

**HERITAGE GROVE of Los Gatos HOMEOWNERS ASSOCIATION**

**BOARD of DIRECTORS MEETING MINUTES**

Tuesday, September 8, 2020, 7-8:30 pm  
held via Zoom from 104 Ayala Ct., Heritage Grove

**BOARD MEMBERS PRESENT**

Dennis Reker	President
Nathan Barton	VP & CFO
Dana Marcus	Secretary

**OTHERS PRESENT**

Robert & Susan Benson	140 Regent Court
Mario Gonzalez	132 Regent Drive
Karen Vogel Hayes	110 Regent Drive
Nicole Napiltonia	136 Regent Drive
Christina Aitchison	102 Regent Drive
Juliet Vadvilavich	100 Ayala Court
Gary Berg	114 Regent Drive
Paul Rockwell	104 Heintz Court
Bryan Larson	104 Regent Drive
Cindy & Greg Smith	133 Regent Drive
Heddi Shariat	123 Regent Drive
Jeanette Rasmussen	122 Regent Drive
Jocell Prieto	Grayson Community Management

**ITEM I – Quorum, Notice of Meeting, Call to Order**

Noting that a quorum was present, the meeting was called to order at 7:07 P.M. by the president.

Notice of this Meeting was hand delivered on Friday 8/22/20 to all member homes with the quarterly newsletter.

The Board thanks everyone for attending remotely and hopes everyone stays healthy and avoids the COVID-19 virus. Thank you for helping your neighbors and the community.

**ITEM II – Approval of Meeting Minutes**

The Board of Directors reviewed the draft meeting minutes of the June 16, 2020 Meeting. An email vote by the Board on approval of landscape expenditures is included as part of these minutes.

***Motion:*** Mr. Barton moved to approve the June 16, 2020 Board of Directors meeting minutes. The motion was seconded by Ms. Marcus and approved by unanimous consent without objection.

**ITEM III – Financial Update**

V.P. & CFO Nathan Barton provided a summary of the Association’s financial performance as of 7/31/2020.

**2020 YTD financials**

We have financial reporting through July of this year, and so far, we have collected assessments of \$47.5K, incurred expenses of \$31.5K, and transferred just over \$9K to our reserve account. As stated in previous meetings, we expected savings this year, primarily due to the changes of landscaping and HOA management companies, which would free up funds for increased investment in our community. We are currently \$7K under our YTD budget, with plans to invest much of these funds in the Fall. I will let the landscape committee provide more details, but based on their recommendations, the Board has authorized almost \$12K worth of work to take place in the orchard and Heintz area over the next few months. There will be 13 old tree stumps grinded, 1 dead oak tree removed, 14 new trees planted with mulching and irrigation

installed, as well as rototilling and mustard seed planting in the orchard. About \$9K will be funded from our operating account and \$3K will be funded from our reserve account.

### **Annual Reserve Study**

This Reserve Study was an “on-site” update and was completed in August by Association Reserves, Inc. The reserve study completed last year recommended a current fully funded reserve balance of \$65,794. The An on-site visit conducted this year was a thorough review of every item needed to be in the reserve, and projected useful and remaining lives. We determined there were items on the previous reserve study that our association is not responsible for (i.e., replacing the street pole lights, which the town of Los Gatos has confirmed they are responsible for). We updated several other items such as fence and irrigation replacements that will be needed in the future. The result of this year’s study implies a current fully funded reserve balance of \$60,412. Also, based on useful lives, the recommended 2021 monthly reserve contribution is \$1,351, a slight increase from the 2020 rate of \$1,305/mo.

### **Current Budget outlook for 2021**

Current trends are favorable to consider a reduction in homeowner monthly assessment to \$145/month. This would still provide sufficient funding to allow us to maintain and invest in our neighborhood, with a longer-term plan to continue to restore the orchard tree count. An item that requires more investigation is whether any required Fire Defense expenses may be dictated by the Fire Department to clear trees and bushes. This will be discussed more in the Landscaping plan.

