
Board Meeting Minutes

March 8th, 2022

Call to Order: The duly noticed meeting of the Board of Directors of the Alvarado Community Association, Inc., held at the offices of Associated Professional Services (7007 Mission Gorge Rd # 201, San Diego, CA 92120) in the city of San Diego, state of California, was called to order by the President at 7:03 PM.

Roll Call/Quorum Establishment: Quorum was met with 8 of 11 Directors in attendance.

Board Members present: President—Jose Reynoso, Vice President—Wayne Breise, and Treasurer—Ken Klayman. Board Members: Steven Neu, Austin Hong, Wes Hinkle, David Wiles, and Eric Poliak.

Government Representatives: Jefferey Nguyen and Mark Peterson

Others in attendance: Management representative, Katrina Wong with Associated Professional Services (APS).

Prior Board Meeting Minutes: Jose motioned to approve meeting minutes from the February 8th open board meeting. Steve seconded. With no objections and no abstentions, the February 8th open board meeting minutes are approved.

Stacey motioned to approve meeting minutes from the February 8th executive session. Steve seconded. With no objections and no abstentions, the February 8th executive session minutes are approved.

Public Comment: None

Presentations:

Mark Peterson (SDSU Police)

- Drug (un-used prescriptions) take back event on 4/30 from 10am-2pm
- NCAA March Madness events will be held on March 17-20th at Viejas Arena. Expect traffic near Yerba Santa and parking enforcement in area.
- SDSU Commencement planned for May 12th-15th

Jefferey Nguyen on behalf of Councilmember Sean Elo-Rivera

- Capitol Improvement Project Survey ended 3/17
 - Survey informs community projects like undergrounding, parking, etc.

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- Incoming College Area Committee Planning Survey will be public soon. Jefferey will send Jose the link to distribute.
 - Office spoke with Environmental Services Department re: tire dumping. Members can call 858-694-7000 or use GetItDone App to report future incidents.

Ongoing Business/Committee Reports:

Treasurer's Report:

Ken is working with APS Financial Reporting and Accounts Payable departments to revise December 2021 financials. He prepared a schedule of invoiced and paid legal fees to Seltzer Caplan separated by Attorney and Project. The schedule is attached to the minutes for reference. Ken's schedule estimates about 31k in legal fees paid. For 2021, the Association is about 26k overbudget in legal fees. There is no gate attendants fee (line item 536) reflected because of contested overcharges with Elite Security.

Ken motions to be granted discretionary ability by the Board to transfer funds from Operating to Reserves to keep operating funds at a level compliant with the Association's tax status. Jose seconds. With none opposed and no abstentions, the motion passes. Ken will transfer 175k from Operating to the Wells Fargo Securities account.

Ken motions to terminate Lot 60 Failure to Maintain violation fees effective February 14th due to no more visible violations from front yard. Wes seconds. With none opposed and no abstentions, the motion passes.

Property Manager's Report: The March 8th Nominations deadline has passed. All incumbent Directors have submitted self-nomination forms. Next step is to draft and post the Annual Meeting notice including the list of candidates running. Marshall Lewis agreed to again serve as Inspector of Elections.

Architectural Review Committee Report - July 2021 (Jose provided the report in Susan's absence):

Houses approved and currently in destruction/construction mode:

Lot 25 – new home construction started 12-21-20

Lot 74 – Major remodel of existing structure – one year extension granted

Lot 107 – Major Remodel started April 2019 – Request for one-year extension approved
– Permits issued 11-30-20 – Permits re-issued 01-2022

Pending:

Lot 27 – new home construction approved

Lot 28 – new home construction approved

Lot 63 – backyard cabana/garage freestanding addition

Approvals:

Lot 29 – remove exterior wood and replace with stucco similar color

Lot 40 – paint the purple walls the same color as the house

Lot 42 – sports court on side yard

Lot 47 – replace windows & solar

Lot 51 – solar

Lot 52 – new mailbox

Lot 55 – preliminary approval of home addition

Lot 58 – solar

Lot 61 – resurface driveway

Lot 65 – outdoor kitchen on side yard patio (assume 5 ft setback was given during original remodel)

Lot 66 – variance request to replace existing fence on south side and adding side yard BBQ/kitchen area – this lot has no back-yard area for any entertaining – Lot 67 owners are in agreement and will share the cost of the fencing

Lot 67 – replace side yard fence – possible variance needed due to topography of Lot 66. The variance would result in a 7 ft. fence height for Lot 67 with a 6 ft. fence height

for Lot 66. The fence will feature concrete base, which results in the raised height for Lot 67. Both neighbors have agreed to split the cost of fence. Setback approved by Board vote at the January 15th Board meeting.

