

Red Cedar Canyon Townhouse Association (RCCTA)
Board of Directors Meeting Minutes/Notes
Thursday, July 13, 2017 — 6:00 p.m.
County Market Community Room — 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 6:00 p.m. Present: Larry Williamson, president; Gene Hoff, vice president; 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 reviewed and adopted unanimously.
- D. Approval of June 15, 2017, minutes/notes: Due to board members' illness and vacations, the board meeting was cancelled. Updates were previously posted on the Cities Management website.

II. Agenda items

A. Treasurer's report

1. Banking

Account balances are noted in the treasurer's report.

2. Invoices and transfers

Mark reviewed invoices, which are described on the treasurer's report. He noted that we are way over budget on soffit repairs due to squirrel invasions. Moved, second, and unanimously approved to pay invoices as listed.

3. Unit owner assessment status

Overdue assessments took a big jump this month. Mark believes some of the overdue amounts are due to owners paying bills in the middle of the month. The balance also includes chargebacks for garbage pick-up and other issues.

B. Project updates: See attached report.

C. Project discussions

1. Legal matters

Kerry asked Brent Johnson to write a letter in response to a letter from a homeowner's lawyer. The board agreed that Brent's letter should be sent.

2. Landscaping and landscaping requests (Larry)

Larry met with Rick Galister from H&B Services about large patches of dead grass at 263, 261, and 251 WCD. Rick took photos and soil samples. If he can't identify the

problem, he'll bring in a specialist from the University of Minnesota. He'll send his findings to the board and Cities Management.

The Landscaping Committee is studying the possible need for mulch around larger trees and will make a recommendation to the board.

151WCD: Homeowner requests the association pay to install a 2'x18' wall between the front sidewalk and the driveway. Moved, seconded, and unanimously approved to deny the request, because the board does not want to add walls that the association will have to pay to maintain.

Larry and Kerry walked the association's property with Rob Drew, branch manager for Green Oasis. Rob prepared a report with suggested remedies for a number of problems they noted. Larry will forward the report to the rest of the board. Request ID739129 can be cancelled, because the problem will be addressed by Green Oasis.

3. Fences

The board unanimously approved a fencing policy (see project updates attached to these minutes). Kerry will draft a communication about the policy and ask Nicole to send it to all homeowners.

4. Policies

Waivers that need to be signed and dated by homeowners should note when the waiver form itself was adopted by the board. Moved, seconded, and unanimously approved to delete the pest control policy, because the chart of association and homeowner responsibilities lists pest control as a homeowner responsibility. Because over the years policies have been adopted but the date of adoption was not recorded on the policy itself, moved, second, and unanimously approved to re-adopt all current policies, as edited, effective today. Beth will give Nicole a complete set of policies to be posted on the Cities website.

5. Sidewalks, brick repair, and tuck-pointing (Larry)

Larry prepared a list of critical sidewalk, brick, and tuck-pointing issues and got a quote for repairs for \$5,420 from Lunning Concrete. The bid comes in under budgeted amounts. Work will be done September 10. Moved, second, and unanimously approved to accept the bid.

6. Cluster mail boxes (Larry)

Larry will meet with Nature's Touch on July 19 to locate irrigation lines. Lunning Concrete will prep the locations with class 5 material on July 20. We do not know when we will receive the CBUs. Larry met with the Bob Gilles, RCC Estate Homes president. That association wants all available flags and at least a dozen mail boxes, and in return they will help dismantle our boxes. Larry is researching the cost of a disposal tub.

7. Investment Committee (Kerry)

The diversification recommendation outlined in the May minutes did not go forward. Mike Leverty declined to act on this recommendation until we make a decision to move to his investment advisory platform, so the decision to diversify is on hold.

The board sought an opinion from Brent Johnson relative to our investment options for the reserve fund. While many associations choose to invest only in FDIC insured bank CDs, we are not limited to this investment for our reserve fund. Brent's opinion is attached to these minutes.

Kerry proposed that we modify our search for a potential new investment relationship by preparing a Request for Information (rather than a more detailed Request for Proposal). An RFI will allow us to cast a wider net from which to evaluate the best arrangement, including cost/benefit, for our association.

8. Annual meeting planning

Larry distributed a list of suggestions for the annual meeting. Beth will contact Woodland Hill about dates when their auditorium will be available. Larry will ask Nicole to invite homeowners to indicate their interest in filling an open board position.

9. Tree trimming (Larry)

Larry is doing a walk-through next week with New Richmond Tree Service to compile a list of issues. We have about \$1,500 left in the budget for trees and shrubs (assuming the Amur Maples will be trimmed).

10. Retaining wall repair

Larry got a quote from GW Handyman Service for repairing retaining walls for \$800–1000, including materials. Moved, seconded, and unanimously approved to accept this bid.

