

Red Cedar Canyon Townhouse Association (RCCTA)  
Board of Directors Meeting Agenda  
Tuesday, November 15, 2016 — 6:15 p.m.  
Northwestern Mutual — Hudson, WI

***Meeting minutes/notes are subject to approval by the board at the next meeting.***

I. Preliminary matters

- A. Roll call: Called to order at 6:12 p.m. Present: Larry Williamson, president; Gene Hoff, vice president (by phone); Mark Meydam, treasurer; Beth Gaede, secretary; Kerry Geurkink, member-at-large.
- B. Proof of meeting notice: Notice of meeting and agenda sent to board members in advance; no objections.
- C. Agenda adoption: Agenda was reviewed. Adopted unanimously.
- D. Approval of October 18, 2016, minutes/notes: Minutes/Notes were previously approved via email and posted on website.

II. Agenda items

A. Treasurer's report

- 1. Banking  
No anomalies were reported.
- 2. Invoices and transfers  
American Family is charged based on the number of days per month, but Mark notes the average per month. GreensKeepers had said our cost would be the same, but because we are paying for lawn service, which is taxable, seven months of the year, and snow service, which is not taxable, for five months. That has resulted in a monthly increase (because of the sales tax) of about \$40 a month. The board agreed to leave the arrangement as is but will keep this change in mind when we are asking for better service. Nature's Touch is high because it includes winterization. The city water bill includes a credit for a previous overbilling, although that credit appears on just one account. When Cities paid the bill last time, they missed one of the fire hydrant bills, so that was double-billed this month. Moved, second, and approved to pay invoices and transfers as reported.
- 3. Unit owner assessment status  
We are still carrying debt from a foreclosure and will talk at our December meeting about writing that amount off. Mark will check with our Cities manager about the best way to handle that. Last month, outstanding assessments came to about \$11,900, and it went up about \$900 this month.
- 4. Reserve funds  
The reserve went up less than usual because of an investment account.

B. Project updates: See attached report.

C. Project discussions

1. Investment Committee update: Kerry

See the attached minutes from the committee meeting on November 10, 2016. Motion made, seconded, and approved: To move assets that exceed \$100,000 from the reserve cash account with Cities Management to the brokerage account with Northwestern Mutual in \$25,000 increments, to be invested according to the Investment Policy Statement. This change in policy is a little less conservative than in the past, but it will give us an opportunity to earn a little money on a potentially significant amount of money.

2. Reserve fund cash flow: Mark

Mark provided a spreadsheet showing projected reserve fund balances next year. The fund will drop in April (for sealcoating) and in July (for the reserve study). The balance at the end of December 2017 will be close to the amount recommended by the reserve study, but the board will revisit this after the reserve study is completed.

3. Audit and tax payment: Mark

After last months meeting, Mark sent a note to several staff members at Cities Management asking if they had heard anything about our audit. They offered to follow up, and Mark asked them to do so, but he has not heard anything from them. Several missing items were from Applegate's records. Mark will continue to press the matter. It was suggested that Traci be copied on all correspondence about the audit.

4. Legal matters

The association did not receive as much money as hoped from the foreclosure settlement. Larry will talk with Brent Johnson about what recourse we might have, both with this case and for the future.

5. Architectural Committee: Kerry

The association's declarations and covenants provide for an Architectural Committee, which includes landscaping. The board agreed that we receive few requests that are truly architectural, and the board has the capacity to remember those requests. A landscaping committee formed earlier this year has met several times. Given the association's landscaping needs, the board agreed to identify the committee as the Landscaping Advisory Committee. The committee, if members are willing to do so, could take the following roles: (1) provide the board with landscaping recommendations and priorities, (2) compile a record of current plantings, (3) oversee vendors, as we have learned this requires detailed instruction and hands-on oversight. There will be an immediate need in 2017 to recommend replacements for the junipers recently removed. Larry and Kerry will discuss before the committee needs to become active in the spring.

6. Printed directory

Beth developed a form that homeowners can fill out indicating what information, if any, they want included in a directory. The form will be sent to all homeowners, and then homeowners interested in creating a directory can follow up with homeowners who have not responded. Beth will send the form to Cities Management.

