

# 2020 ANNUAL MEETING REPORT

*"The Groves at the Villages of Wetherington Condominium Association, Inc."*

## **'The Groves' in the 'Age of Covid-19'**

### **A MESSAGE FROM THE BOARD OF DIRECTORS**

In early CY 2020 the Covid-19 virus pandemic hit the country. And, because of the virus our Association has had to change the way the Board conducts its business.

'The Groves' has always operated in the most transparent way possible. Unit Owners are encouraged to attend Board meetings. Prior to the Board meetings, the Agenda, the Minutes from the previous meeting & the Treasurer's Reports were distributed via email to all Unit Owners. Any Unit Owner who desired to know the Association's business could know it.

After restrictions imposed by the State of Ohio, 'normal' Board meetings had to be changed. The first few 'meetings' were conducted 'electronically'. All this means is that every member of the Board exchanged emails with each other regarding the business on the 'electronic' Agenda. When an 'electronic' motion was presented during these 'electronic' meetings, per guidance from the Association's attorney's, Kaman & Cusimano, Inc., those motions, in order to pass, had to have a unanimous vote. Minutes of these 'electronic' meetings were also kept.

Once the weather turned nicer, the Board met outside while keeping the safe 'social distance' of at least 6 feet. These meetings have been conducted without non-involved Unit Owners in order to minimize risk of exposure to Covid-19. The Board is hoping to have its Annual Meeting outside. If this happens, everyone will be required to wear facemasks & to stay at least 6 feet apart.

The good news is that Association business has been going on all through the Covid-19 pandemic. The not as good news, is that the normal routine of conducting this business has been interrupted. In-person meetings where folks can not only hear first hand what is going on in the Association, but can also socialize & get to know each other is temporarily on hold. The face-to-face discussions that are so important have not been able to be held. The Association has continued to send out 'global' email to let folks know what is happening. And, folks have access to the Association's brand new web-site [www.thegroveswooster.com](http://www.thegroveswooster.com). Here's to looking forward to getting back to doing business 'The Groves Way'!

Sincerely, Your Board of Directors-Larry Moses, President; Tom McFadden, Secretary; Clyde Crabtree, Treasurer, Eric Liew (Effective 1/1/20), Larry Berger (Effective 1/1/20), Connie Burgess (Resigned 12/31/19) and Eric Pope (Resigned 12/31)

## BOARD OF DIRECTOR'S REPORT CARD

PREFACE-The following lead-in sentence & bullets are taken from the website "Return to the NeighborHuddle Resources" & article entitled "The Role of Today's HOA Board of Directors" by Linda A. Bartel, AMS, LSM, PCAM, Association Times. But, the information under each bullet is original and pertinent to 'The Groves'.

### **"A Recap of the Board Member's Role: Acting through the board as a whole, a board member should:"**

- ***Enforce the documents***
  - The Association maintains a contract with Kaman & Cusimano, LLC in the event of any necessary enforcement.
  - There has been no need to utilize this service in the past 12 months
  - Declarations, By-laws, Amendments & Board Rules are published in the Association's web-site [www.thegroveswooster.com](http://www.thegroveswooster.com)
  - A formal process for architectural changes via an "Application for Architectural Change Form" process is in place
  - A letter and/or electronic notice was sent to Unit Owners concerning enforcement regarding parking in the drive turnarounds
  - Notice of a late monthly assessment payment (paid before end of month)
  - Reminders of rules are regularly put in the association's newsletter
  - Letters and/or electronic notices were sent to two Unit Owners concerning the need to water shrubs in planting beds & the responsibility for the cost to Unit Owners if a shrub has to be replaced do to losing it to lack of watering
- ***Establish sound fiscal policies and maintain accurate record***
  - The Board adopted an annual Investment Policy Statement (September 2019)
  - The Board has a rule that governs the amount of expenditures the President can make without obtaining Board approval. (\$1000 unless governed by contract)
  - The Board has a rule requiring two signatures on any check over \$500.
- ***Financial records are permanently kept***
  - The Associations attorneys are authorized to file business documents with the Ohio Secretary of State on behalf of the Association.
  - The Association maintains comprehensive insurance policies
  - Property & Fidelity (Loss of funds)
  - Liability
  - The Association has at least two signatories on file with all of the financial institutions that does its business
  - All financial records are available for any Unit Owner to review upon request
  - The Association has had one internal fiscal monitoring completed by two fiscally experienced Unit Owners in the past; however, the Association should have an outside professional audit completed in the future
  - An internal fiscal monitoring document is being developed as recommended by the Board