III. Agenda items for extra board meeting (July 26, 2017): 2018 budget, 2017 reserve study
Agenda items for next regular board meeting: legal matters, landscaping, tree trimming, 2018 budget

IV. Next regular meeting: Thursday, August 17, 2017, 6:00 p.m., County Market Community Room

V. Adjournment: The meeting adjourned at 8:04 p.m.

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B. Project updates

1. Willow River Landscaping put down wood chips around two planted trees @ 107 DWC and 131 WCD @ N/C.
2. Repaired soffits @ 91 and 89 DWC from squirrel damage 6/22/2017. Association cost.
3. Volunteer cleaned gutters @ 71 and 73 DWC, 189 WCD.
4. Green Oasis is being billed for a townhouse address sign 257 and 259 WCD that was damaged by Green Oasis mower. Each townhouse address sign is custom built at a cost of \$464.00.
5. Request for a new fences around patios @ 51 and 59 DWC was unanimously approved by board with the following rules and regulations.

Definition of fence: A barrier that is permanently erected around the patio. Unlike, a trellis or similar objects that are pushed into the ground and can be removed simply by pulling it out.

A. A permit is required from the city of Hudson.

B. Fencing rules:

1. Elite fence products is the only unanimously approved supplier.
2. Footings for fence must be standalone.
3. Construction must be Heavy Industrial no exposed screws.
4. Style is EFF-20.
5. Post size is 2" x 2" x .060 wall.
6. Picket spacing 3-13/16" x 1-5/8".
7. Maximum height is 5 feet.
8. Panel length is 6 feet.
9. Color is black.

A. All maintenance is the homeowner's responsibility.

B. Best Built Fence Co. (Tom Sherry, 715-307-2075) is the unanimously approved installer.

C. Maintenance request to be filled out and sent to Cities Management to get board approval before proceeding.

6. Welcome to new owners @ 243 WCD, Jane and Don Logue.
7. Welcome to new owners @ 127 DWC, Robin Stender and Terry Johnson.

8. Willow River Landscaping planted six new trees @ 59, 131, and 107 DWC; and 181, 185, 231 WCD @ a cost of \$1,680.00 for the association. Homeowners' cost was for a total of \$472.19.
9. Willow River Landscaping planted 13 shrubs and 1 dwarf tree at a cost of \$985.07 for the association.
10. Squirrels have damaged soffits @ 189 WCD and 77 DWC.
11. Landscape committee met June 10. The committee is doing a walk-through to identify junipers and spirea that might need to be removed in 2018. The also reviewing limbs that are overhanging roofs for future trimming. From our board members, *a huge thank-you* to Cheryl Coots, Katrina Larson, and Pat Henderson for all of your hard work!
12. Benjamin Franklin will be installing new water faucets @ 251, 241, 195, 175 WCD; 81 and 59 DWC. Owner and association cost.
13. Cluster mailbox update
 - A. Once CBUs are installed, the Post Office will install the locks.
Three keys for each townhouse will be handed out by post office at the correct time.
 - B. When picking up keys, each homeowner will be required to show ID before signing off on receipt of keys.
 - C. To retrieve packages, the postal employee will leave a key for the package box (a separate box in each cluster) in the recipient's mailbox and will retrieve the key from the recipient's mailbox the next day.
 - D. Packages that are too big for the package box will be delivered to front door.
 - E. Old mailboxes will not be taken out until new ones are in place.
 - F. More information will follow.

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Agenda item II.C.7, for discussion

On June 28, 2017, on behalf of the Red Cedar Canyon Townhouse Association Board of Directors and its Investment Committee, board member and committee chair Kerry Geurkink asked attorney Brent Jonson to “provide us with an opinion relative to limitations, if any, regarding specific investments for the reserve fund.” Below is Brent’s response, received July 6, 2017.

The Declaration for RCCTA requires the Association to collect assessments for, among other things, “an adequate reserve fund for the periodic maintenance, repair and replacement of those improvements and elements of the common property that must be replaced on a periodic basis and which the Association may be obligated to maintain and those portions of the exterior of Living Units and garages which the Association is required to maintain.” (See Declaration, Article V, Section 16 and 17, and Article XI, Section 74(c)). However, the Declaration does not specify how the reserve funds are to be kept or invested.

Many Associations have adopted a reserve fund investment policy for guidance. Sometimes these policies are included in the Declaration or by separate resolution. Absent an adopted policy or directive in the Association’s governing documents, the board has discretion as to how and where to invest the reserve funds. The board’s discretion is limited by their fiduciary duties, including the duty of loyalty, duty to avoid self-dealing, and duty to safeguard the Association’s assets. This means that any decision the board makes must be made with due diligence, good faith and reasonableness. This may mean comparing the risks and rewards of several different investment options before deciding how to invest.

Because the boards have fiduciary duties to safeguard the principal amount of assessments collected, many boards elect to limit their investments to those that grow the reserves by earning interest conservatively without the risk of jeopardizing principal (known as the “prudent investor rule”). That is why many Association boards invest in FDIC insured money market accounts, government treasuries or bonds, or certificates of deposit. In general, the riskier the investment, the greater the risk that an Association member will complain.