7. Skylight issue

Cities Management indicated that Brent Johnson, our attorney, advised the association to treat responsibility for skylights the same way as windows and doors. So the association is responsible for maintenance and repair, and homeowners are responsible for replacement.

8. Seller's guide and new buyer's guide: Kerry

Larry and Kerry met with Traci Lehman, president of Cities Management, and discussed the difficulties of communicating important information as homes are sold. Kerry outlined two checklists, one for sellers and one for buyers. These checklists can be distributed by Cities Management at the same time as governing documents. The board will discuss this matter further at its next meeting.

- I. Agenda items for next month (December 20, 2106): None
- II. Next board meeting: Tuesday, December 20, 2016, 5:00 p.m., Northwestern Mutual Union Community Room.
- III. Adjournment: The meeting adjourned at 7:35 p.m.

Red Cedar Canyon Townhouse Association (RCCTA)  
Board of Directors Meeting Project Updates  
Tuesday, November 15, 2016 — 6:15 p.m.  
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1. American Pest Solutions: Voles  
Each station was 50 to 100 percent gone.
2. Quality Sealcoating completed (34) townhouse units for the repair of joints on driveways.
3. Willow River Landscaping removed the following junipers on November 8, 2016: 211, 191, 197, 211, and 223 WCD, and 107 DWC.

Red Cedar Canyon Townhouse Association (RCCTA)  
Investment Committee Meeting Minutes/Notes  
Thursday, November 3, 2016 — 5:00 p.m.  
Northwestern Mutual — Hudson, WI

***Meeting minutes/notes are subject to approval by the board at the next meeting.***

The meeting was called to order at 4:58 p.m. by chair Kerry Geurkink. Present, in addition to Kerry: Larry Williamson (president), Mike Meydam (treasurer), Bob Staebell (new member), Beth Gaede (secretary), and Mike Leverty (advisor).

1. Current performance/IPS range

To date, the association has contributed \$200,000 to its investments, and the value as of November 1, 2016, was \$233,756.20, an average annualized return of 3.66% and within the parameters of our Investment Policy Statement (IPS).

The group agreed that the IPS should be posted on the Cities Management website, along with the current value of our reserve funds and how that compares with the IPS.

Mike Leverty, who functions as an account broker for this committee (and is a former resident of the Red Cedar Canyon Townhouse Association), suggested that the board consider a formal fiduciary relationship with a financial advisor. That would ensure continuity for the board and our management policies. Mike will write a proposal for the board to consider at its next meeting.

2. Considerations in changing our historical position to keep one year of expenses in cash / implications of changing to a lower amount (for example, eight months of expenses in cash)

Currently about 60% of our reserve funds are in cash accounts. The board could withdraw funds at any time from investment reserve account. This flexibility suggests that we might not need to keep as much money in cash as we have in the past. Mike pointed out that funds could also be invested in an ultra-short-term fund that could potentially provide a higher yield than cash.

Mark suggested that given our usual expenses, \$100,000 would be a comfortable balance for cash accounts. When the board budgets for larger expenses, that balance could be shifted.

Kerry will develop a proposal for the board to consider at its next meeting. Mark recommended that the proposal identify either a percentage of funds that should be kept in cash or a flat amount that should be maintained. Mike observed that in combination with the IPS, such a policy would be prudent.

3. Reserve fund cash flow

In 2017, we will be putting \$11,004 a month into the reserve fund. One project, sealcoating, is planned for 2017.

4. Consider repositioning per Mike's recommendation, below

Mike said that after listening to the previous discussion, including the plan for a reserve study in 2017, we stay the course with our current investment. At our spring meeting, we should discuss platform and thresholds, and in our summer meeting, we should talk about implications of the reserve study.

5. On the radar: reserve fund study 2017

The board decided to conduct a reserve study earlier than had been planned because of the work the board did, in consultation with our attorney, Brent Johnson, to clarify association and homeowner responsibilities. We suspect our reserve fund might not need to be as large as past studies indicated, because the association is not responsible for some expenses we had included in our planning. This issue will be addressed after the study is complete.

The meeting adjourned at 5:40 p.m.