- Develop a workable budget, keeping in mind the needs, requirements and expectations of the community
- ***The Board adopts an annual Operating Budget and Capital Budget***
  - All Unit Owners are given copies of the budgets
  - Treasurer's Reports are sent to Unit Owners via email as well as available at Board meetings
- ***Establish reserve funds***
  - The Association continues to utilize the Reserve Study completed in CY 2015
    - A Reserve Study update is to be completed in CY 2020
    - A draft study has been issued in August 2020 & the Board is awaiting finalization following Board comments
  - The Association has all its Reserve Funds invested in FDIC insured products
  - The Association is fully funding its Reserves as prescribed in its Reserve Study
- ***Act on budget items and determine assessment rates***
  - The budgets are based on a 'line-item' format
  - The monthly assessments in the Operating Budget are set per requirements in the Declarations i.e. Percent of Common Elements are used to calculate the amount
    - After needed operating expenses are determined, the monthly assessments are completed to determine an equal amount of needed income
  - There were no special assessments levied
- ***Collect assessments***
  - All monthly operating assessments aka "dues" were paid. There are no delinquent assessments owed
  - There were no special assessments levied against Unit Owners
- ***Establish, publicize, and enforce rules and penalties***
  - The Board contracted with Utt Brothers Marketing & Web Design to build a web site for the Association.
    - Our web-site [www.thegroveswooster.com](http://www.thegroveswooster.com) was launched in January 2020
    - The web-site has all the Association's Declarations, By-laws, Amendments & Board Rules published
  - Numerous "The Groves Newsletters" are sent via email throughout the year that have rules and related info to Unit Owners
- ***Authorize legal action against owners who do not comply with the rules***
  - There were no reasons in the past year to do this
  - There has not ever been, nor is there currently, any pending or filed lawsuits
- ***Review local laws before passing rules or sending bylaws to membership for approval***
  - The Board has annual contract with attorneys that are used in cases of any questions regarding rules and by-laws
    - There were no proposed by-law changes in the past 12 months
- ***Appoint committees and delegate authority to them***
  - Due to difficulty in finding Chairs for its committees, the Board, at present, suspended its committee
  - In place of committees the President has assigned each Board member areas of responsibilities

- Each Board member can choose to work with informal work groups as needed
- ***Select an attorney, an auditor, insurance agency and other professionals for the association***
  - The Association has an annual contract with the law firm, Kaman & Cusimanno, LLC, that exclusively practices condo, homeowner association work
  - The Association has Whitaker-Myers Group as its insurance agency that services insurance needs
    - Property Insurance with Travelers Insurance
    - Liability Insurance with Cincinnati Insurance
  - The Association currently does not have an auditor or CPA for service needs
- ***Provide adequate insurance coverage, as required by the bylaws and local government agencies***
  - The Association has property insurance with Travelers through a local insurance agency
    - The local agency, Whitaker-Myers Group, represents multiple carriers and periodically secures competitive quotes
  - Upon request, Whitaker-Myers will provide any Unit Owner “proof of insurance” to give to Unit Owners mortgage carriers and/or their personal insurance agencies
  - The Association maintains a second policy that covers Board, Officers and Volunteer liability insurance
- ***Inform members of important board decisions and transactions***
  - Until February 2020, all regularly scheduled Board meetings were publicized and are open to all Unit Owners. After February 2020 due to State of Ohio restrictions because of the Covid-19 virus, the Board has had to have either ‘electronic’ meetings or restricted attendance meetings.
    - Meeting Agendas and Treasurer’s Reports were distributed electronically prior to each meeting
  - All meeting Minutes are electronically distributed and copies of Minutes are available at each Board meeting.
  - All Minutes and Treasurer’s Reports are permanently kept on file and are available with proper notice to all Unit Owners to review
    - The Board purchased a file cabinet for its permanent records that is housed in ‘The Clubhouse’
  - Numerous ‘The Groves Knows’ newsletters were sent electronically throughout the year to Unit Owners that included content regarding Association business
- ***See that the association is protected for the acts of all parties with fiscal responsibilities***
  - The Board has fiscal rules in place that have checks and balances procedures for the approval of contracts and the expenditures of funds
  - The Board has Fidelity Insurance covering the Board and covering loss of funds
  - The Board has liability insurance
  - The Board requires contractors working in the Association to carry liability insurance & worker’s compensation Insurance