Lot 70 – new roof

Lot 73 – insurance requested removal of trees next to house

Lot 84 – curb cut to access back yard

Lot 110 – Solar & roofing

Lot 112 – front yard landscaping remodel

Lot T-1 – replace fascia along the roof

Lot T-2 – addition to expand garage

Lot T-8 – remodel/addition

Completions:

Lot 40 – replace trees removed without approval – roots caused damage to foundation and plumbing – working with Lot 39 owners to plant new ones

Requests:

Lot 15 – temporary storage pod due to flood

The Board voted to approve the temporary storage subject to the storage being off street and behind the gate. All voted in favor of granting the temporary storage with no abstentions.

Lot 25 – one year extension of construction

Lot 26 – with regard to Lots 25, 27 & 28 and any walls in plans to build – owner to be kept in loop regarding any building with regard to privacy, view & lighting.

Lot 28 – final approval of city permitted plans

Now that Lot 28 has obtained city permits and the committee has reviewed the

city-approved plans, the architectural committee recommends the Board grant approval. The Committee and its Architect both confirmed the plans do not violate the Association's Rules. Jose motions the Board grants the Owners its approval. David seconds. All Directors voted in favor of approval with no abstentions.

Gate Operations Committee Report: The kiosk needs a new cleaning person. The damaged computer can now be accessed but resident codes must be manually re-entered. Board discussed hiring an intern for data entry.

Common Area Maintenance: There will be a private event in the park on 4/10, nature of the event unknown. In September, there will be a wedding in the Park.

CACC: Elections are postponed due to lack of quorum. College area population is set to double by 2050 so the planning committee vision will be more important.

Streets: Board Members and legal are collaborating on a letter to the City Attorney regarding undergrounding.

Safety/Security Committee Report: Eric motions to affirm and submit to City the draft ByLaws, Budget, and Logo for Alvarado's new Fire Safety Council. David seconds. Eric, Jose, Wayne, Austin, Steve, Wes, and David vote in favor. Ken abstains. The motion to affirm and submit the above to the City passes.

Communication/Technology:

During the January meeting, the Board passed a motion to hire a web assistant to set up a password protected section for members. Meeting minutes can then be posted under password protection. Access to notices/agenda will not be password protected. Going forward, meeting agendas will be posted to the AE website at least 4 days in advance of meetings.

Community Clubhouse Ad Hoc Committee: *Clubhouse Legal Update* – The Clubhouse committee recommends moving forward with the Association's existing 501(c)4 status and adopting new Rules, subject to legal review, to manage the Clubhouse.

The next steps will be to prepare to present to community, schedule a community forum, and put the Clubhouse to a vote of the owners.

Rules Committee: Wayne made the following motions (provided by Wayne verbatim):

Based on the written legal opinions that set forth possible conflict with current Mills Act

homeowners, possible issues with the IRS, costs related to subdivision, costs related to the creation and maintenance of a 501(c)7 organization and other factors, it is the best interest of our community Association to reject this option. ***Wayne motions to proceed with the clubhouse using the existing 501(c)4 tax status.*** David seconds. Eric, Jose, Wayne, Austin, Ken, Wes, and David vote in favor. Steve abstains. The motion passes.

Wayne motions to authorize the Clubhouse Committee to create Rules of Use for the Clubhouse that will protect the peace and tranquility within our neighborhood. All final Rules will be reviewed and approved by legal counsel and the Board. David seconds. Eric, Jose, Wayne, Austin, Ken, Wes, and David vote in favor. Steve abstains. The motion passes.

Prior to the construction of a Clubhouse, the Rules of the Association require the Board to obtain a favorable vote from the majority of the membership. ***Therefore, Wayne motions for the Board to authorize the Clubhouse committee to create a ballot for distribution.*** The Ballot and all attachments must be reviewed and approved by legal counsel prior to distribution. David seconds. With none opposed and no abstentions, the motion passes.

Wayne motions to remove the existing fundraising sign at the gate entrance within 10 days of March 8th. Wes seconds. With none opposed and no abstentions, the motion passes.

Social Committee Report:

There are no events scheduled until Annual Meeting on Saturday May 14th.

New Business: None

Calendar: Next Board meeting is scheduled for Tuesday, April 12th. Jose will try to coordinate a meeting location in person. Details to follow via email and in meeting notice.