Pursuant to the “Board Review of Monthly Financial Reports & Transactions” policy, Mr. Barton made a motion to Ratify that the board has reviewed the monthly Association Financial Reports.

**Motion:** *Mr. Barton made the motion to confirm that the Board of Directors has reviewed the monthly Financial Information of the Association provided by Grayson Community Management for the months of June and July. The motion was seconded by Mr. Reker and was approved by unanimous consent without objection.*

### **ITEM IV – Overview of Landscape “Plan 1.0”**

The Board has tasked the Landscape Committee with developing a plan for 2020-2022 on how to best enhance and maintain the Association’s common areas. The Landscape Committee presented Rev 1.0 of that plan - 47 slides with detail on plans for each specific area.

Juliet Vadvilavich provided an overview, commenting that the orchard is missing a lot of trees, as many of them have died and haven't been replaced over the past years. We are planting 14 new trees in the coming weeks and have contacted the Town which will provide 7 trees to plant curbside along Blossom Hill Road. These will be Redbud trees which are recommended by the Town arborist and is supposed to be one of the better trees we can plant.

There are also some plants in the common areas that aren't doing well because they're not native plants, as required by the Los Gatos Hillside Development guidelines. Also, we are not using drop irrigation for minimal water use as required. Future plants should be fire and drought resistant.

The committee is now addressing the Walkway lightning as one light is damaged beyond repair and the two remaining lights do not provide sufficient lighting in that dark area. The lights are being replaced with modern fixtures providing more lighting and will be positioned for optimum illumination and safety.

The Heintz area landscaping needs to be addressed. The wire tree cages have been removed at a Member’s safety request and have been donated to 3 different orchards that actually can use them. This was done at no cost to homeowners. The fence along the driveway needs repair. We intend to install the Heintz Exhibit sign when the holder is completed after the first of the year. The committee would like to create a pleasing fence from the stone driveway pillars to the existing fences landscaped with drought tolerant plants that will grow/bloom yearly. A proposal will be made to the Board in the near future.

### **Fire Defense**

Mario Gonzalez then reviewed resources available for member help with fire prevention. The Committee has met with the Santa Clara County FireSafe Council and has agreed to have a community walk-through with the FireSafe Council and possibly firemen, but we do not have a date yet. There are some fire safety regulations

like trimming the Rosemary and managing heights between bush and trees that we have directed our landscape contractor to start work on.

### **Landscape Budget and 2021 Reserves**

Mr. Reker addressed Ordinance 2047, which defines the Association obligations regarding the Blossom Hill Orchard and Town nomenclature of other common areas, and the budgeting process for 2021. He pointed out, as Mr. Barton had stated, that Reserve Funds that had been erroneously designated for Light Pole replacement and have been refocused to provide needed funding in 2021 for planting more Orchard Trees, better maintaining common area trees and irrigation, and repairing the white wooden fences in the Heintz area which is in much needed. He also addressed several questions sent to the board by email the previous day:

- Q. How much money was spent to relandscape the front entryway. **A.** The cost of the 2019 relandscaping and olive tree planting was a bit over \$15K. About \$8K for the long “no mow” grass and \$2,700 for 6 olive trees and \$1.5K flowers, mulch, and soil, and \$1,700 on irrigation.
- Q. Agree that olive trees location caused visibility issues and was happy to see that the change was made. What was the total dollar amount spent on these changes, including the plants that have died? **A.** \$700 total to remove the 4 olive trees, plant flowers, and mulch
- Q. Does the new landscape company have a warranty for the life of plants? **A.** Yes, they are warranted for the life of the plant that the nursery passes through, just like all previous landscape contractors have offered. Shrubs and plants that were really in hibernation and were not dead have been recently pulled up by vandals and killed.
- Q. Is there a plan to make the entry more aesthetically pleasing? **A.** This is a priority. The gardener tends this area weekly and has made several changes already. The Landscaping Plan presented tonight also addresses this issue.