- The Board requires contractors working for Unit Owners on Common Elements that have Board approval to carry liability insurance & worker's compensation insurance
- ***Attend and participate at meetings***
  - The Board had a quorum at all of its meetings in the past 12 months
    - The Association has a provision of attendance in its Declarations if ever needed
  - The Board publicizes, as per its by-laws, all its regular Board meetings
    - The Board had several special meetings (electronic & in-person) that were not publicized during the Covid-19 restrictions
  - The Association publicizes, as per its by-laws, its Annual Meeting
  - Members of the Board are copied on notices of committee meetings
  - The agendas, prior to COVID-19, for Board meetings have a place where Unit Owners are welcomed to participate
  - The Social Committee, prior to COVID-19 worked with the Board to provide food and/or refreshments at most Board meetings to help encourage attendance

VOLUNTEERISM-(Sociology): "The principle of donating time & energy for the benefit of other people in the community as a social responsibility rather than any financial gain".  
(Source: The Free Dictionary by Farlex-online).

### **DO WE MEASURE UP?**

One of our Unit Owners, Bill (412) shared an article from the July 2020 Kiplinger's Retirement Report entitled '***Real Estate...Size Up an HOA's Financial Health***'. The gist of the article was about the wisdom of moving into an association at the time of your retirement & what a perspective buyer should do before buying into an HOA. Below are parts of the article with associated comments:

***'...Start With Curb Appeal...Robert Nordlund, founder and CEO of Association Reserves...recommends that you visit a prospective community in daytime & evening & observe:...If you see...signs of deferred maintenance, the board may not be collecting or spending enough money to keep the community in good condition...'*** (Note: The Groves has beautiful landscaping & pressure washes all of our Units on a planned, regular cycle.)

***'...The Docs Rule...After you have a signed purchase offer, the seller should provide you with association documents to review...The budget or profit-and-loss statement shows where the association's cash is going...'*** (Note: The Groves docs can be found on our website at anytime. And, the Association regularly provides Unit Owners with Treasurer's Reports and an Annual Financial Report.)

*...For a Better Picture...the buyer should ask for '...A statement of the percentage of owner occupancy. More than 70% is good...'* (Note: The Groves does not allow rentals. All Units are owner occupied with 50 being primary residences and 2 being second homes.)

*'...A five-year history of special assessments...'* (Note: The Groves has never levied a special assessment since its incorporation.)

*'...The board minutes...Twelve months are good but 24 months are better. Get a sense of the issues under discussion, such as special assessments, and whether the board is a bully, enthralled with its own power...'* (Note: The Groves sends copies of Minutes to all Unit Owners. In non-Covid-19 times, all Unit Owners are encouraged to attend Board meetings. And, the Association routinely sends out a newsletter to help keep Unit Owners apprised of association news.)