Adjournment: There being no further business, the Board meeting adjourned to executive session at 8:40 PM.

Minutes respectfully submitted by K. Wong.

Secretary Certification:

Minutes approved during the Board Meeting held on_____.

Signed: _____, Stacey James - Board Secretary

Board Meeting Minutes – Executive Session

March 8th, 2022

Call to Order: The duly noticed Executive meeting of the Board of Directors of the Alvarado Community Association, Inc., held at the offices of Associated Professional Services (7007 Mission Gorge Rd # 201, San Diego, CA 92120) in the city of San Diego, state of California, was called to order by the President at 6:00 PM.

Roll Call/Quorum Establishment: Quorum was met with 8 of 11 Directors in attendance.

Board Members present: President—Jose Reynoso, Vice President—Wayne Breise, and Treasurer—Ken Klayman. Board Members: Steven Neu, Austin Hong, Wes Hinkle, David Wiles, and Eric Poliak.

Others Present: Katrina Wong (Management representative with Association Professional Services)

Lot 107 - Benke-Lambron Lawsuit Updates:

- Hearing re-scheduled to March 11th.
- The plaintiff's strategy is now to target the Association's use of the second story definition. The Architect cited CA State Code which states a habitable attic is NOT a second story.
- The Board wants to legal to seek dismissal and recovery of legal fees.

Clubhouse Legal Updates:

- The committee is recommending proceeding with existing 501c4 status. The committee will draft a package with the help of Epsten Legal Counsel to present to owners at an Open Forum.
- The Best time to hold the open forum looks to be right before the Annual Meeting on May 14th at 1pm. Will the open forum be open to members of the greater college area beyond Alvarado? The committee shall defer to legal counsel for tax purposes.
- All agreed to recommend the 501c4 option during open board meeting.

Undergrounding:

- Marshall Lewis has connections with Seltzer and is working with Attorney Brian Kartusian on the letter to the City Attorney.

Adjournment: There being no further business, the Executive Board meeting was adjourned at 7:00 PM

Minutes respectfully submitted by K. Wong.

Secretary Certification:

Minutes approved during the Board Meeting held on_____.

Signed:_____, Stacey James - Board Secretary

**Alvarado Community Association
Treasurer's Report
Board of Directors' Meeting
Tuesday, April 12, 2022**

General Comment:

Following the last Board meeting, Ken asked Katrina to set up a meeting with Neal Chazin, the owner and president of Associated Professional Services (APS), to discuss and resolve several recurring problems that Ken has encountered, concerning the bookkeeping and financial statements prepared by APS. A meeting was held at the offices of APS on Monday, March 21, 2022. Attending were Neal, Katrina, Lucy Calderon, and Ken. Lucy was recently hired by APS, and has been newly assigned to handle the Association's bookkeeping and financial statement preparation. The meeting went well, addressed Ken's concerns, and Ken is hopeful that communications will be improved, as will the timeliness and accuracy of the bookkeeping and financial statements.

December Financial Statement:

Ken pointed out at the APS meeting that the in-house prepared financial statements for December 31, 2021, contained several errors. Since the December statement is the starting point for the preparation of the annual audit conducted by Stephen DeMaine, CPA, Ken asked Lucy to revise the December statement. That statement should be included in the Directors' packet. According to the revised December statements, the Association had a net income of \$32,944 and a net deficit of \$7,377 for the year ended December 31, 2021. The Association budgeted a \$40,321 net income and a \$-0- surplus/deficit for 2021. The term "net income" does not include the amount representing the annual addition to the Capital Reserve account. The "net surplus" or "net deficit" equals the net income less the annual contribution to the Capital Reserve account. The annual contribution to the Capital Reserve account is not considered an expense; rather, it is merely a transfer from the Association's operating funds to the Capital Reserve funds. It should be noted that this is the first year since Ken has been treasurer that the Association has incurred a deficit. It should also be noted that this number may be increased or decreased once the audit report is completed and finalized.

January Financial Statement:

Also included in the Directors' packet is a copy of the February 28, 2022 financial statement. According to that statement there is over \$250,000 in the Associations' general operating bank account with Alliance Bank. Ken would like to have the Board adopt a resolution authorizing him to transfer an amount, to be determined by him, from the Alliance Bank account into the Wells Fargo Advisors brokerage account. Please make a motion and hold a vote on such authorization.

Wells Fargo Advisors Clubhouse Account:

As of March 31, 2022, the balance in the Association's Clubhouse account is \$346,025.96, representing \$346,000 in voluntary donations from 25 lot owners, and \$25.96 in interest. The last deposit was made on September 22, 2021.

2021 Annual Audit:

I haven't seen it yet, but I understand that a draft of the 2021 audit report and the 2021 federal and California Tax Reports will be sent out on Monday, April 11th. I will not have an opportunity to review them prior to my departure, so I will review those documents on my return.

Elite Billing:

The Association has received several invoices from Elite Show Services, Inc. which we believe contain overcharges. Elite has neither sent revised billings, nor substantiated what we believe are overcharges. I have prepared a schedule of adjustments dating back to their October invoice, and will work with Elite to resolve these issues on my return..

Capital Reserve Study:

Sometime in June or July, Ken will begin the process with Sonnenberg & Company to complete the Reserve Study for 2022.

ALVARADO COMMUNITY ASSOCIATION

Financial Statements

December 31, 2021

Fiscal Year End: 12

(unaudited)



ASSOCIATED PROFESSIONAL SERVICES INC

P O BOX 602090

SAN DIEGO, CA 92160

619 299-6899

104

ALVARADO COMMUNITY ASSOCIATION

BALANCE SHEET FISCAL YEAR END DECEMBER 31, 2021 AS OF 12/31/2021

ASSETS

102	ALLIANCE ASSOCIATION BANK	85,381.66	
	TOTAL OPERATING		85,381.66
145	WELLS FARGO SECURITIES	428,569.66	
146	WELLS FARGO CLUBHOUSE ACCOUNT	346,017.43	
	TOTAL RESERVES		774,587.09
165	ACCOUNTS RECEIVABLE	22,058.28	
170	ALLOWANCE FOR DOUBTFUL ACCOUNT	(3,899.00)	
	TOTAL ACCOUNTS RECEIVABLE		18,159.28
175	PREPAID INSURANCE	806.02	
190	PREPAID LEGAL	5,370.00	
195	LAND	22,753.00	
	TOTAL OTHER ASSETS		28,929.02
	TOTAL ASSETS		907,057.05

LIABILITIES

215	ACCOUNTS PAYABLE	25,366.63	
205	PREPAID DUES	44,490.13	
260	CLUBHOUSE ACCOUNT	346,000.00	
	TOTAL LIABILITIES		415,856.76

OWNERS EQUITY

300	OPERATING FUND	26,690.12	
	Y.T.D SURPLUS/(DEFICIT)	(6,954.82)	
	TOTAL OPERATING FUND		19,735.30
305	RESERVES (Jan 1st)	451,912.59	
310	RESERVE ALLOCATION	40,320.96	
320	RESERVE EXPENDITURES	(130,280.75)	
330	UNALLOCATED RESERVES	109,512.19	
	TOTAL RESERVES		471,464.99
	TOTAL EQUITY		491,200.29
	TOTAL LIABILITIES & EQUITY		907,057.05

ALVARADO COMMUNITY ASSOCIATION
I N C O M E S T A T E M E N T
FISCAL YEAR END DECEMBER 31, 2021
FOR THE PERIOD 12/01/2021 TO 12/31/2021

		CURRENT ACTUAL	CURRENT BUDGET	CURRENT VARIANCE	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D VARIANCE
<u>I N C O M E</u>							
400	ASSESSMENTS	0.00	0.00	0.00	263,451.00	275,358.00 (	11,907.00)
401	PRIOR YEAR SURPLUS	0.00	0.00	0.00	11,905.00	0.00	11,905.00
405	ARCHITECTURAL FEES COLLEC	0.00	83.37 (	83.37)	950.00	1,000.00 (	50.00)
420	LATE FEES	0.00	0.00	0.00	80.00	0.00	80.00
430	COLLECTION FEES	0.00	0.00	0.00	700.00	0.00	700.00
435	PARK DONATIONS	0.00	83.37 (	83.37)	0.00	1,000.00 (	1,000.00)
440	MISCELLANEOUS INCOME	0.00	0.00	0.00	73.27	0.00	73.27
450	DIVIDENDS/INTEREST	2.94	41.74 (	38.80)	100.43	500.00 (	399.57)
475	STICKER/CLICKER INCOME	0.00	33.37 (	33.37)	550.77	400.00	150.77
485	DOUBTFUL ACCOUNTS	<u>1,900.00</u>	<u>0.00</u>	<u>1,900.00</u>	<u>8,000.00</u>	<u>0.00</u>	<u>8,000.00</u>
	TOTAL INCOME	1,902.94	241.85	1,661.09	285,810.47	278,258.00	7,552.47
<u>E X P E N S E</u>							
501	NEWSLETTER	0.00	83.37	83.37	626.61	1,000.00	373.39
504	MANAGEMENT/BOOKKEEPING	1,440.00	1,063.37 (	376.63)	15,928.00	12,760.00 (	3,168.00)
506	OFFICE SUPPLIES & MISC	904.31	324.62 (	579.69)	2,522.75	3,895.00	1,372.25
508	TAXES, PERMITS & FEES	0.00	10.00	10.00	0.00	120.00	120.00
509	ACCOUNTING FEES/AUDIT	0.00	139.62	139.62	1,675.00	1,675.00	0.00
510	INSURANCE	415.00	418.87	3.87	3,849.98	5,026.00	1,176.02
511	SOCIAL FEES	0.00	422.99	422.99	5,502.73	5,075.00 (	427.73)
512	LEGAL & CONSULTATION (	7,876.84)	416.74	8,293.58	31,372.42	5,000.00 (	26,372.42)
514	ELECTRICITY	466.54	441.74 (	24.80)	5,369.48	5,300.00 (	69.48)
516	WATER	0.00	612.50	612.50	9,007.44	7,350.00 (	1,657.44)
518	REPAIRS & SUPPLIES	0.00	41.74	41.74	180.00	500.00	320.00
520	GARDENING	1,200.00	1,200.00	0.00	14,550.00	14,400.00 (	150.00)
524	ARCHITECTURAL SERVICES	0.00	0.00	0.00	1,937.50	0.00 (	1,937.50)
526	CONTINGENCY	0.00	666.74	666.74	718.75	8,000.00	7,281.25
530	TRASH SERVICE	3,218.26	3,075.74 (	142.52)	37,763.22	36,908.00 (	855.22)
532	STREET MAINTENANCE	363.80	583.37	219.57	6,148.88	7,000.00	851.12
534	GATE & KIOSK MAINTENANCE	0.00	600.00	600.00	5,605.03	7,200.00	1,594.97
536	GATE ATTENDANTS	17,632.28	8,819.00 (	8,813.28)	104,303.01	105,828.00	1,524.99
539	STICKER/CLICKER COST	0.00	0.00	0.00	691.16	0.00 (	691.16)
542	TELEPHONE & INTERNET	0.00	66.74	66.74	2,222.30	800.00 (	1,422.30)
544	PARK IMPROVEMENTS	0.00	333.37	333.37	1,141.07	4,000.00	2,858.93
546	ARCHITECTURAL COMMITTEE	500.00	50.00 (	450.00)	750.00	600.00 (	150.00)
548	SAFETY COMMITTEE	<u>0.00</u>	<u>458.37</u>	<u>458.37</u>	<u>579.00</u>	<u>5,500.00</u>	<u>4,921.00</u>
	TOTAL OPERATING EXPENSE	18,263.35	19,828.89	1,565.54	252,444.33	237,937.00 (	14,507.33)
	NET OPERATING INCOME (	16,360.41)	(19,587.04)	3,226.63	33,366.14	40,321.00 (	6,954.86)
600	STREET/GATE MAINT RESERV	<u>3,360.08</u>	<u>3,360.12</u>	<u>0.04</u>	<u>40,320.96</u>	<u>40,321.00</u>	<u>0.04</u>
	NET SURPLUS/(DEFICIT) (19,720.49)	(22,947.16)	3,226.67 (6,954.82)	0.00 (6,954.82)
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ALVARADO COMMUNITY ASSOCIATION
GENERAL JOURNALS REPORT
FOR THE PERIOD 12/01/2021 TO 12/31/2021

PAGE: 1

JOURNALS

TRX DATE	DESCRIPTION	REFERENCE	ACCOUNT	CHART OF ACCTS DESCRIPTION	DEBITS	CREDITS
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	215	ACCOUNTS PAYABLE	5,262.30	
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	514	ELECTRICITY		153.97
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	514	ELECTRICITY		21.15
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	514	ELECTRICITY		16.91
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	514	ELECTRICITY		192.02
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	514	ELECTRICITY		52.01
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	520	GARDENING		1,200.00
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	530	TRASH SERVICE		3,218.24
12/01/2021	ADJUST NOV EXPENSES REC IN DEC	GJ	532	STREET MAINTENANCE		408.00
	BOOKED BY: D_E ON: 02/10/2022 16:26:11:25					
12/01/2021	ADJ NOV EXPENSES REC IN DEC	GJ	215	ACCOUNTS PAYABLE	8,829.26	
12/01/2021	ADJ NOV EXPENSES REC IN DEC	GJ	536	GATE ATTENDANTS		8,829.26
	BOOKED BY: D_E ON: 02/10/2022 16:33:50:57					
12/01/2021	ADJ NOV EXPENSES REC IN DEC	GJ	215	ACCOUNTS PAYABLE	1,161.43	
12/01/2021	ADJ NOV EXPENSES REC IN DEC	GJ	516	WATER		1,161.43
	BOOKED BY: D_E ON: 02/10/2022 16:33:50:64					
12/23/2021	ONLINE TRANSFER WFCS	GJ	102	ALLIANCE ASSOCIATION BANK	60,000.00	
12/23/2021	ONLINE TRANSFER WFCS	GJ	145	WELLS FARGO SECURITIES		60,000.00
	BOOKED BY: D_E ON: 12/29/2021 13:07:02:89					
12/31/2021	RECORD RESERVE ALLOCATION	GJ	310	RESERVE ALLOCATION		3,360.08
12/31/2021	RECORD RESERVE ALLOCATION	GJ	600	STREET/GATE MAINT RESERV ALLOC	3,360.08	
	BOOKED BY: D_E ON: 02/10/2022 16:16:17:18					
12/31/2021	RECORD WF INTEREST	GJ	146	WELLS FARGO CLUBHOUSE ACCOUNT	2.94	
12/31/2021	RECORD WF INTEREST	GJ	450	DIVIDENDS/INTEREST		2.94
	BOOKED BY: D_E ON: 02/10/2022 16:16:17:28					
12/31/2021	ADJUST JAN CK REGISTER TO DEC EXP	GJ	215	ACCOUNTS PAYABLE		3,709.80
12/31/2021	ADJUST JAN CK REGISTER TO DEC EXP	GJ	512	LEGAL & CONSULTATION	25.00	
12/31/2021	ADJUST JAN CK REGISTER TO DEC EXP	GJ	514	ELECTRICITY	52.01	
12/31/2021	ADJUST JAN CK REGISTER TO DEC EXP	GJ	514	ELECTRICITY	182.94	
12/31/2021	ADJUST JAN CK REGISTER TO DEC EXP	GJ	514	ELECTRICITY	21.36	
12/31/2021	ADJUST JAN CK REGISTER TO DEC EXP	GJ	514	ELECTRICITY	193.18	
12/31/2021	ADJUST JAN CK REGISTER TO DEC EXP	GJ	514	ELECTRICITY	17.05	
12/31/2021	ADJUST JAN CK REGISTER TO DEC EXP	GJ	530	TRASH SERVICE	3,218.26	
	BOOKED BY: D_E ON: 02/10/2022 16:28:15:36					
12/31/2021	ADJUST LEGAL FEES	GJ	215	ACCOUNTS PAYABLE	16,352.20	
12/31/2021	ADJUST LEGAL FEES	GJ	512	LEGAL & CONSULTATION		16,352.20
	BOOKED BY: D_E ON: 03/08/2022 12:13:58:84					
12/31/2021	ADJUST PREPAID LEGAL FEES	GJ	190	PREPAID LEGAL	5,370.00	
12/31/2021	ADJUST PREPAID LEGAL FEES	GJ	512	LEGAL & CONSULTATION		5,370.00
	BOOKED BY: D_E ON: 03/08/2022 12:13:59:01					
12/31/2021	TO RECORD DECEMBER ELITE BILL	GJ	215	ACCOUNTS PAYABLE		8,338.45
12/31/2021	TO RECORD DECEMBER ELITE BILL	GJ	536	GATE ATTENDANTS	8,338.45	
	BOOKED BY: LJC ON: 04/08/2022 14:27:35:63					
TOTAL NET:			0.00			

**Alvarado Community Association
Analysis of Legal Fees
Seltzer Caplan McMahon Vitek
Year Ended December 31, 2021**

Per Neal's Schedule:
Epsten
Ciceron

ALVARADO COMMUNITY ASSOCIATION

Financial Statements

February 28, 2022

Fiscal Year End: 12

(unaudited)

ASSOCIATED PROFESSIONAL SERVICES INC

P O BOX 602090

SAN DIEGO, CA 92160

619 299-6899

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ALVARADO COMMUNITY ASSOCIATION

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B A L A N