

Persimmon Hill Board Meeting Minutes

March 21, 2024

All Approved actions were unanimous unless otherwise indicated

I. Call to Order: The meeting was called to order by Darrell Ralston at 6:00 pm

a.) Board members present: Darrell Ralston, Petter Romming , Stephanie Gustafson , Clay Creasey, and Dean Wigger by teleconference.

II. Approval of minutes - January board meeting: Approved by board with the correction of the spelling of board member's last names; Stephanie Gustafson, and Clay Creasey.

III. Reports / initiatives:

Treasurer's Report (Clay Creasy):

A. Financial Results Through February 2024

As reported by Concord, our year-to-date February financial results are as follows:

1. Total cash on hand of \$401,719. The operating account has \$23,046, with \$378,674 in the reserve accounts.
2. Net gain through two months of the year was \$1,912, which exceeded the budget by \$1,413. The major contributors to the favorable variance were an unbudgeted miscellaneous income item of \$919 recorded in January and a lack of expense accrual for income taxes. Attached to this email is an exhibit showing the account detail, which I will explain further in our meeting.

B. Income Tax Return

The IRS allows HOAs to file their income taxes two ways: either a short form 1120-H, or a longer form 1120. If an HOA has significant interest income, it is advantageous to file using the form 1120. In our situation, we will save \$700 by using the long form, net of the increased preparation fee. Therefore, unless there are objections from the board, this will be our method.

C. Accounting Problems with Concord Consulting

Unfortunately, there has been an explosion of accounting errors at Concord over the past few months. Below is the list of the issues I have discovered so far:

1. Our by-laws require us to keep our books of record on an accrual basis. I explained

this to Concord shortly after I joined the board when I discovered that this was not being done for insurance. I took time to visit Concord to instruct them as to the proper accounting procedures to do this, and for several months this was corrected. However, these instructions are no longer being followed.

2. The same accrual accounting rule applies to income taxes, and our monthly budget was prepared in anticipation of this. However, Concord is not accruing income tax expense.
3. In January Concord recorded miscellaneous income of \$919. This was unsupported by any detail. When I inquired as to the source of this income, Concord confessed that it was an adjusting entry made necessary to correct several undisclosed problems created by an incompetent accountant on their staff. The fact that this was not proactively disclosed to us before my inquiry is very disturbing.
4. Our HOA policy states that a late charge of 10% (equal to \$16 starting this January) shall be levied if a member's monthly dues are not remitted by the 15th of the month. The month of January saw a blizzard of such charges against our members. Many were due to people not paying the full \$160 on time, while some were for people who just neglected to pay at all. In all, 25 late fees were initially assessed. Among this group were five instances where members were not late, but Concord still assessed them a late fee. And there were four members who were late, but were not assessed a fee by Concord. When all the dust settled, the month ended with five people having been assessed the \$16 late charge. Two of those five had balances owing at the end of December, so those late charges made sense. However, the other three (Petter Romming, Raul Alvarado, and Manny Roman) were not late and should not have been charged in the first place.
5. Even though there were a net of five owners whose late charges were not reversed, the financial statements prepared by Concord for January only showed late fee income for four late charges. That error was repeated in the February statements.
6. Concord also assessed interest fees (at our policy rate of 15% per annum) on the 26 owners who had balances outstanding at the end of January. Most of these fees were driven by the late charges, but unlike the late fees, they were not reversed in January. However, in February Concord reversed 19 of the interest charges and left seven intact. Two of the seven left intact did have a balance owing at the end of December, so those interest charges were warranted. But there is no explanation why the other five had their interest charges left intact. The interest amounts are small dollars, so there is little real harm. But the seemingly random nature of this accounting is disturbing.
7. In January, per our board discussion, I requested Danita to transfer \$20,000 from the Morgan Stanley money market to the savings account. Danita failed to execute this as instructed until I reminded her a few days ago, thereby costing the HOA about \$120 in lost interest.

D. Mailing Problems with Concord

As we recall, there have been mailing snafus in recent elections where many mailed ballots were ostensibly not received by Concord. While nothing was ever proven, the frequency of the lost ballots vastly exceeded the normal USPS misplaced mail experience.

