

CLIFFTOPS PROPERTY OWNERS ASSOCIATION

BOARD OF DIRECTORS MEETING

July 10, 2005

BOARD OF DIRECTORS

President	Ed Jackson
Vice President	Andrew Bouldin
Secretary	Henry Blizzard
Treasurer	Jim Anderson
Director	Dennis Raines
Director	Henry Chase
Director	Dale Cermak

Minutes

BOARD MEMBERS PRESENT

President, Ed Jackson
Vice President, Andrew Bouldin
Secretary, Henry Blizzard
Treasurer, Jim Anderson
Director, Dennis Raines
Director, Henry Chase
Director, Dale Cermak

Property Manager Present

James B. Tripp

Call to Order

The meeting was convened at the Clifftops Lake Clubhouse at 2:00p.m.

Approval of the Minutes

Vice President Bouldin moved to approve the May Board Meeting Minutes and Director Cermak seconded. The motion passed without objection.

Treasurer's Report

The following is the Treasurer's Report as delivered by Treasurer Jim Anderson:

As we reach the mid-point of our budget year, our income is ahead of budget by +13.4%, and our expenses remain below budget at -3.6%. The cumulative effect of those two factors represents a net positive of +17%.

The consolidation of our bank accounts has been completed. As a reminder, this consolidation was made possible by the addition of the Bank Deposit Guaranty Bond. This coverage is provided at no cost to the Association.

On June 12th, the second informal budget seminar was conducted and there was a total of 13 Association members present. A representation of the items discussed is reflected in the agenda today.

The Finance Committee will finalize its work and produce a budget recommendation for Board approval at its next meeting scheduled for September 11th.

By way of comparison, 10 years ago, when memberships were created, dues were at \$86.00 per month on an annual budget of \$229,312.00. Our Reserve balance has increased from \$48,122.00 to \$234,795.00. Today our dues are now \$135 per month on an annual budget of \$455,520.00. Dues have increased by \$49.00 or 57%. Our budget has increased by \$226,208.00 or 99%, and more importantly, our reserve funds have increased by 488%.

Committee Reports

Social Committee

The following is the Social Committee Report as delivered by Committee Chairperson, Sylvia Anderson:

Your Social Committee has been very busy for the past two months. First, we celebrated Memorial Day with a Barbecue at the Lake Club. About sixty-five guests enjoyed Georgia style barbecue, Brunswick stew, Sylvia style, and ice-cream with fancy toppings for desert. We had a fantastic time despite of the electrical outage that coincided with our barbecue. Quick action from our committee enabled us to serve hot barbecue, stew, beans, and bread outside under the big tent.

The next week the CPOA Clifftops Non-Stops Relay for Life team represented us in the Grundy County Relay for Life by walking all night to raise money for cancer research. Our team consisted of Jim and I, Howard and Elaine, Susie Grantham, Don and Sara Zimmerman, June and Steve Centimole, Peggy Partin, Susan Peek, and Bo and Ed

Jackson. In addition to meeting lots of other “relayers” and having a ball all night, we also raised almost \$2000.00, which was the most amount raised by any team in the relay. The trophy is in the office. We did all this with only six weeks of preparation and work. We’re planning to do this again next year and will be looking for volunteers to be team members with us. Let me, or Elaine know, if you would like to join us.

The next week we honored our First Responders with a cookout at the Lake Club. We grilled hamburgers and hotdogs for our volunteer firemen from Monteagle as well as the Sheriff of Marion County. We invited the firemen from Sewanee, plus the EMT’s and deputies from Marion, Grundy, and Franklin Counties but the Monteagle firemen were the only ones to come. They came and brought their families and their fire trucks. They delighted the Clifftoppers present with their demonstration of throwing water from the truck hoses. We enjoyed meeting them and plan to continue this function. The firemen said they would bring their new pumper out to demonstrate it when it arrives.

Last week we celebrated the 4th of July with our traditional catfish and chicken dinner. We had 88 guests, and had enough food and chairs for everyone. You came and we hope you had a good time. We certainly did. It was fun to finally get the food and space right.

Last, but not least, on July 4th, we presented the first addition of the Clifftops Float in the Monteagle and Sewanee parades. Howard Smith and his float committee did a real good job and worked miracles in producing a wonderful float. I hope you saw it in one of the parades.

We did all this and stayed within our budget. The Memorial Day costs were at \$602.32. The First Responders costs were at \$176.17. The 4th of July costs were at \$500.00, although there still may be a few outstanding small tickets. As of today we are at a profit of \$360.51

Howard Smith then approached the podium and gave some details about the float and parades including donations that Clifftops received to participate.

