

Fair Oaks Ranch Homeowners' Association
August 21, 2017, 6:00 p.m. Special Meeting
Fair Oaks Ranch HOA Conference Room, 7286 Dietz Elkhorn

- I. CALL TO ORDER** – Carolyn Knopf, President, called the meeting to order at 6:00 p.m. All board members were present except Jonathan Cluck, who was represented by a proxy, and Kim Keller. Carolyn Knopf attended via conference line. There were no guests.
- II. GUEST COMMENTS** – There were no guest comments.
- III. EXECUTIVE SESSION** – The Board of Directors adjourned for a closed executive meeting pursuant to Section 209.0051 of the Texas Property Code to discuss personnel matters relating to salary in the 2018 budget.
- IV. RECONVENE OPEN SESSION** – The Board of Directors established the salary of the office manager for the 2018 fiscal year.
- V. CONSIDERATION/DISCUSSION ITEMS**
- A. Discussion of the 2018 budget - Directors reviewed a five-year financial forecast prepared by the Treasurer, Tom Jaster (*working documents on file*). The forecast projected for FY 2018 used two revenue scenarios: a base case, using current resale/transfer fees, and an alternative case, using increased resale/transfer fees. The objectives of the discussion were to gain agreement on revenue assumptions for 2018 and which line items of the budget will require business cases, discuss the need for fee increases, and gain understanding that the 2018 budget as submitted can be affordable.
- Newly plated properties should be billed at the time they are entered into the FORHA database and lots that have transferred in the database to homes should be billed for the difference in assessments. Office staff will work on developing an office procedure for this.
 - The financial forecast assumes that assessments cover all operating expenses and excess funds are used towards projects. Assessments in 2018 will not cover all operating expenses and will be subsidized by other revenue like resales/transfers. The base case calls for \$17,406 in new funds available for projects and the alternative case calls for \$57,281.
 - According to the forecast's alternative case, \$15,000 will need to be cut from the proposed budget to maintain operating expenses (or "Days Cash on Hand") for three months. The minimum Days Cash on Hand is 80 days. Directors should consider which expenses can be reduced for the next budget session.
 - Tom Jaster will speak with the FORHA auditor to find the amount needed for the R&R to be completely funded, as there may be additional funds available. He will report to the board at the next budget session.
 - The board agreed that all projects and the following programs will have business cases due before the next budget work session:
 - Programs
 - Website, HOA Forum & new resident welcome packages: Carolyn Knopf
 - Efforts to update resident information in the FORHA database will be included as part of the website strategy.
 - Directory/maps: Ken Nichols
 - Trail events, The Preserve: Debra Grandjean
 - City/Volunteer Appreciation: Kim Keller
 - Projects (require resubmission in 2018 for scope approval)
 - All Parks and Trails projects: Debra Grandjean
 - Video system, NAS/UPS, office furniture and equipment replacement: Ken Nichols
 - All other proposed office projects: Carolyn Knopf and the office manager
 - Mike Saletta voiced objection that his three proposed budget items (member data collection, community activities, and member research) were removed from the budgeting process without consideration or discussion.
 - The board agreed to have the second budget work session on Tuesday, September 12, 2017 at 6:00 p.m.

B. Consideration of resale and transfer fees

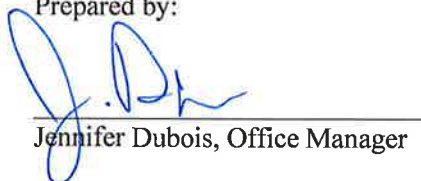
- Motion – Tom Jaster moved that transfer fees increase by \$75.00 and resale fees increase by \$50.00, beginning on January 1, 2018. Debra Grandjean seconded.
- Discussion – The current fees are \$110/\$165 for transfers and \$100/\$150 for resale certificates. The proposed increase would bring transfers to \$185/\$240 and resales to \$150/\$200. Pricing is dependent on whether the property belongs to a secondary HOA serviced by FORHA. The last time there was an increase in transfer/resale fees was in 2010. The increase in fees would generate roughly \$40k a year that could be utilized towards projects. The office manager researched the surrounding area's market price of these fees and FORHA falls well under the market value. As a local realtor, Cathy Ploszaj stated that FORHA's resale/transfer fees are very low. In addition, the FORHA office provides faster turn-around on documents than many property management companies. Mike Saletta requested that the vote be postponed until the next budget meeting, stating board members should be given time to process the financial information presented by Tom Jaster and given the opportunity to consider and propose alternatives, especially considering that board members were not informed that they would be voting on the fee increases.
- Status - The motion passed with 7 in favor and 1 opposed.

The meeting adjourned at 8:40 p.m.

Submitted by:


Cathy Ploszaj, Secretary

Prepared by:


Jennifer Dubois, Office Manager