

# Nature Pointe HOA Annual Meeting Minutes

Sunday, March 17, 2013, 4 p.m.

Nature Pointe Clubhouse

**Board members present:** Alex Leonard, President; Mark Tuttle, Vice President; Bryan Burns, Treasurer; Karen Leach, Secretary, Trudy Henderson and Deborah Leonard

**Staff:** Simona Derr, Clubhouse & Event Manager

**HOA members:** 45 members attended, 80 voted

## I. Call to Order

Following a potluck dinner, Mark Tuttle, Acting Chair, called the meeting to order at 4:50 p.m.

## II. Board Elections

**A. History & Recent Happenings** — Mark explained that there are two paths to serve on the Board. One is by appointment and the other by election, which is what we will be doing today. Mark explained that Alex Leonard, as the Developer, has the freedom to appoint anyone to the Board, including non-members such as bankers, real estate agents, financial investors, etc., which is how Paa Ko, a similar development, appointed their board — they have only one resident on their Board. As stated in the Covenants, the initial Board was appointed by Alex; then once 25% of the lots were sold a Board member was elected by the membership, and once 50% of the lots were sold 2 Board members were elected (*Karen Leach and Bryan Burns*).

Nature Pointe is very much a work in process – we are only about 18% built out toward our end number of 112 homes. Unfortunately we have issues. Some members have chosen to handle their issues in a constructive professional manner with dialog and progress, others have chosen anger, loud voices and threats of litigation, and still others have chosen petty vandalism in our Clubhouse that costs us all money. One member even took advantage of our situation with no on-site staff to leave all of the lights on and the door propped open so our Clubhouse was not secured for at least one night, and we may get a large bill from PNM. Recently we have learned that some members have apparently decided that since there is no one on-site to enforce the Clubhouse rules, they do not need to follow them. Mark said he found what was most appalling is that there are kids involved – so their life lesson is that if you do not like a rule and there is no one there to enforce it, ignore it.

Mark said the Board has been very concerned about these things, and we hope you are also concerned. We have been wrestling with this evolving situation, trying to decide what is broken. Is it just the people who live here, but don't like it here, or what is really going on? In talking to our attorney, who works with many HOA organizations in the area, and others, we learned that many HOA groups either have or are going through these same sorts of situations with angry people. There is apparently just something about emotion, ownership, authority issues and covenants that foster these sorts of problems. That made the Board feel only slightly better, however, they were still wishing for help in navigating these troubled waters.

**B. Introduction of Newly Appointed Board Member** — Mark explained that one of our members has many years of managing a large, successful HOA and she has been there and done that — tried things that worked and other things that did not work. Even better, she was willing to help us. He introduced our most recently appointed Board member, Trudy Henderson, who has over 30 years experience with HOA's and real estate management and she will serve as Master of Ceremonies at today's meeting.

Trudy explained that we are very lucky to have such a beautiful Clubhouse, because in most communities their facilities are retained and owned by an outside management company or developer. She recognized that we are going through growing pains, and asked that members stop firing off e-mails and instead talk to one another. She explained that the Board will not be able to make all of the requested changes, and it is the Board's responsibility to enforce the Covenants that we all agreed to when we purchased a lot at Nature Pointe. Trudy explained that the Annual Meeting is an information meeting, and we will not have a voting/decision making process around issues. She asked members not to bring up old issues, because they will not be decided at this meeting, and asked for solutions as a way to move forward.

**C. Nomination Process** — Mark summarized the nomination process, which he said was recently called secret, backroom, stinky and other less flattering terms. The formal process began on January 11, 2013, at a Board meeting, where he was appointed Chair of the Nominating Committee and Bryan Burns, Board Treasurer, volunteered to participate. His appointment was reported in the minutes, which were published on our website. He then proceeded to find two additional volunteers, Melissa Rugge and Dave Ashworth. On February 13, we sent an email to all members announcing the Annual Meeting date of March 17, and an election for a member Board member, and the Nominating Committee with the committee members. No one contacted anyone on the Nomination Committee or the Board to volunteer and no one recommended a name to be considered. One member did recommend additional guidelines to be included in the requirements. Mark said, "Given all this silence, this lack of activity and initiative, somehow the Board is now being blamed for not somehow knowing somebody might have liked to be considered. The individual has every bit as much responsibility to self identify as the committee has to somehow divine that this random person is interested."