Strategic Planning Committee Report

Director Cermak stood in Chairperson Thomas’ stead to deliver the Strategic Planning Committee Report. Cermak introduced the members of the committee and in the report outlined the items scheduled for replacement and/or refurbishment including road re-striping, reflectors, and resurfacing.

Cermak stated that, as per Management’s recommendation, some items should be removed from the Strategic Plan, including the Nissan Security Vehicle and accessories. Management has also recommended to the committee that some items such as the pool chlorinator, bluff club painting, and office upgrades be deferred to a later year, as none of these seem to be pressing issues at the moment. Lastly, Management recommends that a Kawasaki Mule be added to the strategic plan.

Cermak then listed items that are scheduled for replacement in 2006 including the tractor, blowers, gravel, street signs, etc.

Director Chase moved to put Management's recommendations into the Strategic Planning process. Vice President Bouldin seconded and the motion passed without objection.

Manager's Report

Manager Jim Tripp stated that the gatehouse hours have been adjusted to accommodate the busy season.

He reported that the roads and 4 culverts were completed all within budget.

Tripp continued by reporting on the condition of the pool. He stated that a leak causing four to five thousand gallons of water-loss a night has been reduced to a two thousand gallon per night loss by replacing a faulty gasket.

He stated that he has contacted a HVAC expert to address the issue of moisture in the Bluff Clubhouse. His suggestion was to increase the size of the return air vent and to add ceiling fans.

Nominating Committee Report

Vice President Bouldin introduced the members of the Nominating Committee and stated that their three nominees this year are Ernie Lumpkins, Louis Smith, and Don Zimmerman.

Director Cermak moved that the board recognize the aforementioned members as this year's nominees. Director Chase seconded and the motion carried without objection.

Old Business

Using visual aides, Treasurer Anderson addressed the board with the following report on reserve funding percentages:

On June 8, 2004, the Board requested an outside view of our Reserve Funding and Strategic Planning practices. The completed study was not available prior to last year's SPC report. However, as the Finance Committee assembles the budget for 2006, the critical issue is of adequate funding. To properly assess funding we must look beyond 2006 to the end of 2008 so that we may consider the costs associated with the repaving of Clifftops Avenue. That look provides a clearer view of the funds required by our

association. Clifftops Avenue requires 52,095 square yards of asphalt. Those streets in need of patching before they are scheduled for repaving are not included. The culverts on Clifftops Avenue fall into two categories and they are the 17 that are deemed to be critically in need of replacement, and the remaining 23 that are in a somewhat less critical state. The Swimming pool was built in 1975 and we have recently learned that the circulatory plumbing is in poor condition. To further complicate the pool issue is that it must be brought up to State Code that was not in effect 30 years ago.

Our Reserve balance is \$234,795.00. By the end of 2008 we will add another \$286,464.00 bringing available funds to \$521,259.00

The net result of all this is that, in January 2009, there exists the possibility of a shortfall of \$54,479. Adding the cost of clubhouse access and Lake Club furniture (\$7,500.00) will produce a shortfall of \$61,979.00.

To effectively eliminate this deficit, our dues would need to be set at \$140.60 per month until December 2008. To include the costs of club access and furniture would require dues being set at \$141.38 until December of 2008. Either dues increase will provide a breakeven point at the end of 2008. This does not contemplate our Reserve needs beyond 2008.

Please remember that these numbers are a snapshot of spending recommendations that are in place now and does not reflect the future decisions of the Board of Directors beginning with the budget for 2006, 2007, and 2008.

There was brief discussion following this report.

Treasurer Anderson and Director Cermak plan to meet to discuss the aforementioned shortfall and to reconcile the discrepancies of the projected and actual capital asset funding.

Mr. Norman Davis addressed the Board with the following comments:

The Board is to be commended for pursuing the study of Reserve Funding.

This is one of the most important aspects of budgeting and planning that the Boards and Association will be challenged to resolve.

Looking back to July of 2001, I noticed that we had projected a total reserve of \$216,000.00 for year ending 2005. Our budget for 2005 predicts that we will end the year with a total reserve of around \$236,000.00. This is only a difference of \$20,000.00 and yet we reduced a \$15.00 dues increase for 2002 and only raised the dues \$10.00. So, in reality, we are pretty close on our total reserve predictions.

