

Leslie: Introduction

Bob: Lead Prayer

Quorum Established by volunteer group conducting sign in and Proxies collected.

Dave Cocolin, Paradigm (Developer): This is a great turn out, this is the most that I think we have ever seen. I'm glad to see that. Most of you, if not all of you, were emailed the budget and we only had 50 copies available. Hopefully, you got one but if you didn't, one of your neighbors should probably have one. The main purpose, at least my point of view is go over the budget but its really nothing different from all the past years. As most of you know, we have a meeting once a year, normally in February and this is where we give you an idea of where we stand. So, I think everything on this sheet is pretty much self-explanatory. The bottom line is we still have what I would call- there's \$27,000.00 in habitual outstanding dues. Now, the covenants allow for filing a lien on those folks that don't pay dues and that \$27,000 all has liens filed. Beyond that, there's really nothing that we can do to force payment. Eventually, if there is a refinance or a home sale, that money comes back to the HOA but we kind of leave it at that. For this year, there is an additional approximately \$15,000 but as most of you know, we don't file those liens until March 15 and historically, those payments come in before March 15 so essentially, we are right now somewhere in the vicinity of \$40-50,000 of outstanding dues but I believe when all is finished, by March 15, it will be somewhere down in the \$25-30,000 range because that's where its ridden for several years. Other than, there's a minor fee attached each year- a late fee attached each year, I think it's \$50.00. So that fund doesn't grow too fast but it does grow. The only thing that we did last year that a number of folks wanted the entrances redone. We had one in the budget, we ended up doing both the 91st and the Lynn Lane and we did those and so that led to a minor budget shortfall last year. However, had we collected all the dues, like I said, we may still collect that additional \$15,000 that would make at least last years numbers look good. So that's kind of where we sit on the budget. Does anybody have any questions?

Homeowner: I have a question about the late fee.

Dave: Ya

Homeowner: I've been living there for 14 years and I have been a month late or so on my dues several times in 14 years and I have never been told about a late fee in the past and then out of nowhere this year, I received a letter with a late fee and saying that I had a late fee from years past and I reviewed my covenants and I didn't see anything in the covenants about that.

Another Homeowner: I second that question because I can't find it in the covenants either And it wasn't stated on the bill.

Dave: The covenants allow for fees

Homeowner: Can you steer me in the direction so that I can find it. Maybe I overlooked it.

Dave: I can. I don't have it in my head right now but I can. If you just leave your name with Jen, we will get you on that.

Homeowner: I have never been one to ignore my HOA dues this came across kind of harsh.

Dave: Well, in the bigger sense, the dues are due on DEC. 31. That's in the covenants. We send you a letter in November and then there has to be some sort of a cutoff. I think we make that...

Jennifer: The 31st of January is when late fees were accessed.

Dave: Ok, so we access late fees on Jan 31

Homeowner: so 30 days...

Dave: Ya, and then that comes in a pre-lien letter, I believe.

Homeowner: Ya, it's the first time that I have ever received one

Dave: So the pre-lien letter then says- there's a requirement to give 10 days but my guess is we give 20 or 30 days before we actually file the liens. So the reasons for a lot of things but we have to have a standard, otherwise it doesn't work.

Homeowner; I was just alarmed because my letter said that I owed \$50.00 for past years, it didn't say it didn't say what year or anything and in the past, I had never been told about it and now I'm being hit with 2 of them and this time they actually crossed in the mail, I had already mailed my payment out before that lien letter came in by 15 days. It just rubbed me the wrong way so I was questioning.

Dave: Like I say, leave your name and contact information with Jen and I'll get you a specific answer on your particular case.

New Homeowner: It says a collection fee, it's not going to a collection service so was that collection fee for the stamp and the envelope? That's a lot.

Dave: No, the collection money goes back to the HOA. I mean whatever comes in, late fee, that all comes back to the HOA.

Homeowner 4: If you file the liens will there be additional monies due with the liens? And how much?

Dave: I think it costs \$20.00 to file a lien so that money gets reimbursed as well.

Homeowner 5: But you haven't filed liens yet?

Jennifer: We charge \$75.00. If I have to file a lien, We charge \$75.00. That covers the filing, and that covers the release once the person pays and that's just the standard fee that I think we have elected in the past it was \$110.00.

Homeowner 4: Ok, I was just trying to understand the fees that would incur.

Jennifer: Ya, so that's- Some people will see that on their statement because they will pay the \$230.00 but they have the \$50.00 late fee and they'll have the \$75.00 lien filing fee if it happens in March or April.

Homeowner 4: OK

Dave: And we can't clear a lien unless we have collected all the money so if you just pay a portion, I mean, we will clear it for that remaining portion but it still stays in place until that money is collected. I missed a question here.

Homeowner 6: So you haven't filed liens yet, then?

Dave: They will be filed on March 15.

Jennifer: Not for this year.

Dave: Ya, not for this year. On the subject of liens, gosh, we have been filing pretty much since the inception of the HOA, 15-20 years ago. So there is a history of that.

