

**Skyview Willowbrook Association for Road Maintenance
SWARM GENERAL POLICY**

Rev: February 13, 2014

[Policy_General.doc]

A policy is simply a concise statement of SWARM board decisions, codified such that it stands on its own without the need to review historical minutes to determine a legacy position. It is intended to be a 'living document.'

The following shall be used in concert with (and not supersede) the association's By-laws and Articles. Additional authority for this document (and SWARM), comes from the **California Civil Code, sections 1350-78 (now 4000 et. Seq).**

1. **Function.** The SWARM Board's primary obligation is the **maintenance of the community's roads**, with its secondary obligation being the **collection of assessments** from members to perform such maintenance. Performance of such duties will be conveyed to the association members through (at the minimum) the **annual newsletter** (sent with the annual assessment billing, including the 'new board' announcement, the annual financial report summary and road maintenance status), and ideally also through a **website** that is maintained as current. This is to ensure transparency of the Board functions to all members as required by law of this type of corporation.

2. **Budget.** An *incoming* Board will assess the association budget's health as one of their first orders of business. **Budget projections** will be reviewed and maintained as well as any long-term capital upgrade plans. The Treasurer will assess and notify the respective Gate representatives of the available road funds, ensuring a **suitable reserve is withheld** to meet annual obligations (insurance, mailings, etc.) as well as emergency reserves¹. **Current financial status** (expenditures and available funds) will be presented by the Treasurer as one of the first agenda items of regular Board meetings.

As excess funds become available, they will be put into an **emergency reserve fund** to meet the California Civil Code requirements.

3. **Insurance & Litigation Liabilities.** It is imperative that both **General as well as Directors & Officer's Liability Insurance be maintained and current.** These protect both our members as well as the Board itself from lawsuits.

It is important to understand that proper documentation of Board business as well as of member concerns is imperative to avoid litigation in the first place. Protection of a Board member (as an individual) from litigation is provided by California Civil Code 526-527 (and esp. 526(b)(6)). Indemnification of a Board member is covered by section 9.01 of the Bylaws. **No Board member should be afraid to make a legitimate decision for**

¹ The State requires Associations like ours to maintain a year's dues in reserves. While we cannot do this in one shot, a little bit put aside each year (typ. 10%) will add up. This reserve is not to be used except for emergency repairs that might require a special assessment.

fear of litigation provided they have exercised their duties IAW the Bylaws and with the knowledge of the Board as a whole.

4. Check book. An *incoming* Board will select check signors and update the bank account card with such while removing **account signatures** from Board members no longer serving. The check book will remain in the possession of the Treasurer or Bookkeeper. Balances can be requested any time by any Officer. **The signatures of two Officers will be required on all checks.**

5. Member Lists. A list of members must be maintained and kept current. Changes often result from returned letters and billings and require researching the County property database (at the Assessor's office) to get the current '**address of record**' for taxes. Additional information may include phone numbers as well as residential status. Updates should be accumulated and periodically distributed to both the Accountant as well as the Board. Note that **Member Lists are for internal use only** and will not be released to anyone other than the afore-mentioned.

6. Billings. An annual rate increase, based on the Federal **Consumer Price Index** (including food & fuel) is necessary to ensure assessments properly reflect the cost of materials and fuel increases, etc.². This rate increase is determined at the beginning of the year, typically by the Bookkeeper and/or Board. The Bookkeeper will be provided with pertinent information to prepare billings, including the derived rate increase. Bookkeeper will be responsible for all billing invoices as their capabilities allow.

It is generally accepted to be the Board's responsibility to prepare the bills for mailing. Additionally, the checking of mail and the handling of payments is also (presently) a Board function. It is strongly suggested that the Treasurer keep a ledger of all payments received and the accounts they are assigned to, periodically passing this information to the Bookkeeper. Ideally, QuickBooks should be used for the reports it allows to be generated.

The separate **Billing Policy** document shall be referred to for additional information.

7. Purchases. All purchases will be known in advance to at least one other member of the Board. Receipts will be annotated with the proper accounting category under which that expense should be assigned before it is submitted to the bookkeeper for reimbursement. When purchases are contemplated or made, the following considerations will be taken.

- *Exceeding \$100:* All such purchases shall be done by either through a majority Board approval (recorded in the minutes), *or* through the use of an approved SWARM Purchase Order form. Purchase Orders will be authorized (and when possible) signed by **two** officers of the association. When the order is placed by phone, a copy of the P.O. will be sent to follow-up the phone order. The company

² The Federal CPI index is the only adjustment than can be made under the court ruling, see the document 'Working Directives'.

bookkeeper will be sent a copy of the completed P.O for his or her reconciliation and files.

- *Under \$100:* Reasonable purchases (incidental supplies, mailing supplies, etc.) may be purchased out of pocket and submitted for reimbursement to the bookkeeper, provided at least one other officer is aware of the need. Such submittal should follow and include full receipts as well as the reason for the purchase.

*All **receipts**, from valid purchases by Board Members, must be submitted to the Treasurer within **30 days**, or by the end of the fiscal year -- whichever is the lesser -- of receiving same.*

Purchases made with the intent of **offsetting future billings** against a property's account will require prior approval by the Treasurer and/or Board. This consideration exists because such credit can seriously impact maintenance planning and budgeting in future years, as well as distorting the financial report and indications of work performed during that year...