It is important to remember that, in 2000, the Board passed a resolution that stated, “We will transfer into the Capital Reserve Fund any amount which will assure an annual ending balance of NOT less than 50% of a fully funded reserve.” This would assure a probability of 95%, or better, that adequate funds would be available for maintenance and replacement of capital assets.

We did quite well at first, or up until now. The mix of our total reserve is not what was planned, but the total is good.

When the program started, we had no idea that the company that maintained our security gates would go out of business and our gates would cease to function.

We had no idea our supplier of expensive lawn mowers would go out of business.

We had no idea that we would need an additional security vehicle. We had not planned to rebuild a pool and then we discovered we had a serious water leak.

These prime examples have created a Capital Reserve Funding problem.

Jim Anderson explained, late last year, that our funding for the Capital Assets was down around the 36% range and that the probability of adequate reserve funds to be successful had dropped to about 83% instead of the 95% goal.

It is clearly time to evaluate the status of our Reserve Funding. While I think it is important to evaluate the process of 100% funding, because it will tell you what it may cost some day, I believe that, at this point, we do not need to be at that high level. Perhaps 70% is a good balance. After all, we do have insurance that will take care of some catastrophic cases, but we need to have adequate reserves to perform the maintenance on our buildings, and equipment, and to keep our personnel current with appropriate living standards.

To go from 50% to 100% funding supposes that you must increase the funding substantially to achieve on a 5% better probability. This just does not compute in my mind.

So I just suggest that we consider a lesser funding rate than 100%

This Board has made significant strides in reducing some of our costs by good management. I believe with continued, prudent management, we can maintain our beautiful facilities at a funding rate somewhere around 70%

New Business

Culverts

Manager Tripp stated that there is critical culvert work that needs to be done specifically referencing the flooding that occurs at the bottom of “Dump Hill” after a good rain. He brought a piece of that culvert to illustrate the need to replace it with a concrete version. He stated that others are not as bad but are becoming so steadily. He provided costs to the Board and made a recommendation that the Board approve the work.

Marjorie Lyman approached the podium, discussion on the subject.

Vice President Bouldin moved to give Management the authority to move forward with the work and Director Chase seconded. The motion passed without objection.

Ratify Paving Contract

Director Raines moved to ratify the Paving contract. Secretary Blizzard seconded and the motion passed without objection.

Revised Clifftops Map

Manager Tripp requested the opportunity to look into acquiring a map of the property in revisable digital format to replace the outdated hard copy format. The Board agreed to allow him to look into the prospect and to have a report prepared on the subject at a later date.

Guard Rails

President Jackson posed the question as to whether or not it was necessary to spend the money on this project. Manager Tripp explained that he has been in touch with Rogers Group, Road Engineers and County Engineers and they said that it would not be their recommendation..

Reflectors and Road Striping

Manager Tripp informed the Board of the striping estimate given to him by England Striping and stated that the reflectors would be handled in-house. Director Chase moved that the striping job be approved and Treasurer Anderson seconded. The motion passed without objection.

Office Parking Lot Striping

President Jackson reports that association member Col. Cam Stewart wrote a letter concerned with the lack of handicapped parking at the mailboxes, including proper striping. Manager Tripp stated that he was yet to get an estimate but he would guess the cost to be around \$600.00. He further commented that handicapped accessibility is an ADA requirement. Director Cermak moved to proceed with the project and Director Chase seconded. The motion carried without objection.

Dry Hydrant at the Lake

Manager Tripp explained that, at a cost of approximately \$600.00, a dry hydrant may be installed at the lake for faster access to water by the fire department if need be. He gave a brief explanation of how the process worked before Director Chase moved to allow the dry hydrant to be installed. Secretary Blizzard approved and the motion passed without objection.

Pets / Barking Dogs

Before this discussion, Sgt. Maj. Larry Williams was allowed to address the Board about his concerns regarding speeding on the property. His statement also included suggestions on how the issue could be resolved.

President Jackson stated that he has received two letters on the subject of pets. One letter was about droppings on the beach, which was found to be geese, not pets, and the other letter was concerned with barking. He requested of the members that they be sensitive to their neighbors expectation of quiet living when dealing with their pets.

Pool Rules

Pool rules, security issues, and pool temperature was discussed briefly including the comments and concerns of gallery members Marjorie Lyman and Pool Committee Chairperson Judy Magavero.

Following this discussion, Mrs. Lyman was allowed to speak briefly on the subject of property security.

Adjournment

Secretary Blizzard moved for a meeting adjournment and Director Chase seconded. The motion passed without objection and the meeting was adjourned at 3:15p.m.

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