Homeowner 7: So in this statement it says that 2022 is budgeted on 430 homes. 2023 is budgeted on 450 homes. I'm in Washington 7, so am I paying for 2023 and that's budgeted in the additional 20 homes. Is that clear?

Jennifer: Yes, Yes

Homeowner 7: OK. Just wanted to make sure that I was clear. Ok, so that answers the question of "Is Washington Lane 7 included in the dues?" because that wasn't clear either.

Dave: Ya, that question I know has come up in different settings but you'll remember this back in 2003 or 2004, we came in and got a 200 acre PUD, Planned Unit Development and that in the covenants say that it's intended to be a master HOA that as each phase comes on, they will automatically be put into the HOA if the declarant decides to do that or if the HOA is turned over to the residents, then it's a decision for the residents to make. So my position has been and the fees have been set so looking at how many homes we will have at the end which will be somewhere north of 570 or something like that. When that's all done, then the fee structure should be normally about 10% more than what we anticipate the HOA costs to be so all phases as least as of now, all phases and certainly the ones that have homes in them- which would be 1-8 are included in the HOA.

Homeowner 8: But 1-6 doesn't look like 7 and 8. 1-6, you're paying for the landscaping and all the nice new things that are in 7 and 8 and ours doesn't look like that. That's where the bulk of your money is coming from is 1-6 right there. Right?

Dave: Let me make sure that you understand how those things come about. The developer pays for everything that goes in. There's no charge to the HOA for that but once everything is in- let's just take the green area between the fence and 91st street between the fence and Lynn Lane on both sides of Lynn Lane. The developer puts all of that in, including the sidewalks and then the HOA pays to maintain that feature in this case, that's pretty much just landscaping, irrigation, stuff like that. The one thing that isn't attached to any phase, if you will, is the central park, the splash pad, playground, pavilion. The developer paid for all that except that pavilion- some residents got together and raised some money. I think we paid for half of it. They wanted one and we didn't have the money so we all got together and put that in.

Homeowner 8: Why are we different than 1-6?

Dave: Why is what different?

Homeowner 8: Never mind.

Homeowner 9: I have a question.

Dave: Sure

Homeowner 9: Pre-k teacher here, so I know nothing about anything here. I don't understand how half the people aren't paying their HOA and we are and I don't think it's an unreasonable amount of money at all. I know it's gone up a lot since we moved in- like 100%

Homeowner 10: It's gone up 256%

Homeowner 9: I appreciate that. I understand from the little bit that you said about liens, These people have to pay. It's ridiculous.

Dave: Like I said in the beginning, there's no other enforcement method other than foreclosure and that would cost the HOA a lot of money.

Leslie: Dave, I have a question about that. Let me ask this as a financial accountant- you might want to correct me if I'm wrong- would it make better sense to take them to small claims court and get your cash flow within 30 days instead of maybe 16 years down the road?

Dave: I'm glad that you brought that up. We did that 6 years ago. We took 11 people to small claims court and got zero satisfaction.

Homeowner: Well, let's try it again. Why not? Why? Why were they not made to pay?

Dave: They just weren't made to pay

Homeowner: They didn't want to pay, so they didn't have to pay?

Leslie: You have the right to make them pay, I think

Dave : We have a right to make them pay but what's the enforcement method?

Leslie: You can garnish their wages, I understand. You can send it to their employer and garnish their wages.

Dave: Well, the truth is I haven't looked into that, if we wanted to go to that level, I don't know, I mean I'll look into that. I have no idea what that would cost.

Homeowner: I mean, if you did that, wouldn't that eliminate some of this money that you say we owe back to you?

Dave: That we owe back to who?

Homeowner: To you. I mean, would that not alleviate some of that?

Dave: Well, it would alleviate all of it. How many people are we talking about?

Homeowner: \$15,000 it would be 65

Dave: OK, so its appx. 65 people, I have no idea what it would cost to go pursue that but I'll look into that.

Leslie: Here's what I think people are concerned about. The liens are good but you are always going to be position number 2

Homeowner: Can you speak up?

Leslie: Because the mortgage holder- some people are going to have their homes paid off getting ready for retirement but some aren't. You are always going to be in position to and position 1 always gets first dibs.

Several folks talking at once

Leslie: So you are always going to be in position 2. If we talk about forecasting cash and getting cash flow back into and I think the covenants even provide for an investment account along with the operating account. Do we have an investment account?

Dave: No. No, because we are running on a deficit.

Leslie: OK, so to get us to that level, wouldn't we want to increase cash flow faster by doing that?

Dave: Like I say, I'll look at it. I did look at foreclosure and it would cost us more money than we could pay.

Leslie: Exactly.

Dave: I'll look at this "being able to garnish". I personally don't like that but

Leslie: Well, let me tell ya how I know that, ok?

Dave: OK

Leslie: Senator Herd? And Senator Dahm were actually invited here tonight. They could not make it due to other circumstances beyond their control but there are very, very loose regulations on Hoa's in Oklahoma. We are like state number 49 out of 50.

