



Welcome

Shadow Brook HOA Board & General Meeting

November 28, 2017

Agenda

- Open & Welcome
- Profile of Shadow Brook HOA & Swim Club
- ACC: Community Discussion & Input on Draft Policies
- Current Finances & Pool Project
- Open Forum/Q&A
- Close of Meeting

Shadow Brook Profile

- **We are registered as a Planned Community Development/CID with CA**
 - **Governed by CCR's, By-Laws, Policies, and Davis-Stirling Act**
- **Corporation, Non Profit 501 c**
 - Taxes – Federal Return and State Return prepared by CPA firm**
 - Registered with the Sec of State of California as an HOA**
- **318 Homeowners and 125 Assoc Members**
- **Annual Operating Budget of over \$225k**
- **Annual Income/Revenue averages \$250k+**
- **Fiscal year is on calendar year as of 2017**
- **Annual average of \$8300 into Workman's Compensation Plan for State of California**
- **We interview, hire, manage and pay 25+ seasonal employees a year**
- **Among the annual filings – State Corporations, Taxes etc.**
- **Insurance Coverage – Liability/Property and Directors & Officers**
- **No Property Manager, Business Manager or Agent**

The Davis-Stirling Common Interest Development Act is the popular name of the portion of the [California Civil Code](#) beginning with section 4000, which governs [condominium](#), [cooperative](#), and [planned unit development](#) communities in California. It was authored by Assemblyman [Lawrence W. "Larry" Stirling](#) and enacted in 1985 by the [California State Legislature](#). In 2012, the Act was comprehensively reorganized and recodified by Assembly Bill 805.

Homeowner Association

Under Davis-Stirling, a developer of a [common interest development](#) is able to create a homeowner association (HOA) to govern the development. As part of creating the HOA, the developer records a document known as the Declaration of Covenants, Conditions, and Restrictions ([CC&Rs](#)) against the units or parcels within the HOA with the county recorder.

Even though it is not a governmental entity, the HOA operates like one in some respects. As recognized by the [Supreme Court of California](#), the Declaration of CC&Rs is the constitution of the HOA and is legally binding upon residents to the extent that it does not conflict with state or federal law. CC&Rs, once properly recorded, are presumed valid until proven otherwise.

The HOA's board may enact rules which are legally binding upon residents as long as they do not conflict with the CC&Rs or state or federal law. Board meetings, like the boards of government agencies, are generally open to HOA members, with some exceptions. As with government agencies, courts generally defer to the broad discretion HOAs enjoy in discharging their duties.

The HOA is also allowed to charge regular fees to homeowners within the development (comparable to taxes). These are used for functions like paying for security guards (including, for gated communities, the operation of a gatehouse) and maintaining common areas like corridors, walkways, parking, landscaping, swimming pools, fitness centers, tennis courts, and so on. The HOA can levy fines or sue homeowners for damages and/or injunctive relief to enforce the HOA's rules and CC&Rs.

Davis-Stirling Definition of Rules

"**Operating Rules**" are broadly defined as any rule or regulation that applies to the management and operation of a common interest development or the conduct of its business and affairs. (Civ. Code §4340.) As provided for in Civil Code §4355(a), "Operating Rules" are specifically defined as a rule or regulation that applies to:

1. Use of the common area or of an exclusive use common area.
2. Use of a separate interest, including any aesthetic or architectural standards that govern alteration of a separate interest.
3. Member discipline, including any schedule of monetary penalties for violation of the governing documents and any procedure for the imposition of penalties.
4. Delinquent assessment payment plans.
5. Resolution of assessment disputes.
6. Reviewing and approving or disapproving a proposed physical change to a member's separate interest or to the common area.



REVIEW OF PROPOSED CHANGES TO POLICIES & RULES

Updates to Current Policies & Rules

- What is being done?
 - Proposed modifications to three existing Rules/Policies
 - Most significant changes: Can't paint your driveway; No parking on walkways
- Why are we doing this?
 - Recommendations from Homeowners to the ACC based on interactions with Homeowners over the last 6-8 months
 - Policies are enacted over time
 - It's important to keep Policies up to date as times change, requirements change or topics become outdated
 - To bring clarity, consistency and transparency to HOA policies
 - Less subjectivity and allows for consistency as ACC members change over time
 - Align terminology, update outdated terms
 - End Result: Open communication & expectations; prevention
- Note: Over the last 30 days the Board and ACC have received input from Homeowners via email and phone in addition to input this evening

Process

- ACC to take public input on each document
- Board to determine if material changes are needed to each document [based on input]
- Board Action on each document
 - Vote 'as is' to enact or not
 - Vote approved with changes based on input
- ACC Action
 - Revise documents as requested by Board for either posting or rewrite
 - Documents with material changes will be resubmitted for a 30 day review



BALANCE SHEET & POOL PROJECT UPDATE

Accrual Basis

Shadow Brook Swim Club
Balance Sheet
As of November 26, 2017
Nov 26, 17

ASSETS	
Current Assets	
Checking/Savings	
SB Swim Club Checking	220,748.79
Capital Future Reserve	103,307.15
Total Checking/Savings	<u>324,055.94</u>
Accounts Receivable	
Accounts Receivable	(1,007.80)
Reserve Bad Debts	1,616.80
Total Accounts Receivable	<u>609.00</u>
Total Current Assets	<u>324,664.94</u>
Fixed Assets	
Land	30,000.00
Building & Structures	
Building & Structures-Cost	161,104.73
A/D-Buildings & Structures	<u>(111,612.38)</u>
Total Building & Structures	<u>49,492.35</u>
Furniture & Fixtures	
Furniture & Fixtures-Cost	11,615.07
A/D-Furniture & Fixtures	<u>(11,615.07)</u>
Total Furniture & Fixtures	<u>0.00</u>
Machinery & Equipment	
Machinery & Equipment-Cost	80,117.24
A/D-Machinery & Equipment	<u>(80,117.24)</u>
Total Machinery & Equipment	<u>0.00</u>
1550 - Parking Lot	48,061.00
Expensed Assets	
Expensed Equipment - Cost	6,404.52
Expensed Improvements - Cost	26,930.00
Expensed Equipment - Expense	(6,404.52)
Expensed Improvements - Expen	<u>(26,930.00)</u>
Total Expensed Assets	<u>0.00</u>
Total Fixed Assets	<u>127,553.35</u>
TOTAL ASSETS	<u><u>452,218.29</u></u>
LIABILITIES & EQUITY	
Equity	
Retained Earnings	396,799.52
Net Income	55,418.77
Total Equity	<u>452,218.29</u>
TOTAL LIABILITIES & EQUITY	<u><u>452,218.29</u></u>



Projected Revenue & Pool Project Budget

Projected Revenue

- March Homeowner Dues= \$127,000
- March Associate Member Fee= \$63,000

Pool Budget & Timing

- Budget*: \$250k to \$300k [Pool Demo, Piping, Concrete, Fixtures etc.]
 - * Many variables including excavation, unknown what is under deck, piping & external drainage
- February/March of 2018

Line of Credit [for contingency purposes]

- HOA may take out a line of credit to draw upon as a contingency
- Amount will be up to \$100k
- Will require two signatures, for facility use only and will be closed upon completion of project



OPEN FORUM AND QUESTIONS

CLOSE OF MEETING