

Green Circle Service Corporation
10th Board Meeting,
6:30 PM Dec 6, 2007
Gazebo

Present:

Joan Landfield, President
Linda Lambert, Vice President
Matt Neuburg, Treasurer
Trina Grantham, Secretary
Anne Shrage
Jerome Landfield
Annavene Bunn

Also present; 17 residents

•The minutes of the previous meeting were unanimously accepted.

•Treasurer's Report:

1. The documents relevant to this report can be seen at <http://www.apeth.com/taormina/index.html> In summary, Matt pointed out that 1. Due to cost overruns on the road our financial cushion has been radically drawn down. 2. Given the fact that we are still a 501 (C) (3) organization we do and will have taxes and a penalty to pay. He noted that a total of \$77,000 had been authorized for the road repair and resurfacing and that we are now well over \$82,987 and according to a note on one bill, more money will be requested. We do not as yet know what this amount will actually be. This will leave us with perhaps a \$3,000 cushion instead of the \$10,000 he had felt was safe and comfortable for future needs/unforeseen expenditures.

He said he did not know how this cost overrun happened. A meeting attendee asked if anyone knew and if they could explain it. Jerome said he could and stated that an unexpected repair was needed on Arundale for which he made an on-the-spot decision to do. He went on to discuss the unforeseen field condition that arose concerning the repair of the curbs on Arundale and that he was on the spot to make a quick decision to move forward to make the repairs even though it would cost more. Also he explained that the additional amount coming will be for the materials for the paving based on weight tickets. According to some of the attendees who deal with these things regularly, this is not unusual, but it is usually dealt with using a preplanned contingency (cost overrun) fund for the project. No such fund had been requested by the Road Committee. It was also noted that a cost overrun of less than 10% is good considering ~~usually~~ projects like this often come in at 20%. It was pointed out that the minutes of the meeting on Sept 24,2007 that the board agreed that there would not be any spending without board notification/ approval. It was stated that board members should have been notified. Certainly the treasurer should have been notified of the increased costs. It was noted by an attendee that there was adequate time between when the

work was done and the bills arrived for all the board members to have been apprised of the additional costs.

Matt pointed out that that two sets of bills were received for the same work for differing amounts from what appeared to be two different contractors. That issue has been clarified, but calls to J & H Engineering, Inc did not receive responses. Why do the contractors not respond? Jerome explained they do not like working with association boards and only like dealing with one person.

Matt noted that when deferred maintenance funds set aside in the budget are used, such as the road fund, they may become taxable since the IRS currently does not recognize GCSC as a 501 (C)(3) non profit organization. (The letters from the IRS are available from Trina by anyone who wishes to see them.)

2. Matt said that a letter has gone out to all those whose fees are 90 days overdue. They have 14 days to respond. It was suggested that for some people they might find it easier to pay monthly and that this option should be pointed out to them in future communications.

The question of forgiven fees came up, and Matt explained that all the fees from the period during lawsuit had been collected, but that fees owed to the TTCI prior to the lawsuit, according to his interpretation of the settlement and the letters from Mr. Strohman, were not GCSC responsibility. There was a motion that the matter of that debt be postponed indefinitely. It passed 4 to 3.

3. The ballots for the corporate status change were counted during the meeting. Twenty-nine ballots were returned and all of them were in favor of change, however, because we need a 75% of all the homes for approval this was not enough to get this passed.

Since there were some questions concerning the word “member” in the mutual benefit corporation, Anne presented further information including responses from attorneys she had contacted and a useful website. It was also pointed out that currently the board may listen to the community but it can do as it pleases, whereas in a mutual benefit corporation, the board must seek membership ideas and the membership has a vote. Here is her presentation.

Creating a NON-PROFIT CORPORATION

Re: GCSCs attempts to gain non-profit status, referred to as 501(c) (12):

In addition to getting on-line information, and seeking advise from people in the community who have previously been involved with starting non-profits, our committee, as authorized by the board, has been involved in getting answers to the questions raised by the residents. We have consulted with friends and/ or relatives who are attorneys, and the information we received from these several sources are consistently the same. The fact that an organization is a non-profit corporation means that its members have no liability for the liabilities and obligations of the non-profit. Consequently, to dispel the fears and doubts we have heard verbalized, no individual resident's home or assets are in danger simply because they are designated "a member" of the non-profit corporation. In business as well, a corporation is created to keep the stockholders and members from being individually liable for the debts of the Company, unlike a partnership or proprietorship.

The board of directors does have a liability and for that reason the organization should have Directors and officer's liability insurance called D and O Insurance. I have been told that we do have that insurance.

It is essential that the GCSC change the by-laws to reflect the conditions required for the 501 (C) (12) status. There is no question that according to the IRS, we are presently being classified incorrectly. The most important reason of course, is money it would save us yearly.

If you wish to see some of the information we have obtained, you may access the web site www.lawyeratlarge.com and look for "Creating a Non-Profit Corporation", by Attorney at Law, Michael Lynn Gabriel.

There was a motion to send the entire by-law corporate status issue back to the committee for further study. It passed 6 to 1. It was further noted that when GCSC came into existence some errors were made in the submission of incorporation documents to the state as originally it was intended to be a mutual benefit corporation. Submitted instead were

501(C)(3) documents, and it was never noticed by the attorneys involved. So now we are trying to remedy the situation before we pay additional tax penalties. It was suggested that it seems imprudent not to go back to the mutual benefit corporate status as originally intended.