*'...The reserve study...This analysis tells the association how much money is needed in regular & special assessments to make necessary repairs & replacements in a timely manner. It should have been prepared by a credentialed provider within the past few years...'* (Note: The Groves had a Reserve Study completed in CY 2015. The study is being updated in CY 2020 by J. R. Johnson Engineering out of Middleburh Hts, OH. Since the adoption of the initial study, the association has been & is fully funding its reserve requirements.)

*'...Look for 60-day delinquencies of 5% or less...'* (Note: The Groves has never had a delinquency of more than 60 days.)

A full read of the article shows that the Groves measures up very strong in the areas that the article Patricia Mertz Esswein thinks are important for a prospective buyer should evaluate when buying into an association.

## **THE WETHERINGTON ASSOCIATION REPORT**

The Villages of Wetherington Condominium Association, Inc. is the "Master Association" to the Groves. There are currently three other associations in addition to the Groves that make up the Wetherington Association: The Greens, The Commons and The Forest. The Woods will be the fifth and final association in the complex. The President of the Groves, per Declarations, is a member of the Wetherington's Board of Directors. In the past year there's been a lot of activity taking place as follow:

### **Board Activities (1/30/20-08/31/20):**

- The organ in the Clubhouse was discarded
- Internet installed Co2 Detectors-Furnace/Fireplace
- Paid Invoice Parking Lot Sugarcreek Cement Co. \$52,900
- Carpet cleaned
- Building Power washed by Buckeye Power Washing \$958
- A new 70" (Donated by the Groves via Private Donor) was installed on wall in the Clubhouse meeting room
- Keyless Entry FOBs arrived distributed by each association (1 per unit)
- Accepted bid from Melway for asphalt repairs on Wetherington Lane & Barrington Way for a total cost of \$1,975.

- Wetherington Board will purchase additional 75 FOBs & will divide the FOBs up among the associations for family members
- New bookcase installed in the second coat rack, south wall meeting room
- Ethel Drucker (Greens) resigned as publisher monthly calendar of events/activity
- Julie Lee (Groves) volunteered to publish the monthly activity calendar
- Approved up to \$1400 for K & C to develop new forms for Clubhouse reservations, activities and phone consultation
- Approved the following activities for the clubhouse use 2020
  1. Dominos – Lou Connor and Sandi Miller (Commons)
  2. Shuffleboard and Pool-Clyde Crabtree (Groves)
  3. Darts - Clyde Crabtree (Groves)
  4. Euchre – Clyde Crabtree (Groves)
  5. Coffee and Conversation – Mark Render (Commons)
  6. Pancake and Sausage Breakfast – Mark Render (Commons)
  7. Coffee and Conversation – Jeff Drouhard (Forest)
- Board accepted the resignation of Clyde Crabtree (Groves) as Chair and member of the Wetherington Finance Committee

### **Wetherington Association Response to Covid-19**

The Wetherington Board voted to **CLOSE THE CLUBHOUSE FROM MARCH 1, 2020 UNTIL AT LEAST OCTOBER 1, 2020** until the following safety guidelines can be met per Governor Mike DeWine’s (Ohio) Executive Orders:

#### **Clubhouse Meeting Room**

- In addition, physically attending individuals must still provide for social distancing by staying six feet apart, wear masks, and not shake hands.
- Further, the meeting should be held in a location that is either outside or in a large room such as a clubhouse that has been recently cleaned, has good air circulation (such as in a garage, screened in porch) and social distancing can be accomplished.
- Boards must continue to remember that many individuals are considered “high risk” for contracting the disease, and because community associations are also corporations, must operate the board consistent with the State of Ohio’s general guidance on office setting requirements when conducting business.

#### **Amenities**

- Many community associations have indoor recreational facilities, such as workout rooms, clubhouses, social rooms, or other amenities.
- Following the guidance of health officials, to minimize the risk of transmitting infection, the utilization of these non-essential amenities must be operated in strict accordance with the State’s safety guidelines and requirements.
- Boards should also prohibit social activities and the use of social rooms within the community or building until the ban on gatherings is limited and to prevent the spread of infection.