Dave: Right, I agree with that

Leslie: And there is actually people behind the scenes. Not us but I know a of at least a consortium of realtors that are trying to get that reformed and that would provide for more tools for HOA's to manage their cash flow and get to where the covenants should be. So, in those conversations, they said "You could take them to small claims and if they don't pay you in the 30 days or whatever the judgment says, you can, you know their employer because it came out in court. If they don't work, then you can attach yourself to other things. There are different ways, there's financial tools that you can use.

Dave: You say that's the law now?

Leslie: Well, the law now is very loose. It doesn't provide for anything.

Dave: No but if tomorrow I went in to start that process, what would I hear from the court?
Would I have authority to garnish money?

Leslie: Yes. Now, I'm going ask. (Speaking to someone in the crowd)- I don't know if you're allowed to answer any questions, Mr. Schwabb?

Mr. Schwabb: Only direct questions.

Leslie: So, let me ask you this. I've heard a really crazy rumor that BA City is going to make all new developments mandatory HOA's.

Mr.Schwabb: We already have any development/subdivision- we already do require HOA's.

Leslie: Require?

Mr Schwabb: Yes

Leslie: So before Dave starts a new development, you are gonna tell him "Dave, we have to have a new HOA or you can't build it"?

Mr.Schwabb: They are already that way.

Leslie: OK

Mr. Schwabb: Today's point- I actually started in 2008 so if you started before then

Dave: A little bit before then

Mr. Schwabb: With your master plan, I would not have known any of the discussions. So with Washington Lane itself with what? 8? 9 phases?

Dave: 9, ya

Mr. Schwabb: Sounds like they had a master plan to pull them all in. Broken Arrow does not require 1 HOA for all of them. We don't.

Leslie: So you are saying that we can split 7,8, and 9 off?

Mr. Schwabb: That's up to the HOA. Broken Arrow does not govern the HOA. HOA is a business entity. So it's set up at the State of Oklahoma with Articles of Incorporation. Broken Arrow has no input on that. The covenants when they go through- we do review the covenants but they are restrictive covenants. As long as they meet our zoning, it's up to the developer, the initial property owner, his team. Then when they put those

in place, they get filed really with the county. Your by-laws are a function of that entity- that HOA. We are not privy to the by-laws.

Leslie: Right, covenants are for PUDS. By-laws are for the

Mr. Schwabb: The business itself. What Broken Arrow is wanting and requires is simply a property association or HOA for individual development. So let's just say that Washington Lane was a single subdivision. We would require a property association- an HOA because that's what helps govern and make sure that they are compliant on their zoning and property maintenance. That helps but that's all we require. We don't come in and do anything unless they are outside of the building code, our code enforcement- that's an ordinance and then we can address that.

Leslie: So let me be clear – that I didn't hear you incorrectly. First of all, you don't require Dave to make 1-9 all 1 HOA?

Mr. Schwabb: We do not require it under 1 HOA- what we would require is that simply each one would have one (an HOA). As the developer, if he chose to put them together, that's his prerogative.

Dave: And I might add that that was pretty much required when I did it in the first place because I reasoned everything in some phases were reliant on what we were doing in other phases .

Mr. Schwabb: Because I wasn't here in 2003, I can't dispute or confirm that. So I'll say, I do know that we would have recommended it specifically for all of those in the southeast of the intersection, so that would be what 1-6? Then on the other side. We would have had no problem with them separate. We have them both ways. Battle Creek has several separate HOA's. They have been there since 1995 so they predate this. Cedar Ridge over by the golf course over by MINGO and NEW ORLEANS- they are huge- almost half a square mile and they have several. If you go out to Forrest Ridge, there's a little more than 1 square mile. They have 1 HOA for the vast majority of it and now they are starting to create a few separate ones. It's up to the developer. I could see how we could typically have recommend that it's one but the reason why we typically recommend is – is there a large detention pond?- in this case, if I'm not mistaken, the detention pond is actually ours.

Leslie: Yes.

Dave: I deeded it over to Broken Arrow.
The detention pond between 7 and 8. The rest belong to the HOA.

Mr. Schwabb: OK. So if there is a large detention pond it can benefit everybody that drains that pond to have one HOA because now your monies are pulled together as opposed to "it's in 1 subdivision and they have to carry the load". So there is a lot of thought in it but we DO NOT REQUIRE one. But back to his point back in 2003-2004 when he started that, we probably would recommend it but it is really up to the developer and the HOA. I mean, we have seen HOA's split into separate and we have seen them combined. We just require a property zone maintenance.

Leslie: Thank you

Amber: I have a quick question while you are up. It says in an email, Dave that you sent that you considered separating the future phases from existing phases and you were denied that approach by the city. Do you have any documents denying that?

Mr. Schwabb: Not to my knowledge. I mean I don't know the date. I don't know when he asked.

Amber: OK

Dave: That was part of the

Mr.Schwabb: The initial part?

Dave: The initial negotiations where we wanted to- we weren't sure what we wanted to do on the other side of Lynn Lane.

Mr. Schwabb: Because an arterial road like 9th ST- Lynn Lane separates it, I can see them being separate but honestly, its up to the members of the HOA and who controls- its up to them. Broken Arrow would work with it if its one or work with them if it's separate. Its up to you all. I have double-checked with legal, I have double-checked with administration, I have double-checked with everybody.

