

9/5/2020

Hello Neighbor,

The following document is a recap of the Villages at Heritage Springs HOA Master Board meeting on Saturday, August 29 at 10:00am, held virtually on platform GoToMeeting.com. These are not the official minutes, but a factual and true account from over 50 homeowners who witnessed the discussion, conduct, and voting by the board at this meeting.

What we 50+ homeowners observed at this meeting was highly disturbing:

- Board President Ron Beilke continues to abuse the HOA debit card to make extensive and expensive non-association purchases which cannot be explained. Derek Lee (board treasurer) and JoAnn Aguilar (board secretary) enable this spending by neglecting or abusing their positions on the board which include providing checks and balances on the debit card.
- Ron, Derek and JoAnn had no explanations when confronted by this pattern of spending and cheating of accountability mechanisms. Ron evaded further discussion first by feigning that his laptop batter was running out, and then forcing a vote. Ron, Derek and JoAnn then voted to maintain the same broken debit card policy so Ron can keep spending your money without oversight.
- Immediately after this, Ron, Derek and JoAnn voted to implement an additional policy allowing for reimbursement to board members without providing clear parameters of limitation, timeframe or approval process. They implemented another way for Ron to keep spending your money on top of the system they already voted to protect.
- Ron and his board majority blocked any progress in resolving Ron's conflicts-of-interest re: on-site HOA office (we pay for his daughter's rent) and 1200sqft storage facility in Ron's wife's name. To date, no evidence or access has been provided verifying any of Ron's public verbal claims re: these issues.
- Ron Beilke and his board allies voted against adopting a basic board member code of ethics.

Please read the recap items for the evidence of these conclusions. We believe you will agree that homeowners deserve to know this information, and that the board must answer for their conduct and be held accountable.

If you have questions or follow-up, we encourage you to speak with the neighbor who provided this recap to you or on the neighborhood social media platform NextDoor (search Villages at Heritage Springs neighborhood).

Respectfully,

Your Neighbors at the Villages at Heritage Springs

HOMEOWNER'S RECAP: HOA MASTER BOARD MEETING THE VILLAGES AT HERITAGE SPRINGS SATURDAY, AUGUST 29, 2020, 10:00 A.M.

Meeting was held virtually on platform GoToMeeting.com by Patty Rosia of Premiere Management. All board members in were attendance: Ron Beilke (President), Derek Lee (Treasurer), JoAnn Aguilar (Secretary), John Park (Vice President), Jennifer Yoon (Director)
50+ Homeowners in attendance

This recap covers seven topics of concern that were discussed at the meeting:

1. HOMEOWNER FORUM
2. QUESTIONS TO THE TREASURER RE: SPENDING, REIMBURSEMENT AND TRANSFER OF FUNDS
3. ELECTION INSPECTORS
4. DEBIT CARD VERIFICATION PROCESS
5. REIMBURSEMENT OF "OUT OF POCKET EXPENSES"
6. CONFLICTS OF INTEREST: HOA ONSITE OFFICE & STORAGE FACILITY
7. ADOPTION OF ETHICS POLICY

1. HOMEOWNER FORUM

[approximately 10:15 a.m. – 10:45 a.m.]

Homeowners were given the floor to speak. At peak attendance, over 50 homeowners attended the meeting. Many spoke during the homeowner forum on several issues:

- Sixteen homeowners came forward to voice their solidarity with the call for hiring an independent third-party election inspectors. Several members voiced willingness to assist in subsidizing such inspectors. Several repeated their reports of first-hand experience of Ron Beilke and/or his wife Lily Martini engaging them in attempts to tamper with previous board elections.
- Raising the call for increased financial transparency, and the opportunity for the Board to demonstrate commitment to financial honesty by voting on it at this Board meeting.
- Inquiry into the conflicts-of-interest and lack of evidence regarding Ron Beilke's explanations for the storage facility rented by the HOA, yet signed in his wife's name and restricted access to verification or use by any other board members

2. QUESTIONS TO THE TREASURER RE: SPENDING, REIMBURSEMENT AND TRANSFER OF FUNDS

[approximately 10:50 a.m. – 11:00 a.m.]

John Park (Vice President) asked Derek Lee (Board Treasurer) direct questions about Board Association finances, spending and reimbursement practices. Derek showed a consistent lack of knowledge and involvement of HOA spending. Derek left his camera off throughout the meeting (along with Ron Beilke and JoAnn Aguilar). He only spoke when answering a question from John or Director Jennifer Yoon or voicing his Yes/No vote, which was always in alignment with Ron Beilke, Board President, and/or against motions put forth by John or Jennifer.

Gift Card Reimbursements made to Ron's Wife: Derek did not know how many Target gift cards were purchased for the June graduate parade gifts. There was a \$1000 reimbursement described for these purposes specifically (gift cards), which was approved and issued to Lily Kim Martini (Ron's wife) that Derek stated he had never seen the receipt for.

