

Tierra Grande Improvement Association, Inc.
Board of Directors
June 26, 2019

Directors Present: Carol Gasperetti, President
Judi Magnussen, Treasurer
Jim Lardner, Secretary

Directors Absent: Michael Sumner, Executive VP
Howard Snell, Director

Administration Present: Sue Moran, Administrator
George Hobbes, Accountant

Guest(s): Lee Baldwin, CPA / Auditor

Audience: None

Carol Gasperetti, President, called the meeting to order at 4:00 p.m.

AGENDA:

Ms. Gasperetti asked if there were any changes to the Agenda. Ms. Moran had additional topics to add under Other Items: ACC Costs, Members in Good Standing, Request to Cross Our Open Space

There being no other changes made to the Agenda, the Agenda was accepted as amended.

ACTION ITEMS:

2018 Financial Review: Lee Baldwin, CPA. Accounting Director for Baldwin Accounting & Consulting addressed the Board regarding the 2018 TGIA Financial Review. Mr. Baldwin opened by explaining the difference between an audit and a review. Essentially an audit requires auditors to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. His Independent Accountant's Review Report stated that he believes that the results of the procedures reviewed did provide a reasonable basis for the report.

Based on that review, Mr. Baldwin was not aware of any material modifications that should be made to TGIA's 2018 financial statements in order for them to conform with generally accepted accounting principles.

Mr. Baldwin reviewed the report with the Board page by page. TGIA's Assets and Liabilities are pretty consistent from year to year. Once again the Association revenue exceeded expenses but only by about \$7,000.

Two items were discussed in more detail:

Revenues – Annual Assessments: There was a significant difference between the 2017 and 2018 Annual Assessments. This difference primarily had to do with the amount of monies that were written off as a result of properties that forfeited to TGIA in a recent foreclosure sale.

Accounting Standard Changes for 2019: Mr. Baldwin explained that beginning in 2019, any leases TGIA holds, i.e., office lease, copier lease, will be treated as an asset. Discussion took place. This change means that it might be in TGIA's interest to consider purchasing a copier or an office building in the future.

Motion: Motion by Mr. Lardner, seconded by Ms. Magnussen to approve TGIA's 2018 Financial Review as presented. No further discussion. Unanimously approved. Motion carried.

Mr. Baldwin will prepare the final reports and send some bound copies to the Association. He agreed to present the 2018 Financial Review to the members at the 2019 Annual Meeting.

Mr. Baldwin left the meeting at this time.

Minutes: May 22, 2019 Board Meeting

Ms. Gasperetti asked if there were any changes or corrections to the content or to the substance of the minutes. No changes were identified. There being no further discussion:

Motion: Motion by Ms. Magnussen, seconded by Mr. Lardner to approve the minutes of the May 22, 2019 Board Meeting as presented. No further discussion. Unanimously approved. Motion carried.

Foreclosure Overage Funds – Future Procedure: Ms. Moran inquired if the Board wanted to establish a policy or a practice regarding the treatment of overage funds as a result of bids that exceeded the minimum opening bid at a foreclosure sale. Our attorney has proposed the following solution:

- The language in every foreclosure order approving the sale will state that any overages will be deposited with the Court registry without delay once it has been cleared by the Courts.
- TGIA will deliver a copy of the Order approving the sale to the court clerk along with a check for the funds. The court clerk is required to deposit the funds with the court registry.

Discussion took place regarding recovering our legal fees which are generally billed after the fact. By holding the funds for a period of time, it is more likely that TGIA will recover its legal fees. Ms. Moran stated while she does not have a preference as to what course the Board chooses, our attorney will need to know the Board's decision before preparing the foreclosure orders.

No Action was taken at this time. The Board will reconsider this issue at the July Board meeting.

Western Spirit Transmission Line: Ms. Moran reported that Michael Goeff, Right of Way Agent for the Western Spirit Transmission Line project acknowledged receipt of the Board's counter offer to the easement requested across TGIA owned lot – Unit 19, Block 3, Lot 4 which is to purchase the entire lot for \$5,000 instead of purchasing an easement across the lot for \$3,000.