### **ITEM V – Unfinished Board Business**

None

### **ITEM VI – New Board Business**

#### **Call for Board Candidates for the 2021 Board of Directors**

The Call for Board candidates was mailed and emailed by Grayson along with the new Candidate Nomination Form. Completion of the Nomination form is not optional. October 5<sup>th</sup> at 5:00 pm is the deadline for applications.

#### **Inspector(s) of Election**

The Board must select and appoint one or three independent third parties as an Inspector(s) of Elections per requirements of the new CA law. Also changed by this law is that an Inspector of Elections may not be a person or business entity who is currently employed or under contract to the Association for any compensable services other than serving as an Inspector(s) of Election. Therefore, HOA Management companies may no longer act as Inspector(s).

An Inspector of Elections may be:

- a volunteer poll worker with the county registrar of voters,
- a licensee of the California Board of Accountancy,
- or a notary public,
- or may also be a Member of the HOA but may not be a Director or a Candidate or be related to a Director or to a Candidate.

Inspector(s) of Election duties include all of the following:

- (1) determine the number of memberships entitled to vote and the voting power of each,
- (2) receive Ballots,
- (3) hear and determine all challenges and questions in any way arising out of or in connection with the right to vote,
- (4) count and tabulate all votes,

- (5) determine when the polls shall close, consistent with the Governing Documents,
- (6) determine the tabulated results of the election, and
- (7) perform any acts as may be proper to conduct the election with fairness to all Members in accordance with California *Civil Code* section 5100 et seq., the California *Corporations Code*, and the Election Rules. In addition, the Inspector of Elections shall determine the authenticity, validity, and effect of proxies, if any.

*Performance of Duties.* An Inspector of Elections shall perform all of their duties impartially, in good faith, to the best of their ability, as expeditiously as is practical, and in a manner that protects the interest of all Members. If there are three Inspectors of Elections, the decision or act of a majority of the Inspectors of Elections shall be effective in all respects as the decision or act of all. Any report made by an Inspector of Elections is *prima facie* evidence of the facts stated in the report; in other words, the determinations made by the Inspector of Elections are accepted as correct until proved otherwise.

*Assistants.* The Inspector of Elections may appoint and oversee additional persons to verify signatures and to count and tabulate votes as they deem appropriate, provided that such additional persons are independent third parties.

**Motion:** *Mr. Reker made the motion to approve up to \$1,200 in expenditures for a profession Inspector of Election company to perform secret ballot election duties per Association Rules. Ms. Marcus seconded the motion and the motion was approved by unanimous consent without objection.*

**2020 Tax and Audit Report CPA Engagement**

The Association has had Allen & Cook as its tax preparers for many years. Tax prep costs for 2019 amounted to \$2,300 (\$400 tax prep + \$1,900 for audit report) as an Independent Audit Report was required because the Association surpassed the IRS mandated \$75,000 income level. Allen & Cook's tax return service for 2020 has been quoted at \$450 and review service for \$1,900 for a total of \$2,350. Grayson obtained a proposal from LEVY, ERLANGER & COMPANY LLP of \$395 + \$995, for a total of \$1,390.

**Motion:** *Mr. Barton made a motion to engage with Levy, Erlanger & Co. for the preparation of the 2020 tax returns and independent report. Mr. Reker seconded the motion and the motion was approved by unanimous consent without objection.*

**ITEM VII – Next Meeting – Annual Meeting**

The Annual Member Meeting and Board Meeting will be held by Zoom on Tuesday, December 8th, 2020 from 104 Ayala Court at 7:00 p.m.

**ITEM IX – Open Forum** – A Member forum was then held for members to express questions and/or comments.


Paul Rockwell discussed the fire hazard of groups of youth in the Open Space behind his home setting off fireworks. Police involvement was discussed, and everyone was encouraged to notify the Los Gatos Police Department when youth gather and present a nuisance or a danger of causing a fire.

Paul also discussed the streetlight near his driveway remodel project. The Town is requiring him to replace the existing fixture with an LED fixture as the Town ran out of funding before upgrading Heritage Grove and is not expecting any funding in the future for this upgrade. They are shifting this cost to the taxpayer who might be doing a remodeling project.

