

SANCTUARY COMMUNITY ASSOCIATION, INC.
ANNUAL MEETING MINUTES
SEPTEMBER 22, 2016

I. Meeting called to order at 7:07 PM, 9/22/16- Kirtland Library meeting room.

- a. Meeting notice, agenda and financial materials mailed to all owners of record by Continental Mgt. in accordance with the Association's Covenants.
- b. Proxies received and homeowners present at the meeting totaled 41/124 units, which represents 33%, signifying that a required quorum of 30% or more has been established.
- c. Board members Greg Viviani, Cash Mischka and David Egensperger were present and introduced. Jason Wuliger and Joe Stanzi were not present. Cash Mischka will take minutes for this meeting.
- d. Jeanne Laveglia of Continental Management was present to help facilitate the meeting.

II. Minutes of preceding 2015 annual meeting.

- a. Motion to waive the reading and approve minutes as submitted to owners made by Mr. Viviani. Seconded by Mr. Egensperger.
 - i. Approved by voice vote and unanimous show of hands.

III. Officers Report

- a. Viviani reviewed that SCA is a not-for-profit corporation (yet taxable), formed and set forth in the Covenants and Restrictions attached to all lots. It is responsible for enforcing rules adopted including architectural guidelines and maintaining the common properties on behalf of the landowners. The majority of the work and costs of the Association relate to landscape management, and septic system inspections. The covenants have not been changed since their inception. Any landowner has the right to enforce the regulations of the Associations on their own, with others, or through the Association. Regulations are recorded with Lake County as well as in summary form booklet sent to new landowners and available on our website at <http://www.sanctuarycommunityassoc.com> (password: sca035)
- b. Most properties are now developed. There remain a few undeveloped lots owned by individuals.

- c. Board members are volunteers elected by the Association members and meet to work on Association business. They may and typically have hired professionals including an architect, attorney, real estate management company, and landscapers to review matters and recommend actions to the Board, and to investigate homeowner complaints and concerns.
- d. Key hired parties have been Continental Management, Kaman & Cusimano Attorneys, JLC Landscaping Inc., Marut & Sons - Septic Inspection, Lasko Irrigation.
- e. The Association maintains liability insurance of \$2M through State Farm which covers common property matters as well as the Directors and Officers.
- f. Association matters in the past year have run without incident. Common properties have been maintained and we have been satisfied with the work of the related contractors. The significant issues on the table currently include collection matters on dues and legal complications relating to properties in default with lenders.
- g. One of the primary duties of the Association is to perform septic inspections twice a year and to provide reports of those inspections to Lake County and the Association chooses which company to perform the inspections. The covenants and restrictions relative to the Association and property owners have not been changed and any land owner has the ability to enforce the restrictions and covenants.
- h. Over the past year no significant events occurred for the Association.
- i. At year-end 2015, the Association had total assets of \$73,368.55 with an annual budget of \$67,100. As of 8/3/16 current balance in the Association's checking account equals \$86,520.71.

IV. Financial Report

- a. Balance sheet, income/expense statement, cash disbursements, A/P, Prepays, Aged Balances, checkbook details for periods ending 12/31/15 and 8/31/16 were discussed. It was noted that all funding comes from homeowner dues. No increase in the \$550.00 homeowners' association dues was deemed necessary by the Board, since being raised from \$500.00 in 2008.
- b. The annual budget for 2015 was roughly \$67,100.00, funded by dues of \$550.00 per member. A reserve of approximately \$70,000 existed as December 2015 and some of the reserve can be used for improvements such as irrigation on cul-de-sacs and maintenance of entranceways.

