

**SANCTUARY COMMUNITY ASSOCIATION, INC.**  
**ANNUAL MEETING MINUTES**  
**JUNE 22, 2010**

**I. Meeting called to order at 7:00 PM, 6/22/10- 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 or presented at the meeting totaled 48/124 units, which represents 37.9% signifying that a required quorum of 30% or more has been established.
- c. Board members present were introduced by Greg Viviani, President; Bob Weinberg, Cash Mischka and Joseph Stanza were all present. Jason Wuliger, the at-large representative, was 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 2009 annual meeting.**

- a. Motion to waive the reading and approve minutes as submitted to owners made by Sue Lin Mah, Sanctuary Drive, seconded by Mr. Oleksyk.
  - i. Approved by voice vote and 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.
- d. Key hired parties have been Continental Management, Kaman & Cusimano Attorneys, Master-Greenscapes 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 smoothly. The significant issues on the table currently include collection matters on dues and legal complications relating to properties in default with lenders.
- g. Common properties have been maintained and we have been satisfied with the work of the related contractors.

#### **IV. Financial Report**

- a. Balance sheet, income/expense statement, cash disbursements, A/P, Prepays, Aged Balances, checkbook details for period ending 5/31/10 were presented. It was noted that all funding comes from homeowner dues. An increase of the homeowners association dues to \$550.00 was approved by the Board in 2008.
- b. Annual budget is roughly \$64,350.00, funded by dues of \$550.00 per member. \$50.00 increase from the previous \$500.00 was approved in 2008 and current dues are \$550.00. A \$39,000.00 reserve currently exists and some of the reserve can be used for improvements such as irrigation on cul-de-sacs and maintainment of entranceways. Specifically mentioned was the possibility of irrigation installation in other areas in the development.
- c. There were no specific questions addressed by the homeowners regarding finances and no pending lawsuits or major unbudgeted costs contracted as of this meeting.
- d. Currently in a two year contract with Master Landscaping. Landscaping expenses vary based on need for mulching throughout the development. Currently, mulching every other year at \$8,000.00 expense. Mulch did occur in 2010.

#### **V. Elections of Members of Board of Trustees**

- a. About 13 people or 9 families formed the group attending outside the Board members. Nominations were requested. It was noted that the terms of Bob Weinberg and Greg Viviani were expiring. It was requested that anyone desiring to serve on the Board other than the current officers submit a nomination. No nominations were presented. Motion to close nominations and to have Weinberg and Viviani serve another term was made and seconded by unanimous vote confirmation for Viviani and Weinberg.

#### **VI. Old Business**

- a. A discussion was had amongst the homeowners regarding implementation of the sign rule. Mr. Viviani remarked that there have been no sign problems since the rule was put in place and no further issues regarding signage have been brought to the attention of the Board.
- b. Attention then turned to the effect of the numerous delinquencies of homeowners that have failed to pay the association fee. Viviani remarked that 10 homeowners have yet to pay the homeowner association fees. Five of those homeowners have demonstrated a chronic failure to pay fees over a period of years. Viviani remarked that the failure of the homeowners to pay has not significantly impacted the budget and it is the Board's opinion that the homeowner association fees currently at \$550.00 should remain the same. With the current \$550.00 annual association fee, the Board has approximately \$39,000.00 in reserves, comprising almost 2/3 of the annual budget. Therefore, homeowners that have failed to pay timely are not affecting the ability of the Board to meet expenses. Viviani did remark then that the Board has gotten more aggressive on placing liens on delinquent property, particularly one home went into foreclosure and the bank stopped the process and is currently letting the tenants live in and rent the property. This is the only time that the Board has authorized placing a foreclosure lien on a property in an attempt to recoup the outstanding fees. However, Viviani remarked that it was doubtful at this point that the Homeowners Association would collect anything in bankruptcy. A deficiency judgment would be awarded and a lien will attach to the property. The lien will transfer to any new property that the delinquent homeowner would purchase in Lake County for a period of 5 years.
- c. Attention then turned to the finances and the expenditures of funds by the Board. Viviani remarked that most of the money that was spent by the Board was for improvements to the appearance of the

physical property, including cul-de-sac irrigation but that the Board was not proceeding forward with any significant undertaking in terms of landscaping due to uncertain finances due to possible bankruptcies and/or failure to timely pay association fees. The Board did put in flowers in the beds at the entrances to the Sanctuary and mulching did occur in 2010. In addition, a walk through with Master Greenscape, the landscaper for the development, was conducted in which various items were pointed out to be corrected.

