

Minutes April 23, 2019 Board Meeting

Northtown Homeowners Association

Call to order at 6:35 p.m. Pledge of Allegiance. Greetings by President Diane Hoverson, with the comment that the Members' meeting the previous week was Bash Diane Hoverson night. This Board has only one agenda and that is to do what is best for Northtown. Review of what we accomplished: only four months ago, we had all new lighting installed in the clubhouse, kitchen, bathrooms, etc., we cleaned out the kitchen cabinets, we painted all new trim and touchup paint, also the outside doors, Pam and Diane H spent 5 hours cleaning the library, took down the old curtain tops, got a new computer system, installed a security system, and she is aware that people have asked about the security system and its cost: Diane H had said the cost of the cameras was announced as \$300 but it actually was \$279, and then they had to be installed, which, since the electricians were here doing the new lights in the clubhouse, she asked them to install the cameras. She cleaned out the old storage room, which was full of junk, it is a 20' x 25' room that should be used for the community and she was glad that she was able to find someone who would take away the old stuff for free because it was worth nothing, and we have built a brand new swimming pool.

Also she wanted to announce that all the members in attendance at this Board meeting are here as guests and she wants them to wait until the end of the Board meeting to ask any questions or make any comments. Also she warned there will be no calling of names and everyone must be respectful.

Roll call: present are Diane Hoverson, Julie Cicero, Diane Guillaume, Sheila Ruling, Frank Vance and Joni Zarko is at the vet hospital with her very sick cat and Pam Shirvinski is in the room but not at the front table, she is over by the front door at the sign-in table. When asked, Diane G advised that she had sent the Minutes of the March 12 Board meeting to all Board members last month. No additions or changes, Diane H accepted them as presented.

Diane H said that although we had received the March Osselaer financial report it was full of errors. Diane H spent 3 hours in Osselaer's office last week going over the March financials and asking that they be corrected and sent to us before this meeting. Corrected financials not yet received. Diane H said that it took Osselaer two months to pay the electrician's bill. They do collect money very effectively for us. We only have 33 members who have late HOA dues, for a total of about \$7,900. However, there is at least one homeowner who hasn't paid HOA dues in 7 years and with late fees, they owe close to \$5,000. She was concerned that this homeowner will file bankruptcy and the bankruptcy judge will discharge the debt completely to Northtown. Diane H announced that 78 Northtown members paid their entire 2019 dues in January. Diane H also complained about Osselaer's lack of help in setting up a budget: we had asked them for their help and all they did was copy last year's budget.

Diane H said that in answer to the members who have questioned some actions or motivations of various Board members, Diane H thought they should consider the \$35,508 spent on lawyers' fees spent by the prior Board.

Architectural Control Report by Julie: The only thing that has come in since her report at the last meeting was a request to install a gate.

Roads and Grounds Report by Frank: wanted to start by thanking Diane H for allowing the Pledge of Allegiance at the start of this meeting and since the members' meeting the only new thing is there is an ash tree that is mostly dead by the pool and will be coming down before the bulk trash pickup. Also there is a tree in the wash over by Tierra Buena that has to come out because the water flow can't be impeded by trees. Diane H asked he if was going to explore new technology for road repaving. Frank said he would be happy to do that, Diane H suggested that Diane G help Frank like that.

Diane H asked if anyone wanted a report on the pool progress. One person in the audience said that she cared, so Diane H went on to give a progress report. There was a problem with banging noise in the microphone the speakers were using and Diane H wanted to know if Sheila knew anything about it. Sheila reported that at the Members' Meeting last week, we had the same problem and finally stopped trying to use it. The pool is being filled with water now, the final finishes will be done soon, they will clean the pool on Friday, paint the pool desk and railings on Saturday, she is getting new furniture for around the pool, but the old chairs will remain but be cleaned. The City has to come out to do an inspection. We will have a big open house for the opening of the pool on the Sunday afternoon of Memorial Day weekend, serve refreshments.

PNP report: It was reported that in the past there have been a few occasions when they had difficulty getting the clubhouse either unlocked at the start of a function or locked at the end of a function. He asked if they could have a spare key returned to the place where it had been for many years, so that they can lock up at the end of their function. Diane H announced that Sheila has resigned her duties as Events Manager and Diane H will find someone else to take on that responsibility. But in the meantime, Diane H felt it would be a good idea to get a space key be available to PNP, as it used to be. However, Diane H said that this spare key will be for PNP only, and for other groups, the Events Manager or other Board representative will lock and unlock the door There will be no PNP meetings in May or June, the next will be in July.