The Committee concluded their work with only one nominee — the incumbent Karen Leach, and sent the one individual who had contacted Mark an email explaining that the Committee did not find anyone else who had the required time, mind-set and capability to take on the Board position. Mark explained that the Board Secretary's position involves a tremendous amount of documentation and is the keeper of the various procedures, processes, minutes and records for the HOA.

**D. Requirements to Serve** — Mark explained the requirements to serve on the Board: The **time** requirements of an active member of our Board entails about 20 or so hours per month during good times and 40-50 hours per month since December with our staff

transition. This includes meetings, interviewing, calls, writing emails, researching the Covenants and Bylaws, training staff, enforcing rules and so on.

Mark said that Karen Leach was not certain she wanted to run for another term. As a result, he started thinking about viable alternatives. He said he had not lived at Nature Pointe long before he noticed that at most events, certain people came early and set up tables or chairs or help in the kitchen; likewise the same or other people stayed late to cleanup and tear down. Some individuals just seem to have more initiative and are more willing to give of themselves for the good of the community. This is some of the **mind set** mentioned. Our Board is small – if a member does not have the time, initiative, skill set and willingness to actively participate – the work still has to get done, so the rest of the Board would have to do more. So, he focused more on those individuals when looking for candidates.

Again, knowing that we were dealing with the Secretary's position, which creates the minutes of every meeting, keeps our records, manages our forms and various processes, the Committee was looking for organizational skills and initiative, some business/financial background, maybe some managerial experience and the self-confidence to deal with all of the different personalities. These are some of the **capabilities**. He had conversations with potential candidates to see if they were working or retired and how consumed they were by their job, how much they traveled, their family commitments – trying to see if they could ask (*demand the time commitment referenced above*). The Committee found no one else both willing and able, and no one else found us. On February 26 the Committee mailed the ballots with Karen Leach's name and a write in opportunity.

Mark said that is what happened, for those who received nasty grams about all of this, Mark apologized for the sender – he said they talked about him, but they did not talk to him. Mark said "if that happens in the future, if members get emails with more anger than facts – we ask you to ask them if they have personally discussed their issue with the appropriate Board member – if they say no, we leave that to you to evaluate – if they say yes and you either do not like or do not understand what you are being told – please call the appropriate Board member and ask about what really happened and why. Board members are just members doing their best to make Nature Pointe the business and the community work for everyone. Collectively as the Board they have some authority to act, just as collectively the members have some authority to act, e.g. electing a Board member today – but individually we are just residents too. You may not always like what the Board tells you, sometimes the right thing is not the easy or popular thing to do; but at least you will have all of the information to form your own opinion."

Concerning potential candidates, Mark continued to search, in fact as recently as just before the Annual Meeting, he talked to a resident about the potential of someday running for the Board. He said he is doing this because he knows that Nature Pointe, the Board, and probably many of the issues will endure long after our current Board members are gone. Therefore, he is trying to cultivate potential candidates for the next generation of the Board – people with the right tool set, the required toughness, and the willingness to serve and give of themselves for the good of their community.

**E. Nominations from the Floor & Voting** — Mark explained that we need to change our nomination process and in the future to not allow nominations from the floor because of the proxy voting process. We should request nominations prior to the meeting so all candidates can attach their bio to the ballot. Trudy explained that our Bylaws do not allow nominations via e-mail, only from the floor. Therefore, when we learned just 2 days prior to the Annual Meeting that there might be a nomination from the floor, when each member signed in at the door, they were given a ballot — those who sent in their proxy ballot early were given that same document back, and those who had not sent it in were given blank ballots. This was done to provide those present, who might want to change their earlier proxy ballot as a result of the nomination from the floor, the opportunity to do so. This dilemma will be dealt with by the Board to eliminate this possibility and make early self nomination easier prior to next year's election.