Wisconsin’s condominium law (Section 703.163, Stats.) requires many condo associations to have reserve accounts and states that reserve funds may be invested in any of the investments listed under Section 66.0603(1m)(a) (which are primarily bonds). Here is a link to that statute: <http://docs.legis.wisconsin.gov/statutes/statutes/66/VI/0603>

While the condominium statute does not govern RCCHA, it provides helpful guidance as to which investments are statutorily permitted. As I mentioned, other investments where principal is protected are also permitted. Hopefully, this helps. I am happy to respond to additional questions. Brent.

RED CEDAR CANYON TOWNHOUSE ASSOCIATION

Treasurer's Report for June 2017

Submitted July 13, 2017

RED CEDAR CANYON TOWNHOUSE ASSOCIATION		
Banking Report as of 6/30/17		
Reported 7/13/2017		
Checking account (Westconsin and Cities Mgt)	starting balance	\$52,158.38
inc. deposits, checks, etc. not cleared or written after end of month	ending balance	\$41,609.19
Reserve Savings account (Cities Mgt)	starting balance	\$137,706.20
	ending balance	\$147,366.30
Northwestern Mutual Reserve Account	starting balance	\$292,280.63
	ending balance	\$292,420.86
Total operating balance		\$41,609.19
Total reserves		\$439,787.16
Total all funds		\$481,396.35

Bills and Transfers Requiring Board Approval

1. Transfer to Reserves	\$11,004.00
2. American Family	\$3,192.69
3. Cities Management June Property Management	\$1,419.00
4. Green Oasis June Contract	\$6,937.94
5. Nature's Touch Replace pump on Zone A	\$1,485.00
Repair electrical relay Zone A	965.00
Spare Pump purchase	420.00
6. New Richmond Tree Service 137 and 185 tree removal, stump grind	100.00
	\$543.33

7. One hour Heating and Air		\$1,378.00
Spicket Repair 59 DWC	214.00	
Spicket Repair 195 WCD	291.00	
Spicket Repair 251 WCD	291.00	
Spicket Repair (2) 241 WCD	582.00	
Note: Association pays \$192 per spicket. The balance is assessed to the homeowner. \$418 of the above cost will be assessed to homeowners.		
8. Pechacek's General Contracting		\$6,100.00
May Soffit Repairs 77, 79, 123	\$3,200.00	
127, 133, 135, 143, 193, 199,		
237, 239, 119, 129, 131		
June Soffit Repairs 69, 71, 73	\$2,550.00	
75, 89, 93, 95, 237, 137		
July Soffit Repairs 89, 91	\$350.00	

Owner Assessments

As of 7/13/2017 there are 18 property owners who are behind in their payments to the association. The total amount owed to the association is \$6,339.42. This is broken down as follows:

Less than 30 days late =	\$3,516.42
Over 30 days late =	\$2,610.00
Over 60 days late =	\$213.00
Over 90 days late =	\$0.00
 Total	 \$6339.42

Notes:

Second half payment to Reserve Advisors will be paid for from the reserve fund. A fund transfer to pay for this has been requested.

There will be no transfer from our Reserve Savings account to the Reserve Investment account this month as we need to be able to pay for the upcoming sealcoating project.

Red Cedar Canyon Townhouse Association				
Reserve Fund Balance Information - July 13, 2017				
Actuals until June 2017 Projections thru Dec 17				
Month	Reserve Savings Acct	Reserve Investment Acct	Total	Change from previous month
December-17	179,561.30	292,420.86	471,982.16	11,004.00
November-17	168,557.30	292,420.86	460,978.16	11,004.00
October-17	157,553.30	292,420.86	449,974.16	11,004.00
September-17	146,549.30	292,420.86	438,970.16	11,004.00
August-17	135,545.30	292,420.86	427,966.16	11,004.00
July-17	124,541.30	292,420.86	416,962.16	-22,825.00
June-17	147,366.30	292,420.86	439,787.16	9,800.33
May-17	137,706.20	292,280.63	429,986.83	10,947.72
April-17	127,940.70	291,098.41	419,039.11	12,186.96
March-17	116,924.73	289,927.42	406,852.15	10,910.38
February-17	155,907.26	240,034.51	395,941.77	13,493.16
January-17	144,889.49	237,559.12	382,448.61	12,696.17
December-16	133,871.36	235,881.08	369,752.44	22,510.88
November-16	112,500.56	234,741.00	347,241.56	12,097.49
October-16	101,485.76	233,658.31	335,144.07	10,526.37
September-16	90,417.74	234,199.96	324,617.70	7,956.77
August-16	82,672.35	233,988.58	316,660.93	11,827.91
July-16	71,660.36	233,172.66	304,833.02	12,875.86
June-16	60,649.51	231,307.65	291,957.16	-54,436.10
May-16	116,349.78	230,043.48	346,393.26	-53,107.20
April-16	171,900.16	227,600.30	399,500.46	11,004.00
March-16	160,896.16	227,600.30	388,496.46	3,992.72
February-16	161,825.10	222,678.64	384,503.74	-199.34
January-16	161,730.38	222,972.70	384,703.08	8,812.65