**I. Called to Order**

 Melissa Martinez-Carrasco called to order the annual meeting of the Villas of Babcock (Summerwind) HOA Board at 1027am on May 28, 2016.

**II. Roll Call**

The following directors/officers were present at the meeting: Melissa Martinez-Carrasco, Angela Casas (Member at Large), Martin Salazar (Member at Large) and Monica Moreno, Property Manager was present. Melissa Martinez-Carrasco turned over the floor to establish quorum. Quorum established 11 members present and 10 proxies.

Proof of notice verified. Notice posted onsite on neighborhood board on May 20, 2016 and all homeowners that had email addresses on file were sent notices via email. All that did not have email addresses on file were contact via Nextdoor and then resent email notification. 141 meeting notice by email notification and 3 by first class mail.

**III. Appointment of Officers**

1. Melissa Martinez-Carrasco makes motion to appoint Martin Salazar as Treasurer for the duration of the meeting; Angela Casas second motion. No opposition.
2. Martin Salazar makes motion to appoint Angela Casas as Secretary for the duration of the meeting, Melissa Martinez-Carrasco second motion. No opposition.

**IV. Approval of Minutes**

1. Melissa Martinez-Carrasco reports that:
	1. All Board of Directors were sent minutes by email.
	2. Hard copies made available to membership present.
	3. It was stated at last annual meeting that Melissa Martinez-Carrasco it was motioned that we only do non-approval of meeting minutes for inaccuracies only and not just content so if there are any major inaccuracies from last annual meeting then we could go through with non-approval of the minutes.
2. Melissa Martinez-Carrasco makes a motion that any one that wants to present a motion to the floor to the topic at hand only that you raise your hand and if the presiding officer acknowledges that then the motion would be accepted on the floor. Martin Salazar second motion. No opposition.
3. Mr. Cantwell makes a motion to approval 2015 Annual Meeting Minutes as presented. Angela Casas seconds motion. No opposition.
4. Melissa Martinez-Carrasco interjected that civility was necessary for the rest of the meeting and that Robert’s Rules of Order would be used.