There were no other questions or comments.

**ITEM X – Adjournment**

Being no further business before the Board of Directors at this time, the Board unanimously approved a duly made and seconded motion to adjourn the meeting at 8:29 P.M.

Approved by the Board 9/8/20 

**Minutes of the 10/24/2020 Emergency Meeting of the Heritage Grove  
Homeowners Association Board of Directors  
held via Zoom videoconference from 102 Ayala Ct., Heritage Grove, at 8 p.m.**

**Attendees**

Nate Barton – VP & CFO  
Dennis Reker – President  
Dana Marcus – Secretary

This emergency meeting of the Board of Directors was called by the president (Civ. Code §4923) in order for the Board to be able to meet the Grayson Community Management deadline (originally October 15<sup>th</sup>) for submission of the 2021 Budget, with Disclosure and Policies documents. The deadline is to provide them time to mail the 2021 Budget Package and print the 2021 assessment payment coupons for homeowners. Per Davis-Stirling, emergency meetings, by their nature, do not require notice. (Civ. Code § 4920(b)(1).)

**Call to order**

The President called the meeting to order at 8:00 p.m. The directors unanimously agreed that this emergency meeting was required, given the need to meet our management company's deadline for submission of the new 2021 budget and associated documents, in order for them to meet the required deadline for mailing the materials to Association Members and print and distribute the 2021 coupon payment books..

**Review of 2020 Budget and estimated close for 12/31/20**

The Board started working on the 2021 budget in July 2020 and has been regularly reviewing the monthly financial reports and forecasting expenditures and income for the period that ends 12/31/2020. In reviewing the September month end financials, the following key items from the 2020 Budget were noted:

- Reserve Study not budgeted even though we were in the third year of a 3-year contract
- The Independent audit report (\$2,000) not forecasted even though budget income was over \$75,000, the IRS trigger point for the report.
- Landscaper double billing/misbilling and monthly costs seem high.
- Management company costs seemed high given level service provided. Compass marked up U.S. postage, kept late fee revenue, had high cost of record storage, and cumbersome manual processing of checks and signatures.

These and other issues were addressed and remediated to save an estimated \$15,000 in expenses at no cost to quality of services or goods.

In the Reserve Account, approximately \$14K in reserve funding being accrued to replace the streetlamps was found to never have been the Association's responsibility, but rather the Town of Los Gatos. Funds were redirected back into property improvements in 2021 and this item removed from the Reserve components.

The estimated 2020 close, as of 10/25/20, is that we will end the fiscal year with a slight surplus of less than \$1K.

**2021 Budget**

With this more accurate estimate for the year-end close, the 2021 budget is based on validated data, includes 100% of the budget categories previously overlooked, and with Grayson’s assistance, annual item cost increases judged.

For several previous months, we have estimated that the year would end with enough of a surplus that the monthly assessment could be lowered. A major infestation of agricultural grubs at the entrance in the tall grass required immediate attention and expenditures in October, and the expected surplus dwindled with the grub removal and re-landscaping.

After a lengthy, item by item discussion and analysis, Mr. Reker made a motion:

***Motion: To approve the 2021 Budget of \$79,254 and hold the monthly assessment flat at \$150/month per home for 2021. The motion was seconded by Mr. Barton and the motion passed by unanimous consent without objection.***

**Year-end Reserve Account**

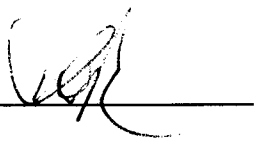
Year to date, we have spent only about \$2,000 from the Reserve Account for trees and signage in the Heintz exhibit area.

The Heintz sign progress with the Eagle Scout project was discussed. The scout has priced the materials list at about \$600. To speed the project and help cut down the fundraising time he will need, Mr. Reker made a motion to speed the completion of the sign.

***Motion: To approve up to the remaining \$1,200 of the 2020 Reserve Account Signage funding to purchase the expensive plexiglass and materials for the Scout Eagle project this year. This motion was seconded by Mr. Barton and approved unanimously without objection.***

**Adjournment**

Having addressed the topics requiring the board’s attention before the scheduled December Annual Member and Board meeting, this emergency board meeting was adjourned at 9:08 p.m.