Amber: OK

Leslie: Thank you. I am glad you are here to clarify that.

Dave: And I would say, at least back then, our plan was- I heard someone say the fees have gone up 200 and some percent. The original fees were \$120 a year because we didn't have any houses. That was for phase 1. And then you'll see over the years to what \$230 now? So they've grown \$110 in 18 years or whatever the number is but the idea was like I said earlier- since all those common things are shared- the landscaping around the arterials, keeping the detention pond clean, the detention ponds- there are several throughout the community. There are a couple parks- equipment in the central park; we have a little pocket park in phase 8 now. Those are all, were meant to be common area things that we keep clean and functional and that leads to less cost if everybody has the right to use them and everybody is contributing to their maintenance. So, that was the thought process behind it. I would think- I'd be happy to do it separate but anybody that- if you want to separate it out that becomes a very difficult task. I mean, I don't know what the cost of that central park is.

Amber: Do you have a governing document that says that we don't have control of this because by the way that I understand it 1-5 is their own. Is that not correct?

Dave: No.

Kim: You filed the amendment to our documents combining us after a door-to-door campaign. You filed this amendment that says 1-5 and any future phases if they are voted upon and accepted by the members. So in 2014, there was a vote. And the vote was "no". We have the letter from your office signed by Eric Anderson, one of your officers that says the vote was no to combine the additional phases. Now, we voted no on 6 at that point- 1-5 did because 6 had; I don't know if there was half a dozen houses, if that. So it only makes sense to bring 6 in- like they were saying they are on our corner. However, 7 and 8 does not make financial sense for

us. You're talking 3 entrances with 150 houses where we have 2 entrances to take care of and 383 houses with 6. So you know, that doesn't add up.

Amber: Well, and if we voted now and we are 1-5, Where do you have control? If we voted that out and you own no lots in 1-5, how do you see that you've retained control?

Dave: The way the covenants are written, the declarant- the developer has control until 30 days after the last lot in the PUD is sold.

Amber: Do you own any lots in 1-5?

Dave: Not anymore

Amber: So would that not

Kim: The HOA is separate from the PUD and you have not owned a lot in 1-5 for a long time. So 1-5 should be free and clear and probably at this point 6.

Dave: Ya, I can see where this is going but see from a developer's perspective just think of it this way. If we built and put the infrastructure in for phase 1- that's as you come in- phase 1 is on the left hand side. I forget the street names but it's the one up against the armory if you come in from Lynn Lane. Phase 1 is on the left phase 2 is on the right. If we built out phase 1 and it filled up with houses, the people that lived in phase 1, 80/90 houses- I don't remember. They would be able to separate and go their own way.

Amber: They could have done that but you filed 1-5 together so now 1-5 IS together but 6, 7, and 8 are not.

Kim: This has nothing to do with my thoughts. It's how it was filed. Which is why you came around and had them combined, filed the amendment, and now they are combined. So, it's not a matter of thoughts. It's what's in our documents.

Dave: OK

Amber: I have a copy of it if you would like to see it.

Dave: I would but

Homeowner: We want to govern ourselves.

Dave: Pardon me?

Homeowner: That's why we are here. We want to govern ourselves.

Dave: OK. It's a simple process. I can honor that. I can honor that tomorrow. I don't have any claims or ownership at all in phase 1-6 to separate it off. Now, I do believe that it will cost you some more money on an annual basis but that's your decision. So, I can do that.

Amber: So what steps do we need to take in order for that to be turned over?

Dave: I just think I will send you a letter, whoever you want me to send it to. I'll send you a letter to say that I no longer have any claim in 1-6.

Homeowner: Send it to Kim

Kim: We need to have a motion. We need to vote an HOA board in but we also need to discuss the financial aspect of getting it turned over. I mean, we have some questions about finances.

Dave: Absolutely

Kim: We haven't seen any receivables at all so you know, we need to work all that out.

Dave: It's my understanding that we sent you everything for the last 3 years.

Amber: Actually, I have another email stating that I asked for the – you sent the last 3 years and your billing us from 2016 so I requested the information from 2016 and was told it was “too big of an ask” to ask you to go back that far. However, its not to big of an ask for you to ask us to pay you back for those years. So we need the documents stating where it was spent.

Dave: Let me be clear on the paying back

Amber: Yes, sir.

Dave: The paying back is the shortage of collected dues.

Homeowner: Has that not been your responsibility to do that? I mean, if you're not willing to go after it, why are you asking for it. If you're not willing to fight to get it, why are you willing to ask for it?

Kim: And the financials that we got consisted of expenses for 3 years, 20-22. Approximately half of 2020 is missing the backup for what was run through the bank statements. We have a big question on an invoice for \$10,000.00 worth of landscaping that was invoiced in March and paid in April of 2022 but nobody seems to have any idea what this is for. So that's one of our big questions.

Dave: I'm Sorry?

Homeowner: I just thought \$10,000- isn't that for the 2 entrances?

Dave: That's what it was for.