**V. Year in Review/Directors Reports**

No reports present

**VI. Property Manager Report**

1. Budget discussion- not presented

**VII. Financial Overview**

1. Martinez Salazar defers to Karen Mueller so she can submit the budget proposal for this upcoming year.
2. Karen Mueller present Budget:
	1. At the last Board of Directors meeting there was discussion of hiring a CPA to do a reconciliation of our books. Karen Mueller and Monica Moreno volunteered to reconcile books. Reconciled 2015 with a few outstanding items.
	2. Presented chart- largest pie is our regular monthly expenses; 40%. 25% was due to accidents, gates, center island. 8% was due to vandalism. 15% property maintenance to include improvements. 4%- legal services, office supplies, community events.
	3. Question from the floor- what was the revenue? Karen Mueller responded, with our dues we take in $56K. We have miscellaneous income for resale certificates. Overall income was $62K.
	4. Question from the floor- how much did we spend last year? Karen Mueller reported,
		1. We spent $102K. $25K of $102K was not part of our income; insurance claim pay outs.
		2. We were still over budget
	5. Angela Casas requests report of our accounting; not received.
	6. Karen Mueller clarifies that we spent $87K for 2015.
	7. Question/Comment (Mr. Cantwell)- we had about a $15K shortfall
	8. Question from the floor) - is the report available? Martin Salazar responded that Board of Directors has not seen a report.
	9. Angela Casas requested to be acknowledged. Reported that she has not set her eyes on an official accounting report. Karen responded that Angela Casas requested a general ledger report. Angela Casas responded that she received it and that it was an excel sheet that has no headers. Melissa Martinez-Carrasco clarified that the excel sheet is an export from QuickBooks but that the export from QuickBooks is not the actual report.
	10. Melissa Martinez-Carrasco added and asked how where discrepancies resolved. Clarified that everything had to be reported. The Board had requested every single debit and every single expenditure had to be reconciled and proved to show where every single debit went is what was discussed at Monday’s Board of Directors meeting. Expected receipts attached to debits.
	11. Angela Casas acknowledged and given the floor. Commented that she wants membership that has not attended the Board of Directors meeting to know that a lot of the perceived discord and frustrating parts of this is that we have learned a lot of lessons by being self-managed. The meeting was 3 hours on Monday, strictly on the budget.
		1. “One of the things that was uncomfortable is that I am not being given the opportunity, not given a report or at least these are final best guestimate numbers. Not able to digest them. The conversation turns to defending the numbers. Didn’t get to evaluate numbers then proposed numbers. When we interjected for clarification, in my opinion, it was addressed from the perceptive of defending numbers. At the end of the meeting I asked for an official report. Information was requested 3 months ago. Since October 2015 we requested monthly information.”
	12. Monica Moreno acknowledged and reports that she was tasked to give Treasurer Reports and would receive blank stares. Presented at an Executive Session. Numbers were presented but not understood.
	13. Melissa Martinez-Carrasco gives instructions that members will be acknowledged for 60 seconds at a time.
	14. Karen Mueller acknowledged. Reports that she reconciled books in 10 days and disagrees that we cannot do monthly reports. The 3 hour meeting was not all about the budget. The difference between Frost Bank and QuickBooks $139.90 that remains to be reconciled.
	15. Martin Salazar acknowledged. “Our (Board of Directors) has always been what are the expenses going out. If we were so over budget we should not have doing electrical work in November and other things in the subdivision if we didn’t have any money to spend. The blank stare has been, I was looking for the check book ledger.
	16. Member (Carlos) acknowledged. Lack of efficient communication. Are all expenses have to be approved before? Melissa Martinez-Carrasco and Martin Salazar respond, “yes.” Monica Moreno responds they were. Melissa Martinez-Carrasco, Martin Salazar and Angela Casas responded, “no, they were not.” There was a disagreement of board approvals.
	17. Member (A) requests if there is documentation to show approvals.
	18. Melissa Martinez-Carrasco reports that in January 2016 approval process was put in place to include expenditure limits. There are some issues the way we are operating as a board as an employee of the association, direction and meeting certain requirements that have been put out there.