Approved by the Board of Directors: 9/8/20 

*Include in 12/8/2020 Mtg Minutes*

Dennis Reker &lt;dennisreker@gmail.com&gt;

**Heintz Driveway Fence Repair email vote**

6 messages

**Dennis Reker** <dennisreker@gmail.com>

Mon, Nov 23, 2020 at 1:07 PM

To: Dana Marcus &lt;dana@danamarcus.com&gt;, Nate Barton &lt;nathan3185@gmail.com&gt;

Just received a bid from Stanton on repair of the Heintz driveway long fence. It is very competitive based on previous quotes on the front entrance fence. We would go in steps so we would not overrun the budget. The work is to replace 17 rotten rails on the fence, priming the ends of the boards for longer life, caulking the edges, cutting off the rotten ends and saving the good boards for use when we build the new front fence next year. The rails will be anchored to the posts with 4" coated screws, 4 per each end of the board on the side of the board Not one on top and one on bottom like the nails) and the open edges sealed with Heavy Duty caulking. They will only prime the wood and we will save painting for later as the primer matches the existing white color very well.

Stanton estimates the most, if not all the work can be done in one day with two men and will cost less than the \$1,900 that's in the Reserve Fund and if we need, we could do more work after the first day. She is going to get back to me with scheduling and may have some hole in the schedule before our 12/8/20 Annual Meeting. With your concurrence, I'd like to propose an email vote on using up to the \$1,900 of the Reserve Fund for repair/Repainting of the Fence.

**Motion (need second please)**

I move that the designated \$1,900 in the 2020 Reserve Fund for fence repair/repainting be used to repair the long section of the Hentz Exhibit fence along the driveway of 109 Regent Court and that a repair order of "not to exceed \$1,900" be issued to Stanton Construction Co. to begin the repairs as soon as possible.

Please reply with a second and your vote.

I will oversee the project and make an inventory of the number and lengths of the boards we may use in the construction of the new fence,

Thanks,  
Dennis

**Dana** <mareker1@gmail.com>

Mon, Nov 23, 2020 at 1:17 PM

To: Dennis Reker &lt;dennisreker@gmail.com&gt;

I second that amend Vote yes.  
Thanks for doing the legwork.

Sent from my iPhone

On Nov 23, 2020, at 1:08 PM, Dennis Reker <dennisreker@gmail.com> wrote:

[Quoted text hidden]

**Dana** <mareker1@gmail.com>

Mon, Nov 23, 2020 at 1:28 PM

To: Dennis Reker &lt;dennisreker@gmail.com&gt;

\*and vote yes.

Sent from my iPhone

*APPROVED: 9/8/20 [Signature]*

On Nov 23, 2020, at 1:17 PM, Dana <mareker1@gmail.com> wrote:

I second that amend Vote yes.

[Quoted text hidden]

---

**Nathan Barton** <nathan3185@gmail.com>  
To: Dennis Reker <dennisreker@gmail.com>  
Cc: Dana Marcus <dana@danamarcus.com>

Mon, Nov 23, 2020 at 1:33 PM

Hi Dennis - I second that motion of moving forward with the work but not to exceed the \$1,900 we have in reserve this year.

Thanks

Nate

[Quoted text hidden]

---

**Dennis Reker** <dennisreker@gmail.com>  
To: Nathan Barton <nathan3185@gmail.com>  
Cc: Dana Marcus <dana@danamarcus.com>

Tue, Nov 24, 2020 at 12:19 PM

I vote yes. Nate, I read your response as a yes. Is that correct?

[Quoted text hidden]

---

**Nathan Barton** <nathan3185@gmail.com>  
To: Dennis Reker <dennisreker@gmail.com>  
Cc: Dana Marcus <dana@danamarcus.com>

Tue, Nov 24, 2020 at 12:40 PM

Correct - I am a yes.

[Quoted text hidden]