Kim: Well, the work for 91st st entrance, which we don't even know why that work was done because 91st st already had crepe myrtles in the island and was done. The homeowners did it years ago, there were landscape rocks in there, they took them away. Lynn Lane had nothing at that point. But that work wasn't done until summer. The Lynn Lane entrance wasn't done until September and we were invoiced an additional \$2400.00 for the Lynn Lane entrance to get done. The paint, the stump removal, and the plants that are there. So the \$10,000 that was paid in April, we would really like to know what that was for. It says \$5000 – 91st st entrance

and \$5000- Lynn Lane entrance. So I don't know if the guy got paid ahead of time and then it got forgotten about or if he was gonna do it and didn't get around to it.

Dave: I don't know the answer to that. We will try to figure that out.

Kim: Ya, it's a big question

Dave: ok

Homeowner: Dave, I've got a question along the lines of what she was asking about

Leslie: Can I just interrupt real quick? The Broken Arrow City person has to leave so if there were any more questions. (Crowd laughs)

No- I mean from him (referring to above homeowner) Carry on.

Homeowner: Dave, on those 2 entrances, why were those redone? I mean,

Dave: Well, I think from last years meeting or maybe it was the year before we were asked to upgrade the entrances.

Kim: It was last year and it was for Lynn Lane to get done.

Homeowner: Was that like specific residents?

Kim: It was a meeting like this.

Homeowner: Because 91st st. It looked pretty good.

Homeowner: You changed the COLOR of the crepe myrtles, let's be honest here.

Dave: I can't imagine, I mean, maybe it was just a miscommunication with the landscaper, I don't know.

Homeowner: So why should we have to pay for it if it's a miscommunication? Something was taken out to replace something else and we are charged for it. They did the wrong thing. There was also one bill for like \$1000 for somebody's cellphone. I mean, if you're gonna pay cell phone bills, I'll include mine.

Homeowner: So, who's cell phone bill are we paying? We have bank statements for it so who's bill is that?

Dave: The decision on the cell phone as you might recall, when we were Paradigm, we managed the HOA, Jennifer or someone like her. I made the decision to keep a cell phone so that whatever happened that phone and phone number would go with the –

Homeowner: \$1000 a month? What company?

Dave: It wasn't \$1000 a month

Homeowner: That's what it said in the bank statements.

Dave: \$1000 a month?

Homeowner: Well, you paid \$1000.00. I don't know how many months you paid.

Dave: This is the budget.

Homeowner: The phone bill isn't even listed on that.

Dave: That's an easy fix. I'll get rid of that tomorrow.

Homeowner: Who did the landscaping?

Dave: We use a company called 3 Oaks. I do remember that we had to do some electrical work at both entrances to light them up and that might have been part of that \$5000 as well. I don't know that but

Homeowner: Shouldn't it be an itemized- like this plant, this light, this tree? Shouldn't that be like an itemized statement what they are charging you for and what we are paying for? Not just a dollar amount?

Dave: Ya, I can't argue with you there. You know the- I guess that I would confess to being a little bit lazy since each year we have always had to make up a shortfall.

Crowd: You created the shortfall.

Kim: We aren't even getting bids. They couldn't even provide a contract for the last 3 years of landscaping. We don't even have a contract.

Dave: OK, look. I said that I'm happy to turn 1-6 over.

Amber: Is that debt free?

Dave: That's something we need to talk about.

Kim: The dues has to be worked out

Leslie: So if you agree, Dave that we are gonna turn the financials over-

Amber: Leslie, can you speak up?

Leslie: As an accountant, I have to ask this question: Were there audits done every year on your books?

Dave: No

Leslie: The Bylaws say that they have to. So that's a problem.

Dave: Ok

Leslie: Because of potential malfeasance or potential lawsuits, we have to have certified audits with an opinion letter from a certified CPA.

Kim: OK, let's not talk so we can hear Leslie.

Leslie: Do you know why the audits weren't done?

Dave: Like I said, there isn't- I put this in an email, there isn't- in my mind- there isn't an HOA. In my mind, I'm the declarant and whatever the cost is- it's my responsibility.

Leslie: Who is Mike and the other dude?

Amber: Eric

Homeowner: I mean, if that's your responsibility then why are you asking for it back?

Dave: I'm not

Kim: You just said there was \$30,000-due to you for the shortfall you covered

Dave: I said we would have to look at the outstanding dues- that money was made up somehow. I mean, I gotta look at this- someone said "This is a business" I look at it like it's a business with an appx \$30,000 deficit. You guys want to take it over? Normally, you would inherit the deficit but I'm willing to talk about it.

Crowd erupts

Leslie: OK, let's just ask you this- everybody pretty much sent in their dues for the year.

Dave: No- we just heard 65 people haven't.

Homeowner: Do you know the difference between where those dues are responsible from between 1-6, 7?

Dave: I think we could figure it out.

Commotion

Leslie: What I'm looking for is a profit and loss statement.

Dave: No, all we have is this.

Leslie: That's just an excel sheet

Dave: That's right

Leslie: I think what our problem means is that if you are gonna turn it over- I'm worried about the fiduciary responsibility is not correct and I think all the people in this room are worried about that. And should there be

any lawsuits or anything in perpetuity that we don't know about, we are going to be responsible for once you turn it over. Now, there is not contracts on anything with 3 Oaks, there is no contracts for anything with all this. Do you have a contract for Jennifer?