New Business: Diane H announced that previously some committees had been formed, and that the presidents of the boards of directors can do that, to appoint people to sit on committees, but that when a new Board takes office, then the previous Board's committees are no longer in effect and are dissolved. Diane H said that any recognized Northtown Board committees will be appointed by the current Board and all others are gone. Diane H said that we will probably need a Policy & Procedure committee has been changed yearly for the past several years but prior to that, there had not been a Policy & Procedure. Diane H will review the committees and discuss with the Board what

committees we will need and what changes need to be made. As to other committees, Diane H announced that Stephanie is the head of the new Social Committee but she may need some others with her. Likewise Compliance, they need two more people: one for each side of Northtown. Clubhouse rental has been an issue: our attorney said that we should not allow people to use our clubhouse for a church. It has to do with Fair Housing. The attorney said that if we allowed one church to have its services in our clubhouse, we could not refuse to rent our clubhouse to any other church group who asked to rent it. Diane H was concerned that eventually, a significant portion of the clubhouse time will be taken up by church services and it will not be available for the use and enjoyment of Northtown residents. The attorney said that Northtown would be opening itself up to a federal lawsuit and that these lawsuits run from \$20,000 to \$100,000, money that the homeowners of Northtown would be responsible for. Diane H was very concerned that we not expose ourselves to charges and discrimination and stressed that she personally didn't want any lawsuits against Northtown.

Julie explained that this started because the Bible study group wanted to come in and not pay because the people who play cards don't pay and the Koffee Klatch doesn't pay, but Julie said that the difference was that those were recreational activities. Diane G announced that she was advised at the conclusion of the April 16 Members' meeting that the church that used to have services in the clubhouse is gone now and all they want is a refund of the advance they paid for the clubhouse and a return of their security deposit. Diane H advised that those monies have been returned in the past week.

Diane G also declared that as to the Bible study and it was her strong belief that, while the Board may, and can, make a rule that says they may not rent or reserve a room in the clubhouse for religious services, that if a group of Northtown owners and residents and their guests want to sit at a table in the clubhouse or the library and talk about a book of their choice, then the U.S. Constitution and specifically the First Amendment says they have every right to sit peacefully and talk about whatever book they want to talk about, and that the Board, nor any other authority, can tell them that it would be OK if they talked about "Fifty Shades of Grey" but can't talk about the Bible among themselves in a room where they have every right to be. Not reserving the room, not impeding any other person or group who might want to enjoy the facility, but to sit and talk among themselves.

Julie disagreed, and felt sure that the lawyer that if a group of Northtown members and guests studied the Bible in the clubhouse, it would constitute Northtown's adopting a Northtown religious, but Diane G felt it was free speech.

Diane H advised that we do have rules that there can be no political meetings in the clubhouse, no fundraising or for-profit ventures in the clubhouse, and it was her preference to have absolutely nothing to do with anything religious in the clubhouse. That brought up the conundrum of: the clubhouse has always been used for weddings and funerals, and they are frequently religious activities and our current rules say that

they clubhouse is free to any Northtown member's funeral service or Northtown member who is sponsoring a wedding.

Frank expressed how disturbed he has become at the escalation of the animosity in the Board on this issue. We have a very diverse community and he felt that having a regular church service here might not be a good idea, if for no other reason than it could tie up corporate assets that might be needed for other Northtown events in the future. That being said, he felt that if a group of residents want to come into the clubhouse to read the Bible, there should be no difference between some group of Northtown residents that want to come and play cards or do crafts. In the interests of healing, that we discontinue our opposition to allowing the Bible study to use the clubhouse for their get-togethers, and that the matter be put to a vote by the Membership of Northtown. He envisioned a carefully and legally worded resolution to be presented at the next Annual Meeting of the Northtown Homeowners Association.

Julie said that while it is the Members' clubhouse, the HOA documents say that it is the Board who sets the policies for the clubhouse.

Diane G felt that an entire blocking out of all religious-related activities would necessitate exclusion of the Maria SS Laetana group, which is sponsored by the local Roman Catholic church, and when they use our clubhouse, they hang a picture of the Virgin Mary with votive candles and on their website, state the purpose of their group is to glorify the Virgin Mary. Julie said that their attorney has already looked at it and said that this group would be OK to continue using our clubhouse.

Frank said that under this analysis, then if a Northtown member who was a practicing Wicken and wanted to have a banquet and dance for her / his fellow Wickens, we would have to allow that.

Diane H said that she was most concerned to make sure that Northtown is not put in jeopardy of lawsuits at all. And she would like us to table this motion until all the Board members are presents.