Wes Trudell said according to the Bylaws the membership is electing a member at-large, not the Secretary's position. Mark clarified that he was correct, however, this is the position that would need to be filled by the person being nominated to the Board. Eric Schindwolf asked about who can vote. Bryan confirmed that only members in good standing and we have 7 lots that are delinquent so those members are not eligible to vote. Bryan said everyone must sign their ballot so we can confirm the number of votes allowed per lot.

Mark called for nominations from the floor. Buck Dewey nominated Melissa Trudell, Lot 7. Mark asked Melissa if she was able to commit to the required volunteer time and to present her qualifications, which she did. He asked HOA members to turn in their ballots. Mark called on Melissa Rugge and Dave Ashworth, Nomination Committee, to count and verify the ballots.

### **III. Recognition**

**A. Volunteers** — Alex expressed thanks to our volunteers: Trudy Henderson, new board member; Josie Aragon and Bryan Burns, website; Dale Rugge, karate instructor; Melissa Rugge, organized weekly Kettle bells; Patsy Spellman, Holly and Peter Siebert and Bonnie Woodard, planned the Christmas party; Karen and Mark Tuttle, Finance Committee, Christmas party and Black Friday; Melissa Trudell and Susan Clark, Christmas Tree decorations; Karin Konstan, helped organize storage room; Vicki Burns, Quickbooks assistance; Adam Metcalf and Melissa Trudell, activities for Valentine's Day party; Election Committee: Mark Tuttle, Bryan Burns, Melissa Rugge and Dave Ashworth; Patsy Spellman, renter's apartment preparation; Dewey Family and Cub Scouts, trail maintenance; Michelle La Casse, cleaning Wellness Center; Sue Campbell and Bonnie Woodard, assistance with developing mission/vision statements; Scott Horton and Trudy Henderson, serve on the ACC.

**B. Contractors** — Alex thanked Wes Trudell, snow plowing; John Kay, window washing; and wedding coordinators: Holly and Peter Siebert, Claudette Trudell, Jenn McNeilis, Julie Lundin, Catherine Hannigan, and Brinna, Bridget and Beth Rammage.

**C. New Staff & Lionbarger's Return** — Alex introduced Simona Derr, new Clubhouse & Event Manager, and her husband, John, and daughter, Beth. Simona said she is looking forward to meeting everyone. Alex also welcomed the Lionbarger family back from their year-long travel adventure around the country. We will host a breakfast for Simona and the Lionbarger's on Saturday, March 23 at 9 a.m.

**D. Home Completion's** — Alex congratulated Robin and Jeff Eschenburg on the completion of their home and for participating in the Spring Parade in April. He congratulated Karen and Mark Tuttle for the article about their home in the SuCasa magazine. He said we will have a welcome breakfast for the Eschenburg's on Saturday, April 13.

**E. New Housing Starts** — Allison and Jeff Murray and Kristin and Erik Skogen will begin their new home construction soon. Alex welcomed new lot owner, Stan McDuffie.

#### **IV. Project Completion**

Alex reported on the many projects that have been completed: 60" Entertainment Center on wheels, Women's locker curtain, Dining table curtains, 12 pieces of art framed, cabinet top in Anaszi Hall, security locks in the pool room, dining table leather drapes, leather drapes in massage room, Racquetball curtains, wedding sales and breakout room/privacy multigroups, created system to hang Anasazi twinkle lights high for basketball play, locker bench leg supports, kettle bell racks, snow plow truck repairs, improved flagstone walkway at North parking lot and apartment, sealed expansion joints in patio areas, cleaned and placed rock border around the island across from Lot 60, cleaned up bone yard, pool rinsed off curtain. Future projects: stucco repairs.

#### **V. Architectural Control Committee (ACC) Update**

Trudy said the ACC has been reviewing plans for several new homes to ensure that they conform to the Covenant standards. The ACC will be doing a drive through from the road, which is the standard practice. A written notice of the window of time will be given soon to the entire community.

#### **VI. HOA Structure Explanation**

Mark explained that there have been a variety of comments and documents shared over the last several months that imply a fundamental misunderstanding by many of the members of the basic structure of our HOA and individual member's role within that entity. We have outlined the structure as defined in the Covenants and Bylaws in an effort to help members better understand the various inter relationships.