- d. Viviani mentioned an issue continually arising with failure of homeowners to clean up after their dogs. In particular Fox Hollow seemed to be a concern for homeowners failing to clean up. Despite repeated requests by the Board homeowners are reminded they have an obligation to be responsible and to pick up after their animals.
- e. Next on the agenda was a yard maintenance issue involving a home on White Oak and Cardinal that appears to be vacant. Complaints that the grass is continuously not being cut and maintained. Viviani remarked that the Board has the ability after a hearing to impose fines but no practical authority to do the actual cutting on the premises of a homeowner. In particular, the Fox Hollow property was going into foreclosure and the Board has no legal authority to enter the property, which would be a trespass. Only the City of Kirtland has the ability to enter onto a homeowner's property. Currently, Kirtland Hills' ordinances do not allow them to enter and cut grass of any homeowner. Only if a developer puts such a restriction in the covenants for the development would an association be allowed to enter on to the land and our Association covenants do not include such a restriction.
- f. Next up on the agenda was a discussion of the new Ohio law set for implementation in September 2010 involving Homeowners Associations which makes Homeowners Associations responsible for setting aside reserve funds for capital improvements. Viviani remarked that the only capital improvements are the irrigation system installed and maintained by the Association. It was remarked that the bridge into the development was owned by Kirtland Hills and is not the responsibility of the Association to maintain.
- g. A question was raised as to the abundance of deer in the Sanctuary and what Kirtland and Kirtland Hills are doing to control the deer. One homeowner remarked that the deer are out of control. According to various members of the Board, the policy of the City of Kirtland is that it is a property owner's problem to deal with the deer. Kirtland Hills takes the position that deer culling can only be done during hunting season. It was particularly remarked among some homeowners that because of the Sanctuary's size that a gun hunt would be impractical for deer but perhaps a bow hunt would be able to cull the herd.
- h. A question was raised concerning the finance report and in particular regarding the reserve fund and what did the Board see as the future of the reserve fund? According to Viviani, the Board will sit on the reserve fund and will maintain it and will not use it for any capital improvements at this time. A follow-up question was as to what the reserve fund can be used for? Viviani remarked that the Association rules contain nothing about what the Association is absolutely required to do with the fund. The reserve acts as a rainy day fund in the event of a possible lawsuit over any common property. Viviani remarked that the Board has expended funds on cul-de-sac improvements as well as irrigation improvements. 60% of the budget is allocated to the reserve and the reserve could be impacted if the Board runs into problem with future delinquency of payment of association fees. Viviani remarked that in the December financial statement the Board had to write off approximately \$4,000.00 off the projected budget due to bad debt because of fees being owed and not paid. For the 2010 budget the Board did not budget additional reserve amounts.
- i. An issue was brought up regarding a possible retaining wall on the cul-de-sac at Eagles Nest. It was remarked by Board members that there was no good solution to the problem, that it would cost a lot of money to solve and that the Association was not prepared at this time to address that issue with reserve

funds. A follow-up question regarding the home at White Oak and Fox Hollow and its foreclosure status and whether the bank is allowing them to rent and, therefore, does the Association covenants allow for rental of property? It was remarked that that there is nothing in the covenants to prevent a property owner from renting property. Weinberg suggested that the Board periodically check the transfers of delinquent property to determine if any potential homeowners are going into foreclosure that may impact the reserve funds. Viviani remarked that as of 5/31/10 there was \$75,000.00 in the association's checking account with approximately \$17,000.00 spent on budget expenses so far to date.

- j. Last for old business it was remarked that the Village of Kirtland Hills did treat the bridge entering into the Sanctuary for carpenter bees.

## VII. New Business

- a. A proposal was made by a homeowner, Mr. DeAngelo, that a 20% discount on homeowners association fees be given to senior citizens. Much discussion ensued. Viviani remarked that there is no authority within the Association's covenants to vary the costs for a particular group of homeowners without an amendment to the covenants and such an amendment would need to 2/3 of the vote of the homeowners. It was discussed that at next year's annual meeting a vote could take place amongst the homeowners regarding reduction in fees for senior citizens. After much discussion, Viviani proposed that any homeowners that wanted to comment on the 20% reduction for fees for senior citizens contact him and/or other Board members directly to gauge the interest. He also proposed that he would notify homeowners that an issue had been raised at the meeting regarding senior discounts and get feedback as to whether there would be an interest to submit it to 2/3 of the homeowners for a vote. The possibility was also discussed about putting the issue on the Association's website.
- b. The next order of business was a remark by a homeowner that garbage cans should be kept out of sight and not visible from the street except on garbage pickup days. Many garbage disposal cans or other receptacles are in plain view of the road and sometimes are placed out 2-3 days before pick up.
- c. Next was a concern regarding individuals from outside the development considering the bridge area entering into the Sanctuary to be part of the Metroparks. One particular homeowner remarked that he had noticed many people splashing in the river and using his property as a restroom. He requested that it be put in the minutes that his property and the river itself is not a public access, it is private property. Suggestion was made for the homeowner to put up a "No Trespassing" sign to prevent private individuals from entering his property.

No other new matters were brought to the attention of the association. A motion to adjourn was made by Viviani at 7:50 PM and seconded by Jim Young. Unanimous approval was given by those in attendance.

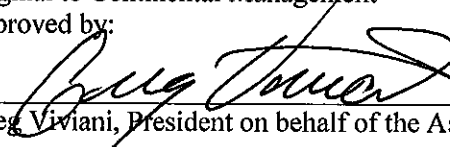
Meeting concluded at 7:50 PM

Respectfully submitted by  
**SANCTUARY HOMEOWNERS ASSOCIATION.**

  
Secretary

Original to Continental Management

Approved by:

  
Greg Viviani, President on behalf of the Association

6/22/2011  
Date