As regards to renting the clubhouse, Diane G suggested that we modify our rental agreement so that if someone were to have an accident or loss, that they be required to advise Northtown within, say, 21 days so that we would have time to go to the security camera and preserve the tape of the event, as the tapes are recycled every 30 days and if we don't know about a potential loss or accident until after the tape had been recorded over, then the security camera would be of no use. But if we change the rental contract that must be signed by a Northtown member, then we would have to be given notice so that we could preserve the video tape. Diane H said she had a similar idea, but she would like to see the rental contract to require a 2-weeks' notice of any accident or claim.

Frank said that he would like to have a vote on his motion, and Sheila seconded it: that we make a rule to exclude any church services but that for the time being, that we allow

the Bible study of Northtown residents and possibly a guest or two to continue to use the clubhouse until the matter can be put to a vote at the Annual Members' Meeting. Diane H said that for this morning's Bible study, 1 resident was in attendance and a whole lot of other people, not Northtown, were there. Sheila said that she was told there were four Northtown residents at the Bible study this morning.

It was pointed out that for the use of the clubhouse's swimming pool, the rule requires 1 Northtown resident can have up to 4 guests using the pool as long as the Northtown resident is present. Diane H said she didn't want to vote on the motion at all. Frank said he did want a vote but to modify it so that 1 Northtown resident can have 1 outside guest attending a Bible study in the clubhouse in the interim, until the matter could be decided by the full membership.

Julie asked if we did this, would we have to allow a group to study the Koran, or the Wickens' scripture? Frank's answer: yes, as long as the group would be sponsored by at least 1 Northtown resident. That is a requirement for use of the clubhouse facilities: it must originate with a Northtown resident. Julie said that to avoid discrimination, we would have to publish this policy in the Newsletter, and Frank thought that would be a good idea.

Vote on Frank's motion: Pam – no; Diane H – no; Julie – no; Diane G – yes; Sheila – yes; Frank – yes. Diane H announced it is a three-three tie so the motion failed. Julie tried to call Joni at the vet hospital to see if she could vote and break the tie, but Joni was not available to speak.

Diane H said that the Board wants transparency on the Board. A homeowner in the audience wanted to make the point that the Bible study has met in the clubhouse for the past five years, duly authorized by a Northtown homeowner, to use that library room at no cost as long as nobody else wanted to rent that room. If someone else wanted to rent the room at a date and time that they typically met, then the Bible study would concede the room to the group that wanted to rent the room for a cash payment. Diane H said that this current Board is not responsible for what other Boards did and prior policies.

Another Member stood up to complain that he felt that the Board is not representing the membership's will. He felt that having weddings and funerals are here and that would conflict with "no religious services". He also would like to see the actual legal opinion that was announced that the Board has to exclude the Bible study as well as the weekly church services. Julie offered to call the ACLU for an opinion. Diane H explained that this is a Board business meeting and not necessarily for member input.

Frank suggested that in the meantime, that the membership prepare some resolutions for consideration at the next members' meeting, and that the Board have a closed telephone meeting with the lawyer.

Next item on the Agenda is the bank accounts. Diane H announced we have two accounts with Osselaer: one is a money market and is getting very little interest and she wanted to put that money into a CD, as well, as it would be getting 2.-something interest instead of practically no interest in the money market account. This money market account has about \$30,000 in it. Diane G advised she had recently researched this subject when she found out that Wells Fargo had been paying 1/10th of 1 percent interest on her savings account. She found the best rate was at Discover Card Bank, which is FDIC insured and it pays 2.08 percent on savings accounts with an annual yield of 2.1 percent with no penalty for withdrawal. She was concerned about putting the money in a CD as it would tie the money up for a year or more, depending on the length of the CD's term, and we would get close to the same rate with Discover Card Bank and be able to use our money when we need it for the roads, or whatever.

Diane H advised that Metro Phoenix Bank is the bank we've been dealing with, which we were introduced to by Osselaer. They offer 2.5 percent on the CD and all our other accounts are there on a 12 month CD. Our CDs we have now are staggered so that they mature every 3 months. Diane H said she had been reviewing the old CD statements and couldn't understand why some of the CDs seemed to have been drained and then others ended up with odd balances.

A member in attendance advised that one of the CDs was cashed in when the previous Board had to pay \$12,000 for new air conditioning in the clubhouse. That left that CD with a small balance, so as the others matured, they moved some money around to try to make all the CDs to have approximately the same balance.

Diane H announced that we will table the last item on the agenda and adjourn the meeting at 7:35 p.m.

Post adjournment questions:

Carports compliance enforcement. Diane H said that some people of been working on this. However, it is her practice that the first request should be a nice request and if it is ignored, then to go to stricter enforcement measures. Sometimes there are extenuating circumstances and we need to be mindful of that.

Same answer on an inquiry about weeds.