First, there is the **HOA corporate entity**, a State of New Mexico not-for-profit corporation. This is the foundation of our HOA, it is where the business of the HOA is done; this is where all property owned by the HOA resides, including the Clubhouse; this is where all employees (contract and permanent) are hired, managed and fired; and this is where the Board of Directors function to manage the various aspects of the HOA. The HOA is absolutely a business, just like a Church or day care center or many other examples of nonprofit entities

are first businesses. They can only survive long term because the business arm of that function is successful, facilitating everything else that happens within that entity.

Then we have the **collective membership of the HOA**, owners in good standing of all of the lots within Nature Pointe. This is the community of Nature Pointe. Collectively these owners have certain abilities to create change within the community, as well as the entity, and again collectively individual owners elect a portion of the directors serving on the Board and share in the benefits afforded by the success of the entity above.

Finally, we have the **individual member**. Individual members in good standing have a right to use the property owned by the corporate entity to the extent provided in the Articles of Incorporation, Bylaws and Covenants. Members are not personally liable for the debts or obligations of the not-for-profit Corporation. As property owners each of you are personally liable only for the dues, assessments or charges imposed under the covenants.

Fundamentally, individual members are part of a larger community that provides many opportunities to enjoy all of benefits of living in Nature Pointe. Mark gave a couple of examples:

1. The HOA purchases a semi-load of woodchips for application in the playground contained in the common area near the clubhouse. They are dumped in a large pile in the playground area. This material was purchased by the entity on behalf of the community. Clearly, no individual member could start moving chips from the pile to their private residence; this would be taking from the community – in less polite terms, stealing.
2. Employees who work at Nature Pointe receive their direction, compensation and reviews from the entity through the actions of the Board of Directors. No individual HOA member has any direct authority or control over Nature Pointe employees. If there is an issue, it would be brought to the Board for their review and potential action.

Trudy said that individual members aren't responsible for HOA financial obligations, but members could be assessed for increased dues if necessary. If dues are not paid a lien is placed on the owners home.

## **VII. 2012 Financial Reports & 2013 Budget**

Bryan Burns asked how many members would like to review the 10,000 transactions over the last several years? No one responded. He asked how many would like to review the 3,500 QuickBooks transactions this past year? No one responded. He said we will only review the 5 pages of the year-end Balance Sheet and Profit and Loss statements. He reported on the actual 2012 revenue and expenses versus 2012 budget as well as the 2013 budget. Copies of these reports were provided to all present. Bryan explained that 7 delinquent lots were written off as bad debt. He said we ended the year with a Net Income of \$35,064.55. And, we deposited \$25,000 into our Reserve Account rather than the budgeted amount of \$10,000. The Reserve Account now has a total of \$55,495. Trudy said the Reserve Account balance is one of the first things potential buyers want to know – how financially stable is the HOA.

Bryan explained that he has contributed hundreds of hours of volunteer time reviewing revenue and expenses. He took offense to recent accusations of money being stolen from the HOA. Two different CPAs have reviewed our books and offered suggestions on improving our processes. These reviews have not found any misuse of HOA funds. No money, not one penny, has been misspent by anyone in this organization. During 2013, financial reviews will be conducted by our CPA on a quarterly basis. Bryan thanked Mark and Karen Tuttle, members of the Financial Committee, who do monthly reconciliations of our bank accounts and credit card accounts.

Bryan then gave examples of some of the financial processes used by the HOA. When members mail or drop off their dues, the Manager credits the lot owner's account in QuickBooks and writes up a deposit each week. Karen Leach takes the deposits to our bank in Albuquerque and receipts are brought back to verify deposits with revenue received. Bryan explained that as soon as a bill comes into the Office it is entered into QuickBooks by our Manager. If the records don't match, Mark and Karen Tuttle find the error in their monthly reconciliation. All three of our bank accounts and two credit card accounts are handled in this manner. He said Mark and Karen to a great job and have also contributed many volunteer hours of service. Bryan monitors financial trends and our budget on a monthly basis so that the Board can make wise financial decisions based on accurate information. If he finds discrepancies, he spends time resolving them. All of our systems have been reviewed by two different CPA's, Farley Vener and Steve Sanders. A full audit would cost over \$15,000 and the financial review, which our CPA does, costs substantially less. Members can view the quarterly financial statements on our website.