	19. Karen Mueller is acknowledged. Agrees that a process is needed. At the board meeting she proposed a budget to include a weekly reconciliation between board and property manager.
	20. Carlos Guzman (member) acknowledged. If $139 is all that we are off let’s just come together and just work.
	21. Mr. Cantwell (member) acknowledged. Asked if budget has been presented and approved. Melissa Martinez-Carrasco replied “yes.”
	22. Member (Ms. Guzman) asked when was this presented to the board. Response: Monday.
	23. Member (B) wanted to make a motion to propose to set a date (today) as to when you are going to approve it. Motion second. Date was set for today. No opposition.
	24. Melissa Martinez-Carrasco responded that is what we are going to do right now cause it was presented on Monday and there was still reconciliation items on there. That is what Karen did all this week, make some edits and make some changes. The one that Melissa had in her hand is after all of the edits.
	25. Karen Mueller added. The general ledger requested was sent to the board as well as the spreadsheet that was presented at the meeting so that they could come back with their recommendation as to how the numbers changed.
	26. Member (C) interjected. We are talking about money that has been spent and we have no idea on what. Added that she works for a school and every time that she needs to purchase any item, she has to get approval. Is that the process here? Karen Mueller answered, “we do know what we spent the money on.”
	27. Member (B) motions to have 2017 budget approved by November 30, 2017. Mr. Cantwell seconds motion. No opposition.
	28. Angela Casas request to make a point of order. Acknowledged. Request that there be budget codes associated with the budget. Explains that budget codes describe line items.
	29. Martin Salazar motions to approve the 2016 HOA budget version that Melissa Martinez-Carrasco has.
	30. Member (Ms. Guzman) requests clarification on budget. Can a (budget line item) be spent in the amount budgeted with no approval from the board or anything beyond the amount budgeted. Melissa Martinez-Carrasco responded that the way the board did it as it last stands what that the treasurer, Karen Mueller, when she was on the board, was only treasurer by name. Treasurer by name meant we then handed all authority up to a certain dollar amount to Monica Moreno and she didn’t need to get Board approval. Monica Moreno clarified that if it was already existing and it needed to be fixed it could get fixed.
	31. Melissa Martinez-Carrasco made a point of clarification. The budget presented has $17K for gate maintenance and the board did not approval $17K.
	32. Member (Ms. Guzman) is given floor. Requests clarification if there is an approved budget for gate fixed for the future. Once that number is hit is approval required or every single repair within the budget needs to get approved. Melissa Martinez-Carrasco clarified that it should be that once we hit that budget line code unless it’s a detriment to life or property. Adds back in January the Board said that het property manager was only supposed to go up to $250 so if the amount was over $250 that Board approval was supposed to be sought.
	33. Member (Ms. Guzman) requested confirmation that the $250 limit prior to requirement of Board of approval is in place; yes or no? Martin Salazar responded yes.
	34. Member (Ms. Guzman) also requested for the current turnaround time requirements for Board approvals (respond to Property Manager). Martin Salazar responded that it didn’t have to be at a (Board) meeting.
	35. Member (Ms. Guzman) asked how long do you guys (Board of Directors) have to respond back? Melissa Martinez-Carrasco responded 5 business days; what we passed in January /February18th, 2016.
	36. Member (Ms. Guzman) asked what is in place when you can’t get a 2nd approval? No formal response given. Melissa Martinez-Carrasco responded the property and the President spoke every single day for the past two days; every single day she had a conversation with Monica Moreno about this HOA. There were times when she would speak 12/1 in the morning. When the Board started to see all these issues, in March, and in the March meeting; the monies and all this stuff came to light and all of this stuff happened. In March the Board decided to start looking alternatives on how we could go ahead and salvage. We either said to disbanding the entire association or going to commercial property management. It (HOA) was not solvent/we are not financially solvent. We (BOD) started to see all of these issues that now 2015 has already happened so in March (2106) the Board approved to do the market research and go from here.