No response has been received to date. Therefore no action by the Board was taken.

For Sale By Owner (FSBO) – TGIA Lots: The Board reviewed a spreadsheet of properties owned by TGIA that are in the For Sale By Owner catalog. No offers have been received to date on these properties. Ms. Moran stated that she will be updating the FSBO catalog and wondered if the Board wanted to amend the asking price.

Discussion took place. The Board felt it was too soon to consider changing the asking price. It was recommended that the issue be revisited at the September Board meeting.

No Action was taken.

FINANCIAL REPORT(s) – The Financial Report for period ending May 31, 2019 was reviewed.

There being no questions or discussion the Financial Statements for the period ending May 31, 2019 will be placed in the record for audit or review.

OLD BUSINESS

Foreclosures / Policy: Mr. Lardner recommended that a policy be created for the handling of TGIA properties considered for foreclosure. He stated that such a policy would protect the Association should someone find issue with the selection process. He also recommended that Ms. Moran create a spreadsheet of all properties eligible for foreclosure and use a grading system to determine the top properties that most likely would result in TGIA recovering its costs to foreclose.

Ms. Moran expressed concern regarding the amount of work this spreadsheet would take to create and maintain since it was a fluid list of properties.

This issue will be an agenda item for the July Board meeting.

Related to the topic of Foreclosures, Ms. Moran asked for a temporary exception to the foreclosure selection process. There is one owner of nine (9) properties in TG who has refused to pay for assessments/interest incurred prior to 2017. He purchased these properties in a State tax sale. Ms. Moran offered to write off interest if the owner would pay the past due

assessments. The owner called to inform TGIA that he would not pay the past due assessments. He did pay the 2018 assessments. One (1) of the nine (9) properties has a home on it. Ms. Moran would like to do a title search on all of these properties including the lot with the home on it. Once done, have our attorney send a demand letter. If the owner does not respond, then the property with the home on it will be removed from foreclosure and a lien will be placed upon that lot. The other properties will move forward into foreclosure.

Discussion took place. Mr. Hobbes suggested that Ms. Moran do a title search at the County Clerk's office first for the property with a home on it. Then bring that information back to the Board for consideration at the July meeting.

NEW BUSINESS

2019 Annual Meeting: The Board reviewed the Agenda for the July 20, 2019 Annual Meeting of the Membership. The President will open the meeting. Our Treasurer will give a brief presentation on how TGIA used assessment revenue to benefit the TGIA community at large. Mr. Baldwin, Auditor, will present the 2018 financial review, the President will share information regarding ACC policies/fee/fines and the Western Spirit Transmission line. Ms. Moran will talk about the HOA disclosure notice.

EXECUTIVE SESSION

The Board convened into Executive Session at 5:28 p.m. to discuss a legal matter.

The Board re-convened the regular Board Meeting at 5:42 p.m.

No action was taken.

OTHER ITEMS

Architectural Control Committee (ACC) Incorporation/Bylaws: Ms. Moran noted that legal fees for the incorporation of the ACC and the development of bylaws will be arriving soon. She wondered if the Board would like to pay these costs out of the "Special Projects" account. Mr. Hobbes recommended that the funds be paid out of the general "Operating" account.

Members in Good Standing: Ms. Moran reported that she and Ms. Earthman have been working with members who are not current on their assessments to pay for services requested of the TGIA office or not receive services at all. Some owners saw the value of the Association services and paid their assessments. Ms. Moran thought that this was important for the paying members to hear about.

Request to Cross TGIA Open Space: Ms. Moran received a call from a non-owner who requested permission to cross TGIA Open Space to hunt with his father in the National Forest. Ms. Moran explained to the caller that this was a highly unusual request that would probably not be approved by the Board. The caller stated that his father would attend the TGIA Board

meeting. Since no one showed up for the Board meeting, Ms. Moran just wanted the Board to be aware of the request.

ADJOURNMENT: Ms. Gasperetti adjourned the meeting at 5:51 p.m.

Next TGIA Board Meeting: The next meeting is scheduled for Wednesday, July 24th, 2019 at 4:00 p.m.

Signature

/sdm: Minutes06/26/19

Date Approved