Transfer of Funds from HOA Reserves to Operating Fund (Debit card): John Park asked about two separate transfers of \$1000 in the month of June from the HOA reserves to the "operating account" (i.e. the debit card which Ron Beilke alone holds, uses and has access of records for). Derek admitted having no knowledge of those transfers. Ron Beilke stated that these he performs these transfers. John Park cited civil code parameter requiring a written notice of intent to borrow from reserves accompanying such transfers, which as Treasurer, Derek Lee should be authorizing. By Derek's admission, this written notice has not been done for the multiple, regular transfers of money made by Ron from the HOA reserves to the debit card.

3. ELECTION INSPECTORS

[approximately 11:20 a.m. – 11:35 a.m.]

Ron voiced that he felt the current election process was sufficient, but that Jennifer Yoon had rallied "her group" of people to bring this cause forward. Jennifer corrected Ron's framing of the issue as "his group vs. her group," noting that the election process is important representation for all homeowners, whom they serve as board members. Parameters were set for election inspectors: not to exceed \$3000, and two additional bids would be considered alongside the vendors Jennifer had prepared. Given the upcoming election, the board & management agreed to try to finalize vendor selection within 1 week.

The board voted unanimously to hire independent third-party inspector of elections for the upcoming Master Board election, not to exceed \$3000.

4. DEBIT CARD VERIFICATION PROCESS

[approximately 11:55 am – 12:10 pm]

As Ron moved onto this next order of business, he addressed the homeowners on the call to take special notice of the current debit card verification policy, which has been in place since March 2020:

- Receipts of purchases made on the HOA debit card (which Ron alone holds and has access to) are to be submitted for monthly review by the Board secretary, JoAnn Aguilar, no later than 7 days after end-of-month.
- As part of the review, the Board Secretary is responsible for flagging any spending which is questionable or requiring further investigation. These flagged items are submitted to management, to be reviewed at subsequent board meetings.
- The Secretary's signature of approval for receipts indicates: all purchases have been verified, confirmed to be appropriately association-related, and nothing merits further review or accountability from the board.

Ron told the homeowners this policy was established to address their various questions of financial accountability. He indicated that these concerns should be fully satisfied because the board had taken these steps to "do what it had always done" in being financially responsible with the use of the HOA debit card (which he alone has access to).

JoAnn Aguilar, the board secretary responsible for reviewing Ron's debit card expenses, was asked and affirmed, multiple times:

- She had conducted review of all debit card purchases since March 1, 2020
- She had not found any questionable or concerning transactions in that entire timeframe
- She had signed off to approve all charges in this timeframe

At this point in the video meeting, John held up a printout to his webcam, with a list of transactions made on the HOA debit card (which Ron alone has access to):

- 2 TVs - \$468
- 1 Patio set - \$600
- Electric scooter - \$400
- Dyson vacuum - \$328.49
- Beer, Jameson whiskey, Pinot Grigo
- Amazon Echo Dot & 2 Amazon Fire TV sticks
- Mini fridge - \$150
- Clothes
- Foam roller + instructional video

When asked to explain her process for verifying that purchases are association related, JoAnn could give no insight or explanation, only repeating her general statement that she reviews receipts and signs off on purchases that are association related.

Jennifer pointed out that JoAnn's review is the supposed accountability mechanism on the HOA debit card (which Ron has sole access to), but her failure to note any questionable charges and her signing to approve all of them meant that accountability on spending was not actually being enforced, as charges were not being presented to the board/homeowners for review.

Jennifer asked about additional recent debit card purchases which JoAnn had reviewed, approved, and not brought forth for question:

- Garage system
- Tiki torches (4 purchased, 2 of which are decorating Ron's front patio)
- Digital translator for international travel
- Dining table set
- Designer rugs
- Personal meals

At this point, Ron interrupted the discussion, affirming that he had made those purchases. Jennifer clarified that her line of questioning was meant for JoAnn, whose duty on the board was to hold Ron accountable for his purchases. Ron attempted to end discussion by moving to vote to continue with the current debit card system, claiming that his laptop battery was down to 16% and going to shut down. He asserted his right to close discussion as the Board President and moderator of the meeting. Jennifer first presented an alternate motion: to eliminate the debit card system altogether.

ALTERNATE MOTION TO ELIMINATE DEBIT CARD SYSTEM

Jennifer highlighted the "broken" system currently in place around the debit card. By their own admission and clearly evidenced during this meeting, the Board Secretary and Board Treasurer are not performing their fiduciary duty to control debit card spending by the HOA President. Previous lack of control of the debit card resulted, at one point, in excess of one month's spending exceeding \$7,000 and had many of personal expenses, including extravagant meals. These non-association purchases paid on debit, drawing directly from HOA bank funds, is "money spent; we cannot get it back."