In the recent mailing of the newsletter executed by Concord, mailings were sent to people who moved out of Persimmon Hill a long time ago. I personally received both my copy and a separate mailing to the person who has not owned our house for more than a dozen years. A neighbor reported to me that a friend of hers who does not even live in Persimmon Hill also received a mailing. In addition to the concern over our communications going out to inappropriate people, this is also costing us money as Concord passes on all mailing expenses to us.

E. Recommendation

The current service level of Concord is unacceptable, especially considering we agreed to their requested large rate increase for 2024. While there is no way to tell for sure, this decline could be the result of the retirement in 2023 of the prior owner.

Given that this has gotten to the point that owners' accounts are getting messed up, I strongly recommend we bring in the runner-up candidate (see RowCal.com) from last fall's property management RFP for a presentation / interview. While I was initially leery of the work that would be involved in shifting managers, I now believe that the work to rehabilitate Concord would be even more problematic.

Respectfully submitted,

Clay Creasey, Treasurer

2024 Persimmon Hill HOA - Budget (see below)

Persimmon Hill Ojai HOA - 2024 Budget (approved by Board Nov. 9, 2023)													February 2024 YTD			
	Tot Yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Actual	Budget	Var B/(P)
06310 Assessment Income	82,560	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	13,760	13,760	0
06340 Late Fee Income	0	0	0	0	0	0	0	0	0	0	0	0	0	64	0	64
06390 Owner Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	5	0	5
06920 Interest Income-Reserves	16,000	1,307	1,312	1,317	1,322	1,326	1,331	1,336	1,340	1,345	1,350	1,355	1,359	2,587	2,619	(33)
06930 Misc Income	0	0	0	0	0	0	0	0	0	0	0	0	0	919	0	919
Income Total	98,560	8,187	8,192	8,197	8,202	8,206	8,211	8,216	8,220	8,225	8,230	8,235	8,239	17,334	16,379	954
07010 Management Fees	10,200	850	850	850	850	850	850	850	850	850	850	850	850	1,700	1,700	0
07020 Reserve Study	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07125 Annual Party	1,000	0	0	0	1,000	0	0	0	0	0	0	0	0	0	0	0
07140 Audit Fees (taxes only)	750	0	0	0	750	0	0	0	0	0	0	0	0	0	0	0
07160 Legal Fees	1,000	0	0	250	0	0	250	0	0	250	0	0	250	410	0	(410)
07170 Annual Meeting	125	0	0	0	125	0	0	0	0	0	0	0	0	0	0	0
07255 Clerical	50	4	4	4	4	4	5	4	4	4	4	4	5	0	8	8
07260 Postage & Mail	600	50	50	50	50	50	50	50	50	50	50	50	50	71	100	29
07280 Insurance	5,000	416	416	416	416	417	417	417	417	417	417	417	417	894	832	(62)
07290 Insurance - Workers Comp	400	33	33	33	33	33	33	33	33	34	34	34	34	87	66	(21)
07300 Dues & Subscriptions	350	0	0	350	0	0	0	0	0	0	0	0	0	320	0	(320)
07320 Office Supplies	350	29	29	29	29	29	29	29	29	29	29	30	30	43	58	15
07330 Post Office Box Rental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07400 Printing & Reproduction	850	54	54	54	54	54	54	54	54	54	54	55	55	89	108	19
07430 Federal Income Tax	3,360	275	276	277	278	279	279	280	281	282	283	284	286	0	551	551
07440 State & Local Income Tax	1,440	118	118	119	119	119	120	120	121	121	121	122	122	0	236	236
07889 Web Site Maintenance	200	0	200	0	0	0	0	0	0	0	0	0	0	275	200	(75)
07891 Misc G&A-Domain Name	200	0	0	200	0	0	0	0	0	0	0	0	0	17	0	(17)
Expenses-Gen & Admin Total	25,675	1,829	2,030	2,632	3,708	1,835	2,087	1,837	1,839	2,091	1,842	1,846	2,099	3,907	3,859	(48)
08010 Delinquency Collection Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	30	0	(30)
08910 Electricity	450	37	38	37	38	37	38	37	38	37	38	37	38	54	75	21
08930 Water & Sewer	3,000	250	250	250	250	250	250	250	250	250	250	250	250	403	500	97
Utilities Total	3,450	287	288	287	288	287	288	287	288	287	288	287	288	457	575	118
Repairs & Maintenance																
09110 Gen. Maint. & Repair	2,500	200	200	200	200	200	250	200	200	200	200	200	250	0	400	400
Repairs & Maintenance Total	2,500	200	200	200	200	200	250	200	200	200	200	200	250	0	400	400
Contract Services																
09610 Trail Maintenance	8,000	666	667	667	666	667	667	666	667	667	666	667	667	1,334	1,333	(1)
09620 Entry Plantings	500	40	40	45	40	40	45	40	45	40	45	40	45	0	80	80
09630 Tree Trimming-Oak Tree	2,000	165	165	170	165	165	170	165	165	170	165	165	170	0	330	330
09640 Irrigation Repairs	250	20	20	20	20	20	25	20	20	20	20	20	25	0	40	40
09650 Street Sweeping	5,000	415	415	420	415	415	420	415	415	420	415	415	420	1,293	830	(463)
09700 Back Flow Testing	300	0	0	0	0	0	0	0	300	0	0	0	0	0	0	0
Contract Services Total	16,050	1,306	1,307	1,322	1,306	1,307	1,327	1,306	1,607	1,322	1,306	1,307	1,327	2,628	2,613	(15)
Total Operating Expenses	47,675	3,622	3,825	4,441	5,502	3,629	3,952	3,630	3,934	3,900	3,636	3,640	3,964	6,991	7,447	456
Reserve Expenses Total																
09905 Reserves-Unallocated interest	16,000	1,307	1,312	1,317	1,322	1,326	1,331	1,336	1,340	1,345	1,350	1,355	1,359	2,587	2,619	33
09910 Reserves-Asphalt Major Repairs	34,885	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,908	5,814	5,814	(0)
Reserve Expenses Total	50,885	4,214	4,219	4,224	4,229	4,233	4,238	4,243	4,247	4,252	4,257	4,262	4,267	8,401	8,433	33
Total Expenses	98,560	7,836	8,044	8,665	9,731	7,862	8,190	7,873	8,181	8,152	7,893	7,902	8,231	15,422	15,880	458
Gain / (Loss)	0	351	148	(468)	(1,529)	344	21	343	39	73	337	333	8	1,912	499	1,413