There is a church group who will send people out to help with weeds, etc., if asked. A notice was previously posted in a Newsletter.

Another member asked why the Bible study would be limited to 1 guest in the clubhouse per resident when the other activities we have are come-one-come-all with no limit on the number of guests, other than for the swimming pool and there it is 4 guests to 1 resident, not 1 to 1. Julie said that the difference is that one is social activities and the other is religious activities.

(omitted a bunch of dialogue here, which I can insert if you want, where the discussion was who was rude to whom first, who was lying, what was legal, etc. – do you want me to include it here or has there been enough of that)

Dave Ransom advised that the rules for the clubhouse have been: nothing for profit, no political events, nothing for personal gain. Worship services is not mentioned. He understood that the Northtown member who signed for the group was not present at the event, and that is a requirement of all rentals: that the Northtown resident who signed the rental application must be present at the event and he understood that the member was not at the church services and that was the problem. That being said, if our attorney advised us to exclude religious services, then he is in total agreement. On a second issue: the “legal fees” item in the financial report included the surveyor, engineer and all the related city fees and permits to settle the lawsuit as well as the actual attorney fees. Dave inquired about last Thursday’s Executive Meeting. Dave noted that the stated purpose on the required meeting notice was “Clubhouse”. Dave advised that actually are only five legal purposes that permit a closed Executive Meeting and none of them are “Clubhouse”. He wanted to know which of the permitted reasons applied. Diane G advised him it was legal advice on the clubhouse.

Doug asked that if we are considering prohibiting all religious groups for activities, please stop sitting there amongst yourselves, whether it is 1 or 2 of you, or all 7 of you, and saying things like “the lawyer said”. His strong recommendation is that if we are going to prohibit this, we should do it in writing and that the attorney should draw it up and that we should adopt it just the way he words it.

Joann asked about why the financial reports from Osselaer have not been given to the membership. And if the Board is not meeting during the summer, the membership still needs the financial reports. Diane G advised that the financial reports through February are in the Financials Binder on the shelf at the rear of the room. The March financial has some errors and the corrected one has not yet been received. Diane H said that she has been trying to get Osselaer to adjust their reporting format to make it easier to read. Diane G asked for Don’s contact information, so she can send the approved minutes to him.

Diane H also advised that Osselaer didn’t advise us that there have been 17 homes in Northtown that have been sold in the past 6 months, and Osselaer received \$400 per sale as their fee, but they didn’t send us any information about the sales: who bought them, who will be living in them. A member in the audience said that she had seen many packets of documents from Osselaer with the information on the various sales of homes in Northtown, waiting in email inbox in the Northtown email.

Diane H asked if anyone else had any problems with Osselaer. Another member said that he has sent his HOA dues to the Northtown office for years and continued to do so in 2019 and he had a lot of difficulty getting Osselaer to credit his account or even to return his calls about his payments. Diane H advised that it was the previous Board who

selected Osselaer, she had meetings with 3 other people and no one wanted Osselaer, that she had expressed to the previous Board when it was considering a management firm that Osselaer may not be the best choice, but that Board voted for Osselaer anyway. Diane H said that we are not stuck with Osselaer but we can terminate our contract with Osselaer on 30 days' notice.

Naomi said she felt that some of their accounting procedures are suspect as her reimbursement check for paper had been charged to some odd account. Diane H said that shouldn't happen because when they approved the check requests, they write on it what account should be charged, and not "miscellaneous".

The member who had an experience with Osselaer when living at a different property advised it was her experience that we will never get the customer service we need from Osselaer and that the financials will always be late.

Diane G advised that Keith Schueler, the Osselaer representative who attended last week's Members' Meeting, promised to have the financials to us by the 10th of the following month. We have his word and if he doesn't keep it, we have recourse.

Diane H also stated that she had spent 3 hours at Osselaer's office last Friday going over the financials and was promised they would be ready for this meeting but we had not yet received the corrected reports.

Another member asked about why we have those security cameras and who authorized cleaning out that room and giving away the pool tables. Diane H advised that it was a Board decision and that the pool tables were damaged and not worth anything. Another member said that he had a buyer for the pool tables. Diane H said it was a done deal and the Board has a right to make these decisions and we don't have to ask the members' opinions. That is what the Board is here for and we are doing the best we can do.

(some yelling by a member in attendance that she remembers at last year's Board meeting discussing the pool repairs that Diane H saying to wait until January to fix the pool – some calling of liars – I'm thinking since it is yelling, name calling and speaking over, and not very clear and not very productive, to not include: what say you guys?)

Questions and answers terminated at 7:55 p.m.

Respectfully submitted,

Diane Guillaume, Secretary