Jennifer's proposal: Eliminate the debit card system and implement a reimbursement system. Receipts would be submitted to the Board for review at monthly financial review meetings. Once approved by the Board, receipts would be submitted to management to cut a

reimbursement check requiring two signers. Jennifer cites this as common organizational practice.

John Park and Jennifer Yoon voted Yes to eliminate the debit card system and implement a reimbursement system. Ron Beilke, Derek Lee and JoAnn Aguilar voted No. The motion was denied.

VOTE TO MAINTAIN THE DEBIT CARD SYSTEM AS IT STANDS

Ron moved forward to vote on his original motion – to maintain the debit card verification system as it stands despite no explanation or further review of the current system’s failure to provide meaningful accountability.

Ron Beilke, Derek Lee and JoAnn Aguilar voted Yes to maintain the current debit card system. John Park and Jennifer Yoon voted No. The motion was passed.

5. REIMBURSEMENT OF "OUT-OF-POCKET EXPENSES"

[approx. 12:10 p.m. – 12:15 p.m.]

Ron mentioned a state law as legal precedent for Board members to be reimbursed “for expenses occurred during business related to association.” Ron refused to elaborate when asked by John regarding specific parameters of this policy, including a timeframe for expenses covered or approval/verification process. He stated that “board approval would decide” what would qualify for reimbursement and that this would be sufficient oversight.

John and Jennifer voiced strong opposition to implementing this policy as proposed, comparing it to the Board writing themselves a “blank check.”

Ron Beilke, Derek Lee and JoAnn Aguilar voted Yes to approve new policy allowing reimbursement to Board members for out-of-pocket expenses, without clear parameters or limits. John Park and Jennifer Yoon voted No. The motion was passed.

6. CONFLICTS OF INTEREST: HOA ONSITE OFFICE & STORAGE FACILITY

[approx. 12:15 pm – 12:45 pm]

Context: Homeowners have demanded resolution of two longstanding conflict-of-interest issues which were to be resolved at this board meeting

1. Ron Beilke's daughter owns the property which was designated to be the HOA office, and continues to use the property as her primary residence. She is the beneficiary of the \$3000 rent and all utilities paid for by HOA and management company. Ron stated at his 8/22 campaign meeting at the pool that he would move to relinquish his family member's use of the property and another arrangement would be found. He provided no timetable for concrete steps to be taken.
2. The HOA is paying for a 1-year lease of a large 1200sqft. storage facility (with a monthly lease of \$1,050) which is rented in Ron's wife's name (Lily Martini). Ron signed this contract in her name without board approval and has never provided proof or access to verify what it's being used for. At the 8/15 meeting Ron gave a verbal explanation and a self-written inventory list that claimed the storage facility is used only to store HOA event supplies/holiday decorations. He provided no meaningful evidence of his claims that the storage facility was not being used for any non-association purposes, no access for anyone else to verify this, and no timetable for any concrete steps to be taken. He indicated he would work with another storage solution being found by the board.

During the board meeting, Ron was recused from the discussion given the family ties, leaving JoAnn and Derek to discuss John and Jennifer's questions and follow-up regarding these issues. In both cases, Jennifer presented motions that aligned with the steps Ron had voiced on 8/22, as outlined above.

John Park and Jennifer Yoon voted Yes to both motions. JoAnn Aguilar and Derek Lee voted No to both motions, resulting in 2-2 deadlocks and no progress to verify Ron's explanations or resolve conflict-of-interest.

JoAnn and Derek offered no meaningful discussion or alternate policies. JoAnn seemed to have difficulty understanding the motions; after voting against Jennifer's proposal re: onsite office, JoAnn proposed essentially the same motion she had just voted against. When this was clarified and the vote was held again, JoAnn again voted No. Derek did not participate in any discussion except to voice his "No" votes.

7. ADOPTION OF ETHICS POLICY

[approx. 12:45-12:50 pm]

Jennifer made a motion for the Board to draft and adopt an Ethics Policy. She explained that such an Ethics Policy is meant to be a statement and reminder of their roles/responsibilities as Board members. It is a pledge that they "are going to do what is right and expected of them according to state law." Jennifer cited industry practice, association recommendation, and our HOA auditor's recommendation of adopting an Ethics Policy. Jennifer observed that based on how the Board member's conduct within this meeting indicates "confusion" exists within the Board re: their roles and responsibilities.

Jennifer: “An ethics policy outlines what is expected of us and how to respond in a professional manner to do what is right for the association, not for what is beneficial to one individual. That is how we have to start thinking. If you don't start thinking this way, if you are not doing what’s best for the association, then you should step down. I think you should resign, or not run for the board.”

John Park and Jennifer Yoon voted Yes to adopt a board ethics policy. Ron Beilke, Derek Lee and JoAnn Aguilar voted No. Motion to adopt an ethics policy was not passed.