IV. Architectural Committee (Troy Becker)

1. **380 Longhorn:** The construction fencing is still up and nothing new to report on the start date from the project manager. Excavation equipment on site.
2. **481 Saddle:** ADU is still in the planning stage. Architectural Review Permit will expire on 3/13/24 and the owner will need to request an extension.
3. **400 Buckboard:** Project nearing completion. Ellison's being contacted about the shipping container on site for longer than approved.
3. **420 Saddle:** New owners contacted the Architectural committee about changing out windows and doors and new plaster.
4. **SOUTH ENTRANCE LANDSCAPING:**
 - i.) Pine Trees were removed on the east side of the entrance
 - ii.) It was discussed that 15 gallon Pistachio trees were being purchased and planted In the near future.

V. Fire Safe Council initiative (Petter Romming)

1. Petter recapped the steps to obtaining Fire Safe Council Community; forming a team to assess the status of our neighborhood, notify community of parameters, meeting with fire department, modifying vegetation to comply.
2. Petter will be meeting with Sasha and Larry of the OFSC on 4/19.

VI. New Business:

- 1.. April 25th - General Meeting for election at the residence of Mary Kirby, election supervisor.
2. PHHA Newsletter. Gratitude and accolades were expressed to Stephanie Gustafson for orchestrating our new newsletter. They are looking for new content for subsequent editions.
- 3.) Rules and Regulations are being published.
4. Next meeting is scheduled for May 17th, at 6pm in the Ojai library.
5. The meeting was adjourned at 7 pm.