- c. It was noted that the biggest single expense was the maintenance of common properties and properties that do not have homes currently built on them.
- d. Delinquencies of homeowners were discussed. Viviani once again remarked that one particular delinquency had a pre-petition bankruptcy amount owed to the Association of \$8,687.50. The Association took a bad debt write off for that amount in 2015 due to bankruptcy being discharged with no remaining funds paid to the Association for the outstanding debt. One other homeowner has delinquent homeowners' association fees totaling in excess of \$3,500.00. A lien has been placed on the property but no bankruptcy filing to date. Thus far, the failure of the homeowners to pay has not significantly impacted the budget. There are no pending lawsuits or major unbudgeted costs contracted as of this meeting.
- e. A Motion to approve the 2015 financials through December 31, 2015 was made by Viviani, Mischka seconded, approved by voice vote and unanimous show of hands.

V. Elections of Members of Board of Trustees

- a. Three properties formed the group attending outside the Board members. Nominations were requested. It was noted that the terms of Greg Viviani and David Egensperger were expiring. Their terms are for two years. Viviani and Egensperger indicated they would be interested in running for open seats.
- b. It was requested that anyone desiring to serve on the Board other than the current officers submit a nomination. No nominations were presented.
- c. Homeowner Goodens moved to nominate Viviani and Egensperger for the open board positions. Homeowner Glavic seconded. A show of hands was taken with unanimous approval. Viviani and Egensperger were unanimously elected to the open board positions.

VI. Old Business

The following old business issues were discussed:

- Homeowner Shenk had inquired about an issue involving drainage on his property resulting in earth shifting and who would be responsible for maintaining drainage on his property. The Board once again remarked that it is the position of the Association that it is the individual homeowner's responsibility to maintain and resolve any issues relating to property drainage. Viviani remarked that a second homeowner had brought up a similar concern on their property. Viviani explained that the Board had consulted with its outside counsel and that counsel had advised the Board that each homeowner is responsible to maintain drainage on their property. The City of Kirtland had also been contacted and indicated it was not their responsibility. The City has an easement to enter the property but maintains no responsibility to maintain drainage. Viviani remarked that there is nothing in the Association's rules or

regulations indicating the Association has responsibility to maintain drainage for a homeowner's property. Viviani indicated he would go back to the Board's counsel and obtain a written opinion as to whom is responsible for maintenance.

- Revisiting an inquiry made to the Board regarding the status of the large unfinished home on Sanctuary that has been vacant for years with no apparent movement toward completing construction. The Board once again remarked that it has no power to enforce construction schedules and that as long as the homeowner pays property taxes to Lake County and Association dues the property can maintain its present status. It was noted that the property is now bank owned.

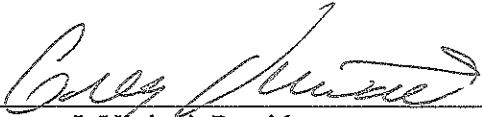
VII. New Business

The following new business issues were discussed:

- A homeowner brought to the Board's attention an issue pertaining to JLC Landscaping's failing to trim weeds in the common areas and entranceways. It was discussed that applying an herbicide could destroy the newly planted ground cover. The Board indicated it would discuss weed trimming with JLC.
- Various dead pine trees were noted in the cul de sacs and at the entranceways. The Board indicated that this issue would be addressed after an inspection.
- Discussed was a sprinkler leak at the front entrance and efforts to fix the problem. Also addressed was a white pipe sticking out of the ground at the front entrance with no apparent purpose, possibly drainage tile. This also would be investigated.
- Lastly, the front island for Pheasant Run was remarked to need landscaping. Discussion was had about leaving the island in a natural state or mulching with no decision made.

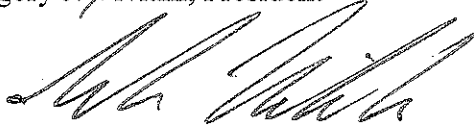
No other new matters were brought to the attention of the Association. A motion to adjourn was made by Mr. Viviani and seconded by Mr. Egensperger. Unanimous approval was given by those in attendance.

Meeting concluded at 7:34 PM



Gregory J. Viviani, President

Date: 9/28/17


Cash Mirochka, Secretary

9/28/17