3. Since the by-law change did not take place, Ruth Matthews offered a donation of \$800. This is a one time donation without strings attached. It does not keep GCSC from raising fees if that becomes necessary. Joan will write her a letter of grateful thanks for the donation and also for the use of the Mesa during the road work.

4. Trina presented a formula for a proposal to the Rosens concerning their possible share of the costs of repairing and maintaining Arundale. They requested such a proposal in a letter to the board.

A proposal/idea of way to calculate fairly the expenses for Arundale Road for the Rosens.

Total square footage of Arundale is 24,552.

There are 15,840 sq feet from Hermosa to the Rosens' second driveway, ie. 66% of the entire length. I propose GCSC ask the Rosens to pay for half of this percentage (33%) since residents of Taormina use Arundale as an exit and it is also our fire exit from Taormina.

The total cost of repaving Arundale was \$13,760. 33% comes to \$4,540.80.

So considering that we reconfigured the traffic pattern to suit their request (so they would not have to come through our neighborhood to get to their houses and that additional signs, a mirror for their blind driveway, and possibly 2 speed bumps are required), I suggest we round this off to \$5000.

This still leaves for consideration a yearly road maintenance and insurance contribution. I suggest that once we determine how much we will need to be putting in the road fund for the future, that we ask the Rosens for 33% based on the square footage of Arundale that they actually use plus a reasonable contribution to the insurance bill per year.

Those in attendance at the meeting responded very favorably to this approach. It was noted that they might not be legally bound to contribute, but Robert Tyzzer provided the information presented below. The reference is:http://publicworks.countyofventura.org/central_services/realestate_services/private_roads.htm#4

Who is responsible for maintaining the private road serving my property?

Section 845 of the California Civil Code provides in part that the owner of an easement is responsible for maintaining it. If the easement is owned by more than one person, or attached to parcels of land under different ownership, the cost of maintaining it shall be shared in accordance with any agreement between the owners or, if there is no agreement, proportionately to the use made of the easement by each owner. A maintenance obligation may be enforced through civil action.

There was a motion to present the formula to the Rosens including information that we are still researching speed bumps and that the Taormina sign may be moved, but a few more questions need to be asked concerning this. Trina and Linda will present it to the Rosens. The motion passed unanimously.

- There was concern that the paving company had not responded to the letter sent by the board requesting that a supervisor meet with us concerning the issues noted in our previous meeting. The letter requested that they call Ralph Edwards to set up a meeting. Ralph said that he had not been contacted by the company. Jerome will call them and ask them to call Ralph. Ralph will inform those interested of the meeting time. Please let Ralph know if you wish to walk the road with the contractor.

- Annavene Bunn has submitted a letter of resignation to the board in consideration of her husband's health. She would like to spend more time with him and not so much time looking at and responding to emails. Thanks and appreciation were given by everyone for her time, ideas, and concerns expressed while on the board. It was moved that Ralph Edwards be appointed by the board for 90 days as per the by laws. The motion passed 5 with two abstaining.

Given we seem to have questions often about procedures under different circumstances such as elections it was suggested that a committee be formed to delineate operating procedures for GCSC.

- The Sign Committee (Helene Vachet) gave an update report on their progress with the signs. Signs will be less expensive and better quality if ordered from a company in Ventura. That is in process, but may take several more weeks- They are coming in under budget, but poles and cement still need to be priced for the best buy. We all thanked Elaine (with a little help from Linda and Trina) for the road painting she has done and yet to do. She is saving us loads of money. Robert Tyzzer noted that many traffic calming slowing measures often are counter intuitive. Speed bumps are not always the answer. The committee will study this further and in the meantime paint "slow" directly on the pavement where speed bumps may be placed in the future.

Grayson Chase again pointed out that people are still coming up Arundale the wrong way and those going out are going too fast. He is still concerned about his children, the baby living in #115 and getting out of his driveway safely. (He is no longer parking on the road near his driveway.) He would still like to see action taken. Suggestions included a barricade, speed bump, mirror, whatever to ameliorate the situation. It was suggested that half the gate be reinstalled as deterrent. Annavene said the gate belonged to the TTCl and they would not return the gate for this purpose. The sign committee will continue to explore safety options with Grayson. Although this seems to be an ongoing issue, it was felt that new permanent signs and the arrows would help in the long run. We are also contacting the online map organizations to have them make Arundale one way when they give out instructions. There is also communication with delivery trucks such as UPS on this subject. Since there is room in the sign budget for this purpose, it was moved that we use these designated funds to get a speed bump installed. Robert Tyzzer had pointed out there are standards and issues of slickness when speed bumps are wet, fire department codes, noise, and effectiveness to consider. This motion passed 4 with 3 abstaining.

As it was 8:45 new business was postponed to another meeting. On the agenda will be a discussion of community participation and communication concerning GCSC.

There was a request for an interior handle on the Gazebo door so we can get out if the door is fully closed for meetings in cold weather.

Meeting adjourned at 8:45.

Respectfully submitted,
Trina Grantham, Secretary

Joan Landfield, President

Dec 7, 2007