## GROVES FINANCIAL REPORT

For Ohio condominium associations, Ohio Revised Code §5311.081 (A) 1, requires that unless otherwise provided in the Declaration and Bylaws, the Board of Directors must adopt and amend budgets for revenues, expenditures, and reserves in an amount adequate to repair and replace major capital items in the normal course of operations without the necessity of special assessments, provided that the amount set aside annually for reserves shall not be less than 10% of the budget for that year unless the reserve requirement is waived annually by the unit owners exercising not less than a majority of the voting power of the unit owners association.

For Ohio HOA's/COA's the standard is less specific and Ohio Revised Code §5312.06(A) (1), requires that unless otherwise provided in the Declaration and Bylaws, the Board of Directors must include reserves in any annual budget in an amount adequate to repair or replace major capital items in the normal course of operations without the necessity of special assessments, unless a majority of the owners waive the reserve requirement annually.

Frequently, an asked question is how a Board determines what is "adequate" and what the 10% guideline means within the condominium statute. There is no requirement in Ohio law for an association to perform a reserve study. However, a qualified professional should perform a reserve study in order to determine the amount of reserves that are needed. The findings of a reserve study will change over time based on various factors such as weather, changes in frequency of use, or significant changes in projected costs related to materials and labor. It is recommended that a 3-5-year review and update of the reserve study or asset inspections be professionally completed.

The Groves is getting an updated Reserve Study in 2020. A draft of the update has been received and is currently under review for finalization and adoption starting in 2021.

**LINE ITEM BUDGET:** *"A budget in which the individual financial statement items are grouped by cost centers or departments. It shows the comparison between the financial data for the past accounting or budgeting periods and estimated figures for the current or a future period."*

BudgetDictionary.com



## GROVES BUDGET SUMMARY

The Association's Annual Meeting, per its Declarations, falls in the third quarter of the calendar year. However, the Association's fiscal year is the calendar year. So, it makes completing an annual financial report interesting. The figures below reflect a year-end report for the full fiscal year of 2019 and an eight-month report for the fiscal year of 2020.

### OPERATING BUDGET: CY 2019 & CY 2020 (January-August)

<u>CY 2019</u>		<b>INCOME</b>	<u>CY Jan-Aug 2020</u>	
<u>Budget</u>	<u>Actual</u>		<u>Budget</u>	<u>Actual</u>
\$111,443	\$110,687		\$116,085	\$75,030
<u>CY 2019</u>		<b>EXPENDITURES</b>	<u>CY Jan-Aug 2020</u>	
<u>Budget</u>	<u>Actual</u>		<u>Budget</u>	<u>Actual</u>
\$28,613	\$29,107	Reserves	\$29,237	\$14,709
\$15,600	*\$13,728	Wetherington Association	\$15,600	\$15,600
\$20,700	\$21,213	Insurance	\$22,263	\$12,380
\$6,500	\$5,351	Buildings	\$6,500	\$1,094
\$25,905	\$24,773	Grounds	\$26,000	\$16,243
\$12,500	\$10,876	Drives/Walks	\$12,800	\$6,689
\$1,625	\$3,002	<u>Administrative</u>	\$3,685	\$1,269
<b>\$111,443</b>	<b>\$107,555</b>	<b>TOTALS</b>	<b>\$116,085</b>	<b>\$67,984</b>

\*Had pre-paid January 2019 monthly assessment in December 2018.

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### CAPITAL BUDGET: CY 2019 & CY 2020 (January-August)

<u>CY 2019</u>	<b>EXPENDITURES</b>	<u>CY Jan-Aug 2020</u>
\$0.00		*\$0.00

\*Concrete drive work completed in August 2020 for an estimated cost of \$3500. Invoice has not been received at the time of printing.

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<u>CY 2019</u>	<b>INVESTMENTS</b>	<u>CY Jan-Aug 2020</u>
\$209,640	All FDIC Insured	\$226,315