While reviewing the 2012 Profit & Loss Statement compared to the 2012 Budget, Bryan also reviewed the Board approved 2013 Budget. He said figures are based on revenue and expenses from 2012. He said the budget includes 40 weddings at an average income of \$4,800/wedding. In addition the budgeted income, we will also receive \$500/wedding deposit for weddings booked this year for 2014; however, that additional income is not included in the budget. He pointed out a few expense differences from 2012: Because we have been threatened with litigation, the Legal Services budget was increased from \$500 to \$5,000. We will not spend those funds unless necessary. \$7,180 has been budgeted for Accounting Services to cover quarterly CPA reviews and a bookkeeping assistance during our staff transition. \$3,500 has been budgeted for Snow Plowing since we may contract with an outside contractor, which will be much more expensive than operating our own truck.

#### **VIII. Board Election Results**

Mark Tuttle announced the results of the election, Karen Leach retains her seat on the Board and will serve another two-year term. *(We had 55 eligible lots for voting, therefore we needed 29 lots to vote to achieve a quorum. We received ballots from 39 lots, and 76 ballots, which equates to 78% of eligible members voted).*

#### **IX. HOA Member Discussion**

The following questions/comments were made and Trudy said the Board will gather the information and respond to the questions at a later time.

**1. Holly Lionbarger, Lot 40**

Apologized for parking their RV in front of their home until they can move back in because of damage by renters. She asked how many weddings versus HOA dues do we need to have to balance time for members to have access to Clubhouse?

Trudy said as long as we have a small number of homes we are dependent on weddings. Mark said we are capped at 40 weddings and we are now turning people away for 2013.

**2. Buck Dewey, Lot 21**

When will the next Board meeting be? Trudy said Friday, April 5th.

What if a child who is attending a wedding falls off a structure and is injured?

**3. Eric Schindwolf, Lot 57**

In managing the budget, is there a trip point where you would notify members about issues?

**4. Steve Mitchell, Lot 26**

We need to take advantage of the opportunity to book 40 weddings until we can build up our Reserve Account, because use we have a 5.5 million dollar facility. Once the Reserve Account is up we can review the number of weddings.

**5. Heidi Ruffner, Lot 57**

Thanked the Board. She said it is disconcerting that members make accusations against the Board and are jumping to conclusions too quickly. She said you have my full support.

**6. Chet Leach, Lot 11**

Said this place is great, dues are low and I love it here. He asked about the vandalism and said vandalism is a crime and we should prosecute whomever is responsible.

**7. Dave Ashworth, Lot 20**

If we have proof of who did the vandalism we should prosecute. It just takes one grain of salt to become a problem.

**8. Dave Campbell, Lot 33**

He said many members know that he had recent surgery and thanked everyone for their kind support, cards, e-mails, plowing his driveway and other support.

**9. Rebecca Horton, Tract B**

Wants to be safe during the upcoming fire season so we need to develop a safety plan and a way to communicate. We need to be vigilant, set rules for contractors, no open fires, and increase awareness around our community.

**10. Wes Trudell, Lot 44**

Have we changed the building closing hours? Mark said no, the building closes at 10 p.m. Wes said he would like to be considered as a contractor to handle the snow plowing next season using his own truck.

**11. Scott Horton, Tract B**

Explained that Bradley, his son, is volunteering to close the Clubhouse each night during our staff transition. Bradley only asks that we write a letter of recommendation for him. He said that people have been staying in the Clubhouse beyond the closing time and he would appreciate their cooperation to be out by 10 p.m.

**12. Linhson Do, Lot 55**

The Board should make policies for questions members have raised, i.e. security, weddings, alcohol in the Clubhouse, etc. that way the questions won't keep coming up.

**13. Karen Leach, Lot 11**

I also love living here. Let's make today the start of our HOA, and let's forgive the past and move forward in working together in positive ways.

**VIII. Adjourn**

Trudy thanked Alex for his incredible work and said that the greater success he has the more successful we will all be. She adjourned the meeting at 7:04 p.m.