

**Nature Pointe Board Meeting**  
**Board Minutes Friday, January 28, 2011, 9 a.m.**  
**Nature Pointe Clubhouse**

**Board members present:** Alex Leonard, President; Scott Horton, Vice-President; Bryan Burns, Treasurer; Karen Leach, Secretary; Dave Ashworth and Debbie Leonard

**Staff:** Karen Palmer, Clubhouse Manager & Event Coordinator and Jeff Palmer, Clubhouse Manager & Maintenance

**Guest:** Tony Aragon

**Call to Order:**

Alex Leonard, President, called the meeting to order at 9:08 a.m.

**2010 Financials**

Bryan Burns discussed the HOA current financial status through a computer presentation. He reviewed the Summary of the Clubhouse Building Costs report (\$5,744,992.58), which included an estimated value of our building, maintenance shop and manager's apartment. The report was prepared by John P. Simms, CPA for Vista Del Oro, LLC.

Bryan reviewed the year-end Profit and Loss statements on both an accrual and cash basis. The accrual report shows total revenue of \$177,637.44, total expenses of \$119,392.76 with a net income of \$58,244.68. The cash basis statement shows a total revenue of \$128,344.48, total expenses of \$118,366.11 with a net income of \$9,978.37. There are minor changes that still need to be made before finalizing the reports. Bryan reviewed the 4th quarter financial statement, which reflects a more accurate estimate of our future costs in some areas.

Bryan asked Tony to step out of the room while the Board reviewed a summary of HOA members who are delinquent in their assessments. Following the discussion, Tony was invited to return.

Bryan reviewed the year-end Balance Statement, which includes the value of the Clubhouse, manager's apartment, shop and large equipment (truck, snow plow, blade, etc.). The line item of Accounts Payable is an amount (\$5,436.29) due to Alex for items purchased this year for the Clubhouse, i.e. pool pump. Karen Palmer and Bryan reviewed all receipts, approved the items and filed the documentation in our permanent files in the Clubhouse office.

Debbie confirmed that we now have a credit card for HOA expenses. All receipts will be turned in at the time of a purchase and put in the file at the Clubhouse. Karen Palmer has a HOA credit card with a limit of \$500, which will be kept in a locked safe. Bryan moved to allow Alex to spend up to \$1,000 without Board approval, Dave 2nd motion, motion passed. Alex will bring all receipts to Karen P. in a timely manner. She will enter them into Quickbooks and reconcile them at the end of each month. Bryan reviews all expenditures at the end of each month.

Bryan explained that HOA dues on lots sold with the promotion of "HOA dues paid for first year" will be paid at closing by Alex Leonard, Vista del Oro. He also explained that we have a new

procedure for making deposits. Once money arrives in the Clubhouse office Jeff Palmer creates a receipt and stamps the back of the check "for deposit only". Karen P. enters the information into Quickbooks. She then creates a deposit record from within Quickbooks. This record has two parts, one that goes with the money to the bank and one that remains with our records. On a weekly basis, Karen L. will make the deposit at First Community Bank in Albuquerque, get a deposit receipt and return it along with the deposit bag to Karen P., who will then staple all supporting documents to the receipt. Yvonne Bryan, Quickbooks trainer, reviewed our deposit procedure and concurred that it was a system that meets audit standards.

Dave suggested installing a locked box near the office so HOA members could drop off their dues in a secure and convenient way. Several ideas were suggested. Alex and Karen P. will research a secure system.

Bryan explained that we have not filed a tax return with the IRS and we need to do so soon. He said we are not considered a nonprofit corporation with the Internal Revenue Service, however we are according to the State of New Mexico. In his discussions with multiple CPA's, he found that we won't have a tax liability for the last 3 years because of the depreciation on the Clubhouse and our fixed assets. We will file form 1120 or 1120 H. Bryan said one requirement to qualify for nonprofit status would mean that we need to allow public access to our Clubhouse and property. He has discovered that there is no tax benefit of being a nonprofit.

Alex gave Tony Aragon approval to speak. Tony suggested that people (i.e. wedding group) could buy a membership for an event and become a Class C member for the day/s they are at the Clubhouse, meeting the requirement of being open to the general public. Bryan explained that since we are able to depreciate the Clubhouse over a period of 30+ years, eliminating any potential net balance, there is no advantage to being a nonprofit corporation.