The Treasurer shall review **financial reports** regularly and ensure monies expended are categorized correctly.

8. Contracts. Contracts can be entered into by the Board of Directors on behalf of the Association. Signatures of **two** Directors will be required on all contracts. An exception may exist in the case of contractors who have worked with the association in the past. In such a case, the involvement of two directors in the negotiation of work ordered and the associated fees will be considered sufficient.

9. Handling payable accounts, (for contract bookkeeping). All invoices shall be accumulated by the Treasurer or Bookkeeper, reviewed, approved by the Treasurer and one other Officer. Approved invoices will be given to Bookkeeper for posting to books. Checks will be prepared by the Treasurer or another Officer for signature and mailing.

10. Handling receivable accounts, (for contract bookkeeping). All receivables shall be logged in by the Treasurer or Bookkeeper, posted to books and deposited to bank by the Treasurer or bookkeeper.

11. Aging report. An aging report on receivables will be submitted by the Treasurer or Bookkeeper on a quarterly basis to the Board of Directors or as requested by any Officer.

12. Audit. A **reconciliation** audit (balancing of accounts) will be performed a minimum of once per year, or on request by any Officer. A full audit will be conducted on an as-needed basis only, due to the cost of such.

13. Corporation Filings. Corporation filings (state) and Tax filings (Federal) will be maintained as per the filing requirements per state and Federal laws. Such filings will be

conducted by the Bookkeeper in conjunction with the Treasurer's input. These include the annual IRS filing, the annual California Franchise Tax Board and Attorney General Registry of Charitable Trust filings as well as the biannual State Corporation Board (SI-100) and Common Interest Development (SI-CID) filings.

14. Member Comments. All member comments and complaints should be requested to be submitted in writing to the Board. Any Officer is willing to accept comments and suggestions by phone, but all complaints submitted in writing and signed by the originator will be acted upon by the Board. Such written complaints will remain in the association records, filed by Gate. It is recommended that the Board consider sending out a periodic **survey** to gauge member's needs and concerns. Received surveys should also remain in association records, as maintained by the Secretary. Additionally, copies of any official correspondence by and to the Board shall be passed to the Secretary to be filed for posterity.

15. Disputes. As noted above, any member with a complaint or dispute should be encouraged to submit such in writing to the Board. The Board needs to examine such written communications as a group and prepare a suitable response.

Should the conflict persist, working with a local mediator is the best solution. Such mediation, although considered confidential, should still be recorded and documented in the Association files. The goal is to come to a mutually-agreeable resolution without having the issue elevate to lawsuits.

Should a lawsuit be filed and the courses of action called out above (as well as in the governing documents) not been pursued, the judge or attorney should be made aware of such at the first hearing. Should the judge agree, the lawsuit may be suspended until such steps are taken. Alternatively, the court may assign the parties to mediation to see if the issue can be resolved before scheduling lawsuit legal proceedings. As an Association whose sole goal is to maintain the roads, preventing the costly elevation of a complaint or dispute into the courts is our primary objective.

16. Records. All company records will be kept in a secure **public storage facility** with ready access by all elected board members of the company. Such records will be kept organized and in an easily-locatable fashion, and if checked out, a record shall be maintained of the same. No records will be kept permanently in a board member's possession (except as copies).

Minutes of Board meetings will be written in an informative fashion since this is the only indication the community has of how the Board addresses the community's concerns.

The Board's **annual records** (e.g., Secretary's minutes and Treasurer's statements) will be kept in an orderly fashion and will be made available to the follow-on Board, including all electronic media and representations, in a timely manner. Once reviewed, the original copies will be filed with the association's records.

If there is a community repository of the association activities (i.e. a **website**), such will be maintained to ensure that all association members are kept abreast of Board activities in a timely fashion. An *incoming* Board will ensure website-specific information is conveyed, including account information, passwords, instructions, etc. The web domain payments will be kept current to ensure continued ownership of the domain.

17. Events. As a Board member, there are traditionally several activities that occur throughout the year one should be aware of:

January: Newsletter, annual financial report(, member survey) and annual assessment billing prepared and mailed.

March: Federal and State Tax and corporate filings reviewed and prepared for filing (generally due in May). Review of past due accounts and necessary delinquency notices and lien actions initiated in this period as well [*see Billing Policy*].

May: Annual meeting planning, request Board candidates for election from members. Weed whack around bulletin board.

July: Delinquent account billing and notices prepared and mailed. Annual meeting announcement and voter cards prepared and mailed. Note that new laws require secret ballots (per 1363.03).

August: Annual meeting & election of new Board members. The annual meeting also brings forth issues at hand as well as a financial update to those present.

October: First Board meeting, officers appointed (and webpage updated w/same), bank account signatories and maintenance planning initiated.

October->May: Road maintenance [*see Maintenance Policy*].

This document was developed and approved by the Board of Directors of SWARM, (date): June 10, 2009 .

Updates:

- 06/2011 – added Member List section.
- 11/2011 – added update to Corporation Filings & Budget. Also added section on insurance and litigation.
- 10/28/12 – Added notes on Records
- 01/10/13 – Added note regarding secret ballots
- 08/20/13 – added section on disputes
- 02/2014 – added reserves footnote and new Davis-Stirling # sequence.