

**RIVIERA GARDENS HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
January 25, 2024
MINUTES**

*Upon proper notice duly given, a meeting of the Board of Directors of the **Riviera Gardens Homeowners Association** was held on the date stated above, at 10:00 a.m. via teleconference. A quorum of members was present, and business was conducted as outlined herein.*

MEMBERS PRESENT:

Deirdrie Wade	President
(Randall) Scott Daniels	Vice-President
Mike Tull	Secretary
Jim Busch	Treasurer
J.D Baker	Director

ALSO PRESENT:

Mel Kuppinger, Community Manager representing Powerstone Property Management

CALL TO ORDER:

President Wade called the meeting to order at 10:03 a.m.

HOMEOWNER FORUM

There were thirty-three (33) homeowners present during the meeting. The owners were given the opportunity to ask questions and make comments which would be responded to by community email blast.

SECRETARY'S REPORT:

The Board reviewed the December 28, 2023 minutes. Mike Tull motioned to approve the December 28, 2023 General Session meeting minutes. With a second by Jim Busch and a roll call vote the motion carried unanimously.

TREASURER'S REPORT:

Treasurer Jim Busch provided the financial report for December 2023 which is attached.

- The interim Statement of Revenues and Expenses prepared by Personalized Property Management for the fiscal year ending December 31, 2023 shows a net operating loss of (\$11). However, PPM failed to make correcting entries related to bad debts expense and year end adjustments required to report the financials on an accrual basis are likely to occur. These final adjustments will be determined by the HOA's external accountants during their audit of the financial statements provided by management.
- YTD operating revenues are \$759k compared to budgeted revenues of \$747k; \$12k in excess of budget. The variance was due to collection of various unbudgeted fees and charges of \$15k offset by \$3k related to storage income not charged at the budgeted rate. Storage income needs to be reviewed in fiscal 2024.

- YTD operating expenses as reported are \$759k overall; or \$12k under budget. The budget variance consists of utilities \$17k under budget, building and grounds maintenance are \$33k under budget. This was offset by administrative expenses that were over budget \$49k, primarily due to increased insurance premiums that are \$38k over budget for the year. Landscaping expenses are \$13k over budget primarily due to a change in landscaping contractors in April; however, the Board agreed to reallocate what was considered surplus budget primarily for building and ground maintenance line items to accommodate the new landscape contract. Pool maintenance was on budget at \$23k for the year.
- Although it is too early to say with certainty, the new pool heating practices initiated in November may save the HOA approximately \$22k between November/23 and May/24. The HOA only has two months actual bills for gas since reducing the heat at two pools but we saved approximately \$6,800 over the last two months compared to the prior two years average monthly costs during the same period.

A review of the Balance Sheet for the year ended December 31, 2023 (after adjusting for interfund transfers) is as follows:

- The Association has \$1,303,000 in total assets consisting of \$106k in operating assets, \$911k in assets related to the reserve fund and \$285k in assets related to the Bldg 21 fire fund. Included in total assets is an operating cash balance of \$36k; however, \$18,500 still remains to be transferred from this account to the reserve account for June contributions. The reserve cash balance is \$670k. \$601k of this amount is currently invested in CD's. The Bldg 21 fire fund cash balance is \$285k representing proceeds from our insurance carrier to reconstruct building 21 common area; however, \$105k of this amount is to be transferred to the reserve fund. The insurance carrier recently confirmed an additional \$220k in proceeds for supplemental improvements to Bldg 21 as required by the City of Palm Springs. This should be received sometime in February. Pacific Coast Construction is in the process of reconciling this amount with the adjuster and is currently seeking an additional \$35k from the insurance carrier based on the initial claims request submitted to the adjuster.
- The Association has total liabilities of \$416k including \$134k related to the operating fund and \$282k related to the Bldg 21 fire fund.
- Reserve fund equity is \$ 911k. During the year, the Association has recorded \$220k in monthly contributions to the fund and disbursed \$304k from the reserve account. These disbursements include \$51k for tree trimming and removal, \$115k for insurance premiums, \$32k for plumbing repairs, \$3k for concrete work, \$17k for main electrical panel engineering costs, \$7k for roof maintenance and inspection, \$7k for pool repairs, \$6k for rafter repairs, \$10k for gate repairs, \$39k for elevated surface inspections and \$17k for various other repairs to reserve components. Insurance premiums of \$115k still remain to be transferred from the operating account to the reserve account by May 2024 and are included in the proposed special assessment since the HOA simply does not have sufficient operating cash to transfer borrowed funds back to the

reserve fund. Additional reserve expenditures that need to be accrued (recorded) for the 2023 fiscal year include a payment of \$41k to Flood Response for borescoping on elevated surfaces which was mostly completed in October and \$3,600 as a final billing to RTM Engineering for the engineer investigation and inspection of main electrical panels.

- The HOA has an accumulated operating fund deficit of \$26k at December 31st interim financial statements provided by PPM. The HOA actually began the year with an accumulated operating deficit of \$45K as per the audited financial statements at December 31 2022. This represents a \$17k discrepancy between the interim and audited statements that should have been corrected by PPM in the books of record. As mentioned in prior months, an accumulated operating deficit is significant because it means the HOA has incurred expenses in excess of revenues on a cumulative basis over the life of the HOA. The primary source of revenue for the Association is from member contributions and an accumulated operating deficit is indicative of HOA fees that have not kept pace with inflation and increased demands for goods and services as our infrastructure ages. For the 5year period of fiscal 2019 – 2023, inflation based on the US Bureau of Statistics averaged 4.8% in Riverside County while HOA fees increased on average 4.4%. This also explains in part why it has been necessary to borrow funds from our reserves to pay our annual insurance premiums in recent years, even prior to the significant increase in insurance premiums the HOA experienced in 2023. The Board approved a 19.5% increase to regular assessments beginning in January 2024 which includes an inflationary factor of 3.0%, 1.0% less than the prior 5year average inflation after accounting for an extraordinary increase of 7.7% for insurance, 8.2% increase in monthly reserve contributions as recommended by Association Reserves, and 0.6% for necessary one time increases to various services.