Dave: No

Leslie: Ok, those are legal issues that you as a developer should have known had to be done. And if you would have had me as an accountant, they would have been and you wouldn't have gotten by with it. That's just- it's business and you put out a lot of property and I don't know who you depend on. You have to have a lawyer on call, an accountant on call, you should have a CPA. So, there should have been some audits. I want to see those opinion letters because those opinion letters might tell me everything I'm assuming from looking at that box full of papers that you gave Kim.

Dave: When we- some of you in this room know that we tried to do this several years ago and Before that turnover, we had- all those audits and everything was in place. Right now, I don't think I have a responsibility because this is just a piece of property that I own, I think we follow all the rules. There is an Oklahoma hand board that says?

Leslie: Very Loose

Dave: Very loose but it does to the best of their knowledge this is the way you run an HOA.

Leslie: OK, so

Dave: And that's the way we run it.

Leslie: Are you agreeing then that we call it good? You just give us control of all the bank accounts and everything, you walk away, and we take over.

Dave: Well, I don't think it's that simple, however

Leslie: Well, I mean we will file the paperwork with the state

Dave: If you get you get your- well, I would want a separate bank account. I would want you to get your own bank account.

Leslie: Ya, sure.

Dave: I'm not sure what else would be

Leslie: Do you have a current list of what's in the Bank account today for us? As of today?

Jennifer: its here

Leslie: this excel sheet?

Dave: And there will have to be some other- I mean, it'll have to be clear that this is Washington Lane Phases 1-6.

Leslie: right

Dave: You guys will actually have to put that together.

Leslie: So you are agreeing to that?

Dave: Ya, I have no-

Leslie: So, there is no \$30,000.00 we need to pay you in the rears?

Dave: Well, I was hoping to get that squared away since I'm the one that's been making up the shortfalls.

Homeowner: You're not out anything because you failed to collect something. You didn't pay extra money because you-

Dave: No, no, no- because the HOA couldn't do it I had to put the money in.

What did you pay because someone didn't pay you?

Dave: That's listed on the sheet

Homeowner: That's well under the total that we spent for management fees, lawn care- was it \$33,000? You have to be over that amount to start paying out of your pocket before we owe you anything.

Kim: The other thing is, every HOA is going to have an expected number of liens and non-payers and that should be part of the budget. I mean, you've been doing this for years. You know that.

Dave: right

Kim: You know that that money is "gone with the wind" most likely.

Dave: My alternative would have been just to raise the fees.

Kim: You did. That brings up another point, so that should have been being done, right from year one- the fees should have been going up every year so that we weren't in this hole in the first place but since they weren't raised until- I don't know, 2014- they were too low for too long and you get behind that way and here we are.

Leslie: So, let me ask you this. So, you have all this arrears and stuff so do you guys have a budget that you guys look at that everyone looks at every month and says...

Dave: This is the budget (referring to spreadsheet)

Leslie: That's just the budget. So there's no line item for doubtful accounts?

Dave: No

Leslie: Where I work, we have doubtful accounts. We run events worldwide. We constantly have to stay on people for money go back, back, back, back, back everyday. Money, money, money everyday- I need your money before the show opens. You don't take the floor if you're not- if the shows open, you're off the floor if you're not – if you don't pay. Same thing here with an HOA. Same thing here. You didn't want to write that check out of your account, I'm sure you didn't.

Dave: I didn't.

Leslie: But I know you had to. But you probably didn't want to. You probably knew that there were gonna be people- where was the backup plan? Where was the parachute?

Dave: When the HOA became solvent, then I would turn it over.

Leslie: So, you're telling us that we have how much in the account? Show me.

Jennifer: Where it says bank balance down at the bottom.

Leslie: Down at the bottom?

Walter: Too many conversations going on. We need to hold it down and let the floor talk. I want to hear this.

Dave: The question is "How much money is in the checking account today?" and it's about \$63,000.

Leslie: That number is nowhere on my sheet.

Ok. There is \$63,000 in there today, so if we walked away tonight.

Jennifer: That includes phases 7 and phases 8.

Leslie: Do you have a good accounting of that?

Jennifer: Yes

Leslie: OK. How much do you think that is?

Homeowner: What was that about 7 and 8?

Dave: Some of that money in the bank account is from 7 and 8.

Jennifer: That was my point- I was going to say that you have to reconcile that with 7 and 8.

Leslie: Oh sure, I'm just asking rough numbers tonight. Oh, definitely.

(commotion)

Walter: We can't hear, can we hold it down, please?

Bob: If he is agreeing to walk away, I think we should agree on new members of the HOA Board.

Dave: Ya, I can't- I mean I can walk away but I'd sure like to hand whatever we have over to somebody that the residents of 1-6 agree upon representing them.

Homeowner: Dave, as I live in phase 7. Phase 7,8, and 9 if that's going to be separated off, would it be recommended a period of time to allow for getting the numbers correct? I don't know if that's a 30 or 60 day period of time- is there something like that to make sure that 7 and 8 or residents in phase 8 to allow us to- You're in- Is anybody else from 7 or 8 here? Or 9?

