

# **PALISAIR HOME OWNERS ASSOCIATION**

**ANNUAL MEETING, FEBRUARY 11, 2019**

## **PRESIDENT'S REPORT**

**Howard Weisberg**

Welcome to the fifty-ninth annual meeting of the Palisair Home Owners Association. I am Howard Weisberg, President of the Association.

Early in 2017, the PHOA Board resolved to take several initiatives:

- (1) Move vigorously to collect all past-due assessments (dues), late fees, interest, and collection costs where applicable.
- (2) Take vigorous steps to enforce the CC&Rs regarding view obstruction by trees and other landscaping improvements, including implementing the levying of fines for violations.
- (3) Be as thorough as we can in conducting our business in accordance with state law (the Davis-Stirling Act), our bylaws, and our covenants, conditions, and restrictions (CC&Rs). To support this, we signed a general counsel retainer agreement with an experienced HOA law firm, and the board resolved to follow their advice generally. In particular we resolved to follow a standard set of rules and procedures regarding approval / disapproval of homeowner plans to make changes in, or rebuild, their residences.

## **Collecting Past-Due Assessments**

After countless hours of effort by our Treasurer and by me and other board members, I am happy to report that nearly every account that was more than two years past due last year is now paid up. We turned four accounts over to a firm that specializes in collecting past-due assessments for homeowner associations. This process worked well, and all four accounts were fully paid, collecting many thousands of dollars of past due amounts (including about \$1,000 per homeowner in collection firm charges, paid by the homeowners).

We now understand how, going forward, to collect all assessments that are past due, in a process that involves minimal effort by our volunteer board members, provides courteous initial notification by us, and yields essentially 100% collection.

## **Plans Review**

The most important activity of the PHOA is plans review. Our Plans Administrator, Kim Bantle, will report in detail on our 2018 activities in this area.

Kim, who also consults for the California Riviera Homeowners Association and the Castellammare Mesa HOA, provides an invaluable service to us, which no volunteer homeowner could be expected to equal. You will get an idea of the scope of her work from her talk.

We do our best to follow a well-defined process to provide the possibly affected neighbors with visibility into the proposed plans, and to give them ample opportunity to provide input. With each review, especially where view obstruction may be involved, we may call for story poles, notification of the nearest neighbors by US mail and others by e-mail, and a Neighborhood Meeting. Only then do we give preliminary approval, subject to the applicant then obtaining all approvals from the City, and then obtaining our final approval.

An important part of the plans process in recent years is that we require submission and approval of a Landscape Plan. Depending on the species and location of plantings, we often require changes so that plantings are not put into place that will, in future years, grow into the view of neighbors.

## **Tree and Landscape CC&R Violation Enforcement**

Most of our effort in enforcing the CC&Rs regarding view obstruction by trees and other landscape improvements has gone into two cases. These cases are serving as learning experiences to see if we can get better enforcement through holding CC&R violation hearings and imposing fines where a violation is found.

The amount of that the board had to spend on these two cases greatly exceeded what was expected, and significant charges for legal counsel were incurred.

I believe that several changes in the Rules, and later correspondingly in the (upcoming) restated CC&Rs, will greatly decrease the amount of effort and legal cost of conducting future CC&R Violation hearings.

## **The Budget**

I am happy that for the years 2016, 2017, and 2018, we held the line on the budget at \$266 per month per homeowner.

However, for 2018, the P&L report shows a deficit of \$12,800. There were two principal areas of expense overage.

- (1) We paid \$4,500 to prepare tax filings for the past nine years. This was not anticipated in the budget.

The Association does not pay income tax, but we are required to file a return each year. We followed advice that, in addition to filing annually going forward, we should file our back returns

- (2) Legal expenses were \$26,900 compared to \$5,700 budgeted.

Substantial legal cost was incurred in connection with a known litigious homeowner. I do not expect these costs to continue.

A significant part of the legal expenses was incurred in connection with our first two tests of enforcing the CC&Rs with fines. As already mentioned, I expect costs to be less in future cases.

For 2019, we have doubled the budgeted amount for legal expenses.

## **CC&R Restatement**

A complete restatement of the CC&Rs has been in the works since 2015, starting with a survey of the members regarding some of the substantive changes that were proposed. In the interim, some of the pressure for revision was relieved by introducing desired changes as revisions to the

Association's Rules. (It is easier to revise the Rules than to amend the CC&Rs themselves.)

The restatement itself continues to progress more slowly than was predicted, but it is moving forward. The main reason it gets delayed is that unexpected emergencies pop up, and our volunteer effort becomes diverted to dealing with these emergencies.

Currently a complete first draft exists, along with a complete set of our proposed revisions. Barring unexpected delays, the restatement should be ready for Members to review and vote on this year.