave Harp and Renee Gordon get a legal opinion on the best limits to take for the insurance: keeping liability coverage at 1 Million per occurrence/2 Million aggregate with a 15 Million dollar umbrella policy **OR** increasing liability coverage to 2 Million per occurrence/3 Million aggregate without an umbrella policy.

The motion was carried unanimously.

WATER SUBMETERING

Fred Huff stated that in a conversation with Sunny Lee, she pointed out to him that in the July 2003 minutes it is recorded that the Board took a vote to accept Tony Rossetti's Company, and it is a breach of good faith if the contract is not signed tonight.

Mike Harris is having a number of problems with Tony Rossetti's way of doing business. Mike said, we have been working in good faith with Tony. We may have to go to legal before signing the contract for the following reasons:

- Mike is not getting callbacks from Tony Rossetti of Water Submetering Systems (WSS).
- WSS has not provided the required \$100,000 fiduciary bond
- Based upon the \$9,300 figure provided verbally by WSS, WSS will be required by contract to rebate the HOA \$5,570.55 for the installation of the original 23 cul-de-sac irrigation meters
- WSS inaccurately calculated water usage by including base usage. This has still not been corrected.
- Sewer charges were the same for everyone, which is not correct.
- WSS has upset many homeowners because he will not read meters that he did not install.
- Homeowners are always listed in a different order format when sent from WSS.
- Mike has detected multiple data entry errors apparently the result of human error by WSS
 - Mike has seen dramatic differences in meter readings, with mistakes made by WSS.
 - WSS has put readings on wrong lots.
- By doing away with the middleman, approximately \$5,000 per year would go to the Association.

Mike Harris discussed the current submeter installation progress and the pool average. Details are in the previous minutes for 2-10-04.

Kay Hatch made a motion, seconded by Dave Harp, that the following resolution be adopted:

RESOLVED to allow homeowners out of the pool at the beginning of the 2nd quarter (April 1, 2004) if a submeter is installed by March 15, 2004. Otherwise, homeowners must wait until January 1, 2005 to opt out of the pool. A letter will be sent to the homeowners letting them know of this change in order to avoid mid-year recalculations of the pool average.

The motion was carried and the resolution adopted by a unanimous affirmative vote.

ADJOURNMENT

There being no further open session matters to discuss, the Board adjourned the meeting at 6:35 p.m. The next meeting will be the homeowner's regular meeting on March 9, 2004.