Homeowner: Not anyone from 9 yet- (it's not built)

(Commotion)

Homeowner: It's just so phase 7,8, and 9 know what's coming- what to expect so we can kind of get a plan in place as well.

Homeowner: So Dave, what do you suggest here?

Jennifer: I totally agree. Until we know what the impact is. Um, if you're separated, there's insurance....

Kim: We aren't separating. We are already separate.

Jennifer: Well, we collected dues....

Kim: Well, you need your money back or Dave's gonna keep that money separate.

Dave: There are a few other things that we have to do. Now we have to go- I heard someone mention insurance- We have to go separate insurance now. It'll be about 30 days.

Amber: Why are those all together?(16:23)

(Commotion)

Dave: Because that's the way I set it up.

Homeowner: If you were to say today and not hold the fees- what would be a reasonable length of time if that were to take place? 30 days, 60 days, 90 days?

Dave: I don't know what the limiting items would be but my guess is it would be to the insurance company and that would only- I can't imagine that that would take more than a month.

Homeowner: OK. So would a date be set today for another meeting for those that it would be appropriate to have there with the knowledge of what's going on – set a date for a second meeting beyond today to say “Here's what it kind of looks like” and then a date beyond that....

Walter: I think the record should strike that in 30 days that we reconvene and that that information is handed to the Association.

Homeowner: I would second that.

Homeowner: I would agree.

Dave: I need some folks to be able to talk to.

Kim: Right, so Bob is going to nominate.

Bob: Ok. Regarding that, the HOA board that I just mentioned a while ago, I think maybe we should just call it an advisory board that can work with you and I'd like to nominate those people. We have some people who are volunteering to be on that advisory board.

Dave: You remember that we did this last time and

Walter: Let's just try it again. Let's leave beyond this. Let's try it again. This is a different group, we have different opinions. We all are trying to get to the same end point. Leave history, let history be gone. Let it go- Let's try it with a brand new set of rules and an open mind. We all want us to enjoy our properties; we don't want our values to decrease. I think we start from gray one and work forward from this point.

Dave: Ok, I'm good with that.

Walter: OK- I personally don't want to hear the word history and what you did before, I get it. It's done. It didn't work, doesn't mean it can't work.

Dave: I want to say this, though.

Walter: Please

Dave: The last time...

Walter: There you go, you just went back
It don't matter. It don't matter. Stop.

Dave: Hey, Hey, Hey

Dave: I'll send a piece of paper that says the things that I want to have done and I want date final and I want someone that I can talk to that is educated that has been voted upon. If we have those people, fine. Then make them, not just an advisory board, make them the authorized HOA.
Then they have authority.

Homeowners: So 1-6 has their people, what does that leave for 7 and 8? Are we still with you (Dave) or we hung out to dry?

Dave: I'll get together with the 7 and 8. It will make no difference to you folks at all. But we will get together because there will be some minor changes.

Homeowner: So it's going to make a difference. That's what I don't understand. I don't have transparency into that. What is going to be the end cap of separating us from 6? It may be fine but I don't know that.

Dave: The difference will be this: It's safe to say that all common areas east of Lynn Lane that aren't in phase 9 will be the responsibility of the 1-6 HOA. That means the Central Park, the walking trails, the sidewalk that goes around the thing and so the folks in 7 and 8, if they don't want you to use their park, you can't use their park. That's what it will mean. I can't think of anything else.

(Commotion)

Kim: Bob can you stand up so we can all hear you and go ahead with the official nominating of putting our board in place and continuing our business? We've got about 35 minutes with this room.

Bob: Ok, I'm going to make a motion to vote on the new members of the HOA- The Board- and these people have already volunteered to take these positions. I want to make a motion to nominate Kim Dryden, Amber Hamilton, and Leslie Davis.

Homeowner: I second
(Many follow)

Kim: We would also want to call for any nominees from the floor, like if there is anyone in the room that we have missed with our relentless campaign to get volunteers that wants to be on the board that is a homeowner that is current on their dues raise your hand- because we can always use another board member.

Sammye raises hand – Yolanda raises hand

Kim: You have to be on the title to your house and current with your dues

(Sammye will work on getting signed on the title)

Homeowner: I have a question. What do the by-laws require for board turnover- I mean, number of members?

Kim: We have to have 3 and we can have up to 5 and you also, at this point would have to be in phases 1-5 and then we would have to have a vote to bring phase 6 in, so I think our 2 ladies who just raised their hand so they will have to "hang tight" for some of those reasons that I just stated- so if there is anybody else and Sammye and Yolanda- those 2 ladies have been working with the volunteer groups and we are going to continue to involve- theirs 20 of us probably that are working on this.

Homeowner: Which one is Amber? Are you Amber?

Amber: Yes

Homeowner: Can those that were nominated stand up?

Kim: Leslie, Amber, and I'm Kim

Homeowner: And Kim are you nominated for President?

Group in unison: Yes

Homeowner: That's the only other thing I want to know, who is in what position?