### **Financial Review/Audit/Tax Return**

Bryan reviewed the bids we have received from CPA's to do a financial review, audit and tax returns for 3 years:

David Mettler \$1,000 to do 3 years tax returns  
He does not do financial reviews or audits  
David Pasquel \$15,000 full audit  
\$ 7,500 financial review  
\$ 3,200/yr tax returns  
Farley Vener \$5,000 to do financial review and 3 years tax returns  
Brian Reinhardt, Mackie, Reid & Company \$4,500-\$7,000 financial review  
\$4,500 to do 3 years tax returns

Karen L. moved to hire Farley Vener, who was referred by United Way, to do 3 years of tax returns, 2nd by Bryan, motion carried. Dave moved that we also hire Farley Vener to do our financial review. Discussion followed about the cost of a financial review with our limited resources. Bryan called Farley to ask for a breakdown on his quote and to negotiate other options. Farley's response was: \$1,400 to do the 3 years of tax returns and \$150/hour to come

to the Clubhouse office over 2 days to review our Quickbooks, financial systems and make recommendations. Dave withdrew his motion. Alex made a motion to hire Farley Vener to do our tax returns and on-site review of our financial systems for a cost \$3,900, Karen L. 2nd motion, motion passed. Bryan will request that Farley Vener start next week on our tax returns and either the week of February 14 or 21st to do the on-site review.

### **2011 Budge/HOA Dues**

Bryan explained that he is working on preparing the 2011 Annual Budget. Now that we have the 4th quarter financial statement he will be able to more accurately develop a budget. He anticipates a 10-15% increase for utilities. Discussion followed about potential building and property maintenance projects: stucco, repair, exterior caulking, road cracks and sealing, tennis court drainage, solar system flashing repair on the roof for Palmer's apartment, and low voltage repair for lights at the front gate (*Scott and Bryan may be able to locate the broken wire*). Karen L. suggested a solar system for the Clubhouse. It was decided to budget maintenance projects first. Board members agreed to assist in obtaining quotes on maintenance projects and to give them to Bryan by February 10th.

Dave asked what our potential wedding revenue might be for the year. Karen P. said we should be able to book a wedding/week June - October. To be conservative we could estimate weddings for 35 weeks. Alex's financial responsibility, as the developer, will end in September 2011. According to the Covenants, 8.11 Reserves, page 27, "Developer shall provide a \$20,000 reserve", as well the need to budget for future reserves for maintenance upkeep and projects.

Alex suggested the need to increase HOA dues. Dues have remained the same for 3 years. Karen L. questioned the need for an increase, although said it's better to have a small increase more frequently rather than wait until a large increase or an assessment is needed. Currently HOA annual membership dues total about \$60,000 and outside user group income totals approximately \$90,000. Bryan anticipates our total expenses next year to be approximately \$120,000-160,000. So, it is not yet clear that a dues increase will be required.

### **Annual Meeting/Board Election**

Karen L. circulated the draft cover letter explaining the election process and the proxy ballot for final review. She suggested both mailing and sending via e-mail in case we don't have everyone's current mailing address. The letter and ballot will be mailed on February 1st. Dave, serving as chair of the nominations committee, and a resident will ensure that no one votes twice.

Alex asked for topics for the annual meeting. Items suggested were: Board election, 2011 Board approved budget, events for the year and the need for volunteer coordinators, building/property report, developers report. Dave said it will be important to run the meeting by Robert Rules of order.

### **Next Board Meeting**

The next Board meeting was set for Tuesday, February 15, 7 p.m. to review/finalize the 2011 budget. The March board meeting will be Friday, March 25 at 9 a.m.

**Clubhouse Manager's Report**

Karen P. shared the recent article in the Albuquerque Magazine about weddings at Nature Pointe. Our 3 x 3 ad in the Sage magazine will reach 377,000 readers, we will participate in a Bridal Fair on February 13, and the Perfect Wedding Guide has a new system where customers can hold their cell phones to our ad and our contact information will come up on their phone.

Karen P. requested petty cash for miscellaneous supplies to relive Alex of the responsibility of making purchases. Karen L. moved that we allow \$100 and receipts must justify the cash used, 2nd by Debbie, motion passed. A written procedure will be developed.

Karen P. said the Boy Scouts, lead by Buck Dewey and John Liljestrand (*resident at Vista de Manana*), have requested usage of the Clubhouse for an event on March 5. She asked for approval to lower our rental fee. Scott suggested having them do an in-kind project in lieu of a fee, such as weeding, picking up trash, etc. All agreed, and Scott said he will discuss and schedule a project with Buck.

Dave asked Karen P. about who we partner with on our weddings. Her response: motels, food caters, and shuttle and limo companies. Dave asked her to prepare a one-page report about our networking, connections and partnerships, and the benefits we receive. Bryan asked about connections with corporations to promote our facility for employee training/events. Bryan also suggested connecting with the movie industry to schedule potential events. Jeff reminded us about the time needed to promote these events along with other required job duties.

**Unfinished Business**

A training on Clubhouse emergency equipment and systems will be held following the Board meeting on March 25: how to silence building alarms, location of water main line shut off value, review of electrical panels, location of fire hose, emergency equipment in swimming pool and mechanical rooms. Karen P. will have a full set of building keys made for each Board member.

**Adjourn:**

Alex adjourned meeting at 12:16 a.m.