Jim Busch moved that the interim financial statements for the year ended December 31, 2023 not be approved at this time given the need to correct the accumulated deficit and record year end adjustments that will be determined during the audit of the 2023 financial statements and to engage the accounting firm Beck and Company, CPA's Inc. to audit the financial statements for the year ended December 31 2023. With a second by Deirdrie Wade the motion carried unanimously.

COMMITTEE REPORTS –

- **Landscape Committee** – Secretary Tull held a conversation on this matter –

January was a busy month for landscaping. PRO Landscaping completed our annual major tree pruning. Our palm trees will be pruned this summer. PRO also removed five trees that were either dying or posed a safety hazard, and planted six new trees or palms where trees were previously removed in the past year. They refreshed the old decomposed granite (DG) in our desertscape along Vista Chino. They were scheduled to mulch the north half of the Riviera Gardens complex - buildings #1 through #11, beginning Monday, Jan. 29. The south half of our property will be mulched in 2025.

- **Social Committee** – Donna Asbury provided the report for the Social Committee.

Riviera Garden’s newsletter is nearing completion. Thanks to the board and committee chairs who contributed articles, as well as to Mel Kuppinger for providing additional information from Powerstone Property Management. The newsletter will be distributed in early February.

Website updates to www.rivieragardenshoa.com are ongoing as we work with Powerstone to provide new contact information, revised forms, and other pertinent information.

Our “coffee social” on January 13 at pool #3 was well attended by about 35 people. Thanks to Marilyn Meyers for hosting the event and to all who brought food to share. Typically, events are held monthly. We hope to include events in mid-February and mid-March and welcome ideas and involvement of residents.

As a result of two of our members resigning from the committee due to sale or pending sale of their properties, we are interested in finding new committee members with interest/skills in maintaining communications flow and encouraging social interaction within the community. Anyone interested can let Donna Asbury know at dasbury67@gmail.com, who will provide a copy of the committee charter (which is also posted on our website).

- **Planning and Implementation Committee** –

- Status of current projects:
- Elevated surfaces inspection results and plan for resolution: On Friday, Jan 26 Sigler and Assoc. will finish the drilling of scope holes, inspection and capping of those unit areas which could not be accessed during the initial project. The committee will be working with Chris Sigler to prioritize the deficiency items found in the inspection and will coordinate with Mel/Powerstone to add the necessary actions/corrections to the RG maintenance schedule.
- Electrical panel upgrade: Meetings were conducted with the two electrical contractors this week to determine which one to recommend to the board for the award of the contract. As soon as the notes of both meetings are finalized, the committee will analyze and determine the recommended candidate to be presented for board approval.
- Entry gate access: The committee is working with Mel/Powerstone and Big Sky Gatekeeper to learn of its recommendations for providing a comprehensive, modern and reliable entry system for the entire RG property as requested. This week, Mike, Jim and Scott F. met with Mel and Big Sky to continue that conversation. Big Sky's preliminary recommendation from that meeting is an all-new Door King Cell Kit entry system that features touch screen intercom panels and some combination of card keys, FOBs, RFID technology and/or remote controls. This system would not involve Frontier Communications or Spectrum. The possibility of installing and testing a new system at one gate to start, on a trial basis was discussed. The PIC recommends discussing options with other vendors. If approved, three bids (for the same system) would be required.

- **Architectural & Compliance Committee** – Ric Barnes Provided the report – unit 1115 submitted an Architectural Request too late for consideration at this meeting.

OLD BUSINESS

Building 21 Fire update – Secretary Tull provided an update to the membership on this matter. –Over the past two months, Pacific Coast Constructions (PCC) has completed the reconstruction of all roof elements, the pouring of light-weight concrete on all floors, all framing and the installation of all-new windows and sliders. The installation of all electrical, including homeowner-unique requests paid for at their expense, is scheduled for completion by the end of January, followed by City of Palm Springs inspection. After completion of all electrical, PCC will focus on completing all plumbing, followed by HVAC installation and drywall installation. The HOA’s insurance adjuster has approved the payment of an additional \$220,000 for the project. PCC is requesting an additional \$35,000; that request is in process. The entire build-back project is scheduled for completion in April.

A. Special Assessment –

Dede Wade motioned to approve a Special Assessment to repay the Reserve Fund for the 2023 and 2024 annual insurance premiums due to the huge increase in the premiums because of factors in the insurance industry, claims history and risk assessment. There was a second by JD Baker. Roll call vote had “yes” votes from Dede Wade, JD Baker and Scott Daniels with Mike Tull and Jim Busch voting “No”. With three “yes” votes the motion carried. Jim Busch had requested that the motion be derred until the Board could receive the legal opinion from the Tinnelly Law Firm as to whether funding for the main electrical panel replacement project could be considered an emergency assessment.

NEXT MEETING:

The next meeting is scheduled for February 22, 2024 at 10:00 a.m.

ADJOURNMENT:

At this time with no further business presented to the board, the board director adjourned the meeting at 12:04p.m.

Respectfully submitted
Mel Kuppinger Community Manager
Powerstone Property Management

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Riviera Gardens Homeowners Association a California incorporated association. The foregoing is a true and correct record (minutes) of the meeting held by the Board of Directors of the Association and entered in the Minutes Book.

DATED: _____

Riviera Gardens Homeowners Association
A California Corporation

BY: _____
Secretary or Director