(recording lost at 1:05:51)

* 1. Melissa Martinez-Carrasco reports per Monica Moreno $19K in the savings. Requests a report on checking. Karen Mueller responds for Monica Moreno we have a total of $26,831.95 in bank to date, with the $10K coming out for the lawsuit that leaves of with $16,831. With the proposed budget expenses that we have averaged we will incur for the remainder of the year that gives us a shortfall of $9,672. Monica Moreno adds that we have $21K in collections.
	2. Melissa Martinez-Carrasco summarizes that she noticed this months back when that is why she came to the board to review our options. We are in dire straits. This is not something that we keep putting under the rug and just allow because of there is this dysfunction on the Board. People come off, people come on, people come off, people come on. We can’t keep allowing all of these decisions to be at the hands of those, who by all intentions who want to do the right thing. We can all agree that everybody who have chipped in, didn’t have malicious intent but if you do not have the expertise in order do that you then put the association at risk. Her job as the President was to come to the board at this point it’s all about risk mitigation. We already have this lawsuit that claimed all these things. That is a sign that we cannot continue to operate the way we are. If you are not in the business of mitigating your risks you are gonna continue to lose everything. No matter how much people want to come together and we put these things in place. There are some issues that are in hand that are putting us at risk right now as we speak.
	3. Karen Mueller asked “Are you saying that the professional property management company is the solution?” Melissa Martinez-Carrasco responded that the Board has contracted a professional management company. As the Board of Directors we have a responsibility. On Monday, actually two months ago we were tasked with market research to start negotiating and finding out if it was going to be viable. On Monday we also passed a motion to enter contract negotiations with a professional management company…discussion. At this time we have entered into a contract. Angela Casas clarified that we (Board) the last regular Board of Directors meeting to enter into a contract that was no more than 25% of our annual budget; May 7th meeting. We (Board) sought financial only and full property management contracts. The contract ended up meeting was Trio Property Management Company; they are $650/month with a $350 set up fee.
	4. Melissa Martinez-Carrasco added that going with this property management company is actually gong to save us money compared to the current contract that we have and that we are in. We are actually going to be $57 cheaper; we are going to be at almost $401 dollars it works out to with all the money we are going to be saving. Spoke to prior experience with ProComm (didn’t file our taxes) and what prompted to prior decision to go self-managed. Angela Casas added that (going self-managed) we (HOA) was able to complete capital improvements (ProComm contract was eating up some much of our budget) and we had an engaged Board. We are more business savvy. We are able to produce records. (Due) to change in Boards, lax in processes but like Melissa (Martinez-Carrasco) said the intent has always been there but now where are in a different state, different state of affairs. And at the time it was good to go self-managed. It allowed us to take control of our monies and allowed to actually show and put back into the association which has garnered a lot of good new property value and good new tenants and homeowners in our association. Melissa (Martinez-Carrasco) adds that in the long run, when we look at where is the association going to be in 5 years, where is the association going to be, what’s the state of affairs in ten years? You have to really look at the road that we are going and can at this moment in time because the industry has changed, can we go back to commercial property management. What we are seeing is that before the housing market crash, property managers were charging $2000, $2500 a month. The way the industry has changed, the landscape of the way property management….has changed…technology has been in place…transparency.
1. New Business
	1. Melissa Martinez-Carrasco summarizes that the Board approves to go back into full property management. The only things at cost are two things…is skip trace search. Karen Mueller asks to clarify what is a skip trace is? Mr. Cantwell clarifies (it is) pursue a judgment against a property owner. (Melissa Martinez-Carrasco) the only other expense to the HOA, reporting homeowners to recover HOA dues.com; which is credit report filing.
	2. Karen Mueller asks how we (HOA) are saving $50. Melissa Martinez-Carrasco explain (we save on) the phone (services), they answer the phone, Monday-Friday, 8….we get rid of our Sprint phone. That’s $72.93 and that $840 a year. We get rid of our merchant fees; they are not going to charge to take payments. All the merchant fees go away. They (Trio) don’t actually charge of e-check payments. Karen Mueller asks, “Will we have visibility into our finances?” Melissa (Martinez-Carrasco) responds that every Board of Director will have access into the bank account and be able to go ahead and click to every homeowner portal and see….and each homeowner will also have access to their own account as well. They (Trio) are actually forensic accountants, this company, so they will actually be able to do the transition, mirroring our QuickBooks into their own and we would save on the Intuit fees alone so that is also another expense out. The PO Box, they would be able to accept. Angela Casas adds we don’t want to lose our autonomy, if we have to get divorced from them in a year, we want to be able to go back to self-management (we have the ability and the willingness, maybe solidify processes) so we made sure that we safeguarded that we would keep our website name that we keep our own online storage. That we always have our documents. They (Trio) are willing to modify their processes for QuickPass. Melissa Martinez-Carrasco added that they (Trio) was shocked that we had QuickPass. Dominion has QuickPass and one other property. Monica Moreno adds that we have cut our bill in half this year. Melissa Martinez-Carrasco closed that no other small property in San Antonio, actually in Bexar county as QuickPass and is able to afford QuickPass.