Kim: I don't know that it states that we have to decide that tonight, I mean, we can- it doesn't make any difference to me. I'll do whichever you want me to do.

Leslie: And if there's anyone who wants to step up and wants to be nominate, please because we didn't have a whole lot of takers.

Nobody volunteers

Homeowner: Didn't we want to vote in phase 6?

Kim: Well, we are going to get our board in place and then we will vote in phase 6. So let's have our vote.

Bob: I say we are good on those nominees...

Amber: Before we do that, (to Dave) Do you currently still own any lots in 6?

Dave: No

Amber: ok

Kim: There is a little strip of land on the other side of the fence at 91st between the 91st street entrance headed west to Lynn lane that still has the Armory name on it where the trees are planted in the rocks at the tax assessors office, is that just aSomething still needs to be done or they aren't caught up on their paperwork.

Jennifer: I know what you're talking about. The HOA pays for it but the tax on it is just a small amount but the main property should be officially changed-deeded over.

Kim: Because all of the rest of the common areas have, Washington Lane on them but that one .85 acre strip is still..

Jennifer: Ya, I know what you're talking about because I always have to make myself a special note about it that it belongs to the HOA, it's just never been deeded over.

Kim: right

Homeowner: Hey, Jennifer- I do have a question about that since you brought it up. On the other side of that ravine in phase 1 off of Lynn Lane, I believe that there's that- Maybe you said that you have 4 acres left to develop there? Is that still accurate?

Dave: That's Washington Lane 9. It's almost platted.

Homeowner: And what is the future plan for that?

Dave: I'm going to build houses.

Homeowner: And how many houses do you think you'll build there?

Dave: You'll have to look at the plat.

Homeowner: I think you mentioned 12, right?

Dave: No, it's more like 21

Homeowner: Oh, 21? On 4 acres?

(commotion)

Bob: Back to voting on the nominees that we have already pointed out. All those in favor for accepting those nominees:

Unanimous vote

Amber: Kim- do we have anything else to discuss?

Kim: So I think that we should take a vote to include 6.

Bob: We talked about phase 6, I don't think there needs to be much more discussion on this. All in favor of voting phase 6 in with 1-5.

Unanimous Vote

Amber: Now that we have voted that in, can the 2 ladies that wanted to be on the HOA board be voted on or do we have to wait?

Kim: Yolanda can

Walter: OK, I have a question sir. You say you have 4 acres

Dave: Not we, me.

Walter: Excuse, me. You want to get that way.

4 acres and you want to drop 21 houses in on 4 acres- I'm in construction so I just want you to know where I'm coming from. So you want to drop 21 houses in on 4 acres. Does that include driveways, wing spaces, trees, access roads, and everything else. That kind of puts those neighbors like passing sugar between windows. And I'm curious because I thought I read something where there was only gonna be 12 houses. Not the numbers flipped around to 21 . Help me understand.

Dave: Are you familiar with the New Orleans street overlay?

Walter: I'm not concerned about New Orleans street; I'm talking about these 4 acres

Dave: Those 4 acres, with what the city wanted on New Orleans and we agreed to go ahead and do it. So they are smaller lots.

Walter: I am struggling here, my man.

Homeowner: What size are the houses going to be?

Dave: IF you folks don't want them built, you can go to the city and ask for them not to be.

Dave: I believe they will be 1800 -2000 sq. ft.

Homeowner: So they will be more like the ones on the other side of the 91 neighborhood?

Dave: No, they will be – well, we don't have the plan entirely yet but they'll be homes with the same features as yours but a little smaller. Not half size but a little smaller.

Dave: I don't have the floor but here's what I'll say and then I'll go. I'm glad this happened tonight and I think that we have all agreed that on March 31, it's all yours OK?

Homeowner: With the 23 dues and that's it?

Dave: What? You'll have what's in the bank and we will only- we need some time to separate the electric and utilities because we pay them in bulk so that we need to look at the ones that affect 6 and look at the ones that affect the other ones. That will only take us a couple of days to do that. Like I say, I'll call the insurance company tomorrow- the premium is paid in Washington lane until June, I'm not sure

Jennifer: It is June

Dave: So you won't have to pay it until June timeframe.

Homeowner: So if there are people in 1-6 who still owe dues, who do they talk to now?

Dave: Until March 31, I guess you pay them to us but liens go in on the 15th. I mean unless, do you agree with that?

Kim: I'm sorry? I didn't hear what you said.

Dave: If they pay their dues between now and March 31.

Kim: To you...

Dave: And do you agree that the liens go in on the 15th?

Kim: Yes

Dave: So there is your answer. Any other questions for me before I go?

Homeowner: I make a motion that we fill up our board with 2 extra members to help with the details of the transition.

Kim: Ok- so Yolanda- raise your hand again. And this gentleman- What is your name?

Homeowner: I am not volunteering. I thought we were voting.

Kim: So, Yolanda was in 6, so we are and Sammy- you know we need to check about- You know what I'm saying Sammy? Or does Greg wanna?

I nominate Greg Dodds and Yolanda Martin.

Several people: Second

All in favor? Unanimous, I.

Meeting closes.