

WHITNEY OAKS COMMUNITY ASSOCIATION
MINUTES OF THE GENERAL SESSION BOARD OF DIRECTORS MEETING
HELD August 18, 2010 AT 4:00 P.M.
Whitney Oaks Golf Club, Rocklin, CA

CALL TO ORDER: The meeting was called to order at 4:05 p.m.

DIRECTORS PRESENT: Chris Eatough, Ken Morrow, Stan Laderman, Eva McLain and Leon Schoenfeld – Quorum Met

DIRECTORS ABSENT: None

ALSO PRESENT: Monique Gardner and Brent Kocal of Kocal Management Group and a number of Association Members.

Presentation about Pacific Western Bank: Brent Kocal gave the Board and Members a presentation about Pacific Western Bank and why the Management Trust decided to move all the operating accounts to this bank. Please see attached.

Wetland Funds: The Board discussed the Wetland Fund Account. The finance committee would like the Board to take the money that is in that account and put it with another bank and latter the monies in three CD's over three years. There was a discussion on whether the interest on this account could be transferred into the other reserve accounts or if it needed to stay in this account, Management will look into this matter. *A motion was made by Director Schoenfeld, seconded by Director McLain to move the money into a larger banking institute in three CD's to be layered one, two and three years. If the interest needs to stay in this account it will be wrapped into the last CD. All in favor, motion passed.*

Protection of assets versus income development: The Board and finance committee discussed the Investment Policy Statement that the association should be following.

Bond versus CD's: The finance committee discussed bonds and CD rates.

Investment strategy development:

- a. By ourselves
- b. With the assistance of a paid consultant
- c. With Paul Cutter at UBS

The finance committee cautioned the Board that in view of the deterioration nature of the various state and local finances that we should use caution in our investment decisions and does not recommend any further purchases of municipal bonds for the foreseeable future. They will also be monitoring the existing municipal bond portfolio and will advise the Board if they need to liquidate or not. The finance committee also recommends that any investments in the foreseeable future are placed in relatively short-term bank CD's or U.S. Treasury bills and notes.

BAA rated bonds that the Association has in Municipal Securities: According to the WOCA investment policy statement any tax exempt securities that fall below AAA ratings should be reviewed and a decision made to hold and monitor, or liquidate. Currently the Association has four bond issues in the portfolio that have poor Moody's and BondView.com ratings. They are San Bernardino Co, Kern County Pension, Calif. St. Refunding, and another Calif. St. Refunding. The finance committee recommended to the Board that these bonds be liquidated and placed into bank CD's, U.S Treasury bills or notes. They also advise to stay as liquid as possible and to only put them in 1, 2, or 3 year

investments so that we may be able to take advantage of the interest rates when they eventually go up. *A motion was made by Director Schoenfeld, seconded by Director McLain to sell the four bonds as soon as possible and place the funds in CD's staggered and not to exceed three years. After a discussion the motion was amended by Director Schoenfeld, seconded by Director McLain to sell the four bonds as soon as possible and place the funds in CD's, U.S. Treasury bills or notes as advised by Paul Cutter of UBS. All in favor, motion passed.*

Tax issues and charges for items obtained in 2009: The finance committee discussed paying the taxes on interest earned out of the reserve funds, the reserve studies would need to be changed. The Board requested that management have two reserve updates done this year, one with the taxes paid out of reserves and the second with taxes paid out of operating to see what the difference would be.

Investment of Money Market reserve funds/FDIC insurance: The committee and Board discussed the excess funds in the money market reserve fund that needs to be moved and invested. *A motion was made by Director Schoenfeld, seconded by Director Morrow to move \$750,000.00 from Pacific West Money Market account over to UBS to be invested in CD's, U.S. Treasury bills or notes all 1 to 3 years in length. All in favor, motion passed.*

At this time the Board took a 15 minute break

The Board met in executive session on June 7, 2010 to discuss disciplinary action and August 3, 2010 to discuss contracts.

APPROVAL OF THE MINUTES: The Board reviewed the minutes of the June 16, 2010 meeting minutes *A motion was made by Director Laderman, seconded by Director McLain to approve the minutes of the June 16, 2010 Board meeting. All in favor, motion passed.*

MANAGERS REPORT: Monique Gardner gave her manager's report in writing to the Board, which included a site review summary.

COMMITTEE REPORTS:

Architectural Review Committee: Bonnie Laderman – Gave a report on how many applications were approved or denied for the month of July and August.

Landscape Committee: The committee reported to the Board that they have been working bids for gate 9 irrigation, plants, the orchard area and a landscape plan. They also reported on the water issues that the association has been dealing with and the broken mainlines and pipes.

Finance Committee: None

Financial Reports: The CFO passed out his accounting of the financial report (attached) Also, given to the Board is a copy of the managements accounting, that is available for review by all homeowners.

- A. **Resolution for delinquent accounts:** *On a motion made by Director Schoenfeld and seconded by Director Morrow, the Board agreed by unanimous consent the following:*

In accordance to Civil Code 1367.1 the Board of Directors hereby authorized and instructs the Association's collection service to record a lien in the full amount of unpaid assessments, late charges, interest, and collection fees and costs against that property owned by the member(s) listed on the association's delinquency report dated July 31, 2010 and who are, or become, delinquent beyond 60 days. This authorization shall only

apply to those members who have been properly noticed of their delinquent assessment and of their rights as delinquent members in accordance to Civil Code 1367.1. The Board further authorizes any director to sign and date any and all lien authorization forms as may be required for those delinquent members so noted in these minutes as identified by their association account number (report attached)

ACTION ITEMS:

A. Landscape bids:

- Drainage Repair on Weddington Ct. – The Board reviewed the bids to repair the erosion. *A motion was made by Director Eatough, seconded by Director Schoenfeld to approve the BLM bid to repair the drainage. All in favor, motion passed.*
- Bids for Gate 5 plantings – The Board reviewed the bids for new plants at gate 5. *A motion was made by Director Morrow, seconded by Director Schoenfeld to approve the BLM bid. All in favor, motion passed.*

B. Board Code of Conduct: The Board discussed the need to have a code of conduct and reviewed the sample codes. Director Morrow wishes this item to be placed on the next executive meeting agenda.

C. Bad Debt Write Off: *A motion was made by Director Schoenfeld, seconded by Director Morrow to write off \$4665.50 in bad debt due to foreclosures. All in favor, motion passed.*

D. Speed Program: The Board discussed the speed program and how to make it more effective. What speed should a homeowner be called to a hearing, what to do with the owners that are running stop signs. The Board instructed Management to contact the attorney to see if running a stop sign could be an enforceable violation. *A motion was made by Director Laderman, seconded by Director Morrow to continue with the speed program and have the security company come to the community two weeks out of each month for the next six months. For: L. Schoenfeld, K. Morrow, S. Laderman Against: C. Eatough and E. McLain Motion Passed.*

UPDATE:

Trails and Drainage Issues: The Board gave an update on the trails and v-ditches; a letter was sent out to all homeowners.

OPEN FORUM: During open forum, Members made comments, asked questions and noted concerns regarding the following items: Vivien Drainage area, golf carts, weed abatement behind Hillcrest and the meeting with Lee Hazeltine and the City.

NEXT MEETING DATE: The next meeting will be September 15, 2010 at 6:00 PM at the Whitney Oaks Golf Club

ADJOURNMENT: There being no further items of business to discuss, the meeting was adjourned.



Board Member

2/8/11

Date