	3. Karen Mueller requested clarification on QuickPass and new management (Trio). Angela Casas answered (that) they are going to support it and they will probably schedule and require appointments for them to come out and do that. Melissa (Martinez-Carrasco) added that they would do the transponder install so that would be part of their bi-monthly. And if the Board every wanted to go to a linear company which has the clickers which are more affordable that they have a network of (they have already 25 clients on hand) and so the Board would be able to get. They are also willing to do as well a reserve study as part of their requirements. Only a 1 year contract. They are well aware that there’s a lot of nuances with this neighborhood and that there is a lot of things that they are walking into.
	4. Melissa Martinez-Carrasco summarizes that if anybody wants more detail…..they (Trio) actually are the ones to draft the annual budget, the monthly reconciliation. They (Trio) will be present at every quarterly meeting as well to go ahead and present to membership.
	5. Ms. Guzman is acknowledged and given the floor. (you said that ProComm did not file taxes for us and if I’m correct you mentioned that that was back in 2008) have those taxes been filed. Angela Casas responded “up to 2013.” Follow up question (Ms. Guzman), are these people going to be in charge of doing 2014, 2015? Melissa Martinez-Carrasco replied no, that was the property manager.
	6. Ms. Guzman asked do we have a date that those will be done (outstanding taxes)? Angela Casas replied that she (Monica Moreno) will get them done. Part of the reconciliation was to help with that (filing of taxes). Monica Moreno added that there is a line item that she needs from the IRS for clarification. Melissa Martinez-Carrasco added that we thought we would have them done, in the Board meeting we said we would have them done and uploaded by yesterday, but because of the clarification needed from the IRS there has been a hiccup with that. Follow up question (Ms. Guzman), so basically once we move to these people (Trio) everything will be fresh, we’re not carry anything from the previous. Angela Casas replies that they (Trio) are willing to help if we need help for anything that is outstanding. There is a whole transition list that they are willing to help that is part of the set-up fee (not an extra charge).
	7. Member (Carlos) added that one of the main reason we are going this way is because we didn’t have, we lost the legal expertise when we were self-managed even though there were a lot of good things with self-management. None of us are a lawyer. Are we regaining that legal control, is legal included as part of this contract? Melissa Martinez-Carrasco replied yes; they (Trio), if we have our own association attorney, they are well aware of Tom, they work with Tom all the time. They (Trio) was surprised at some of the things that we encountered with Tom the last time. He is very knowledgeable and is academia is up there. We expressed that this is where we are and that we are no longer in contract with our other association attorney and that we are actually in need of another association (attorney). They do have a network of attorneys that specifically do HOA law. They (Trio) stated that they do collections so we wouldn’t even need Tom in collections. That is $250 and everything we have to pay Tom…all is included cause they do it all. If we needed a specialized attorney, like let’s say another lawsuit and we wanted a court attorney, would be provided. They (Trio) are actually part of the CIA association, attend workshop and because we are going commercial property management, all Board of Directors would have membership into that association and would be attend the workshops, attend the workshops when the House Bills change so that the House Bills are interpreted correctly.
	8. Member (Carlos) added if we bring to a money perspective for 2015, the difference would be, how do they charge a month (Melissa Martinez-Carrasco replies $650) or annually (Melissa Martinez-Carrasco replies $7(K) something) so if we were to consider that to 2015 for example it would have been cheaper to have them because we wouldn’t have the lawsuit.
	9. Karen Mueller adds that she is 100% on board. (My) only questions are, have we done our due diligence, is this company been established for a long time, have we seen their client list, have we gotten some recommendations? Melissa Martinez-Carrasco replied that Angela and I called their 2 page referral list. They have been in business 4 years. They are newer to the business, the industry. They were willing to do a lot of things that other management companies aren’t willing to do. Angela Casas added they have experience (managing) as small as 54 up to 540 homes.
	10. Monica Moreno added that originally when it was me, Karen (Mueller) and Angela (Casas) the goal was to go professional management company (Angela Casas interject that we considered 4 years ago) but we couldn’t because we had so many things that were broken and it was messed up and we didn’t want to hand this mess ball to a professional management but I think that we have gotten to that point where we have gone as far as we can go together and now we need to hand it over and let the Board of Directors be Board of Directors.
	11. Members expressed their vote of approval on Board of Director’s decision to enter into a property management contract.
	12. Member (Carlos) added maybe after a year the Board is going to evaluate the performance of this company cause they are new and maybe at that point it would be nice to have the members also a little more involved. (Board) this is the assessment of the company before the contract expires; should we renew or should we not. Melissa Martinez-Carrasco added that they are willing to do that as well because we questioned that that they are willing to do that assessment and audit of their performance based on their contract. They are willing to pay for that.
	13. Member (Carlos) asked how long have (clients) they been with this company (Trio)? Melissa Martinez-Carrasco replied 4 years.
	14. Mr. Cantwell added that he was appalled that we were self-managed. This has been one of the most trying experiences from a residential property manager to try and interact with this HOA . There are only 2 major HOAs in San Antonio that are self-managed and both of them have almost 1200 homes in them. The income of scales, you (we) are going to get that now because they can go in and say we have these many doors that we manage give us a better deal and they will. “I commend this Board of Directors” for doing what they’ve done cause I think it’s the best thing that could’ve happened to this HOA.”

**VIII. Assessments**

1. In collections- $21K.
2. Assessment Rate- $393.25

 **IX. Elections**

1. Noted that board members can be increased to 5 positions, the year breakdown is; not consisting of not less than three (3) but not more than five (5), but in all cases there shall be an odd number of Directors:

Positions 1-3-5 = 1 year term

Positions 2-4 = 2 year term

1. Melissa Martinez-Carrasco gives floor to Angela Casas to announce positions. Martin Salazar clarifies that we 3, 1 year positons, 2, 2 year positions.

Looking to fill at least 3, 1 year terms and 2nd year of 2 year term; 4 positions available.

1. Nominations- Melissa Martinez-Carrasco opens floor for nominations.
	1. Martin Salazar makes motion to nominate Angela Casas. Member (B) seconds motion. Angela Casas accepts nomination.
2. Ballot-
	1. Doris Mitchell, 15 Cavelier Pass- works for JP Morgan Chase, Business Support, has college background. No previous HOA experience. Interested in 1 Year Term
	2. Maria Mallaganes, 35 McLennan Oak- retired. Has volunteered in HOA events. Interested in 1 Year Term
	3. Ashley Trevino, 2 Torreys Post- Speech Therapist. Bachelors in Communication Disorders. Interested in 1 Year Term
	4. Karen Mueller- works for USAA/IT department. Has a college background in computers. Previous experience on the Board- President for 2 ½ and Secretary. Previous experience as church council President for 5 years. Interested in 2 year term.
	5. Haydee Guzman- 3 Latrobe Post. Retired Housewife. Served in previous board; member at large. Interested in 1 Year Term.
	6. Angela Casas- 55 Caswell Circle. Have been involved with HOA in some form or capacity for 15 years. Original homeowner. Work for the Department of Veterans Affairs as an Administrative Officer. Masters in Medical Sociology. Has helped in every capacity or office position, treasurer, Vice-President, President. Interested 1 Year Term.
	7. Martin Salazar- 3 Viaduct Post. Lived in neighborhood since 2005. Currently on the Board. Work for USAA for 28 years. Insurance Property Claims Adjustor. Interested in 1 Year Term. Been at every board meeting for last 5 years except for 2.
3. Elected-

1 year positions – Martin Salazar, Angela Casas and Haydee Guzman

Year 2 of 2 year position - Karen Mueller

X. Open Forum

1. Melissa Martinez-Carrasco clarified for Ms. Guzman that property management contract goes into effect 6/1/16

2. Karen Muller recommends that Automatic Gates and More that a couple of members of the Board go meet with company to address (outstanding) bills. Melissa Martinez-Carrasco clarified that new property management will help Monica Moreno (dispute) with (duplicate or erroneous) bills.

**XI. Adjournment**

Melissa Martinez-Carrasco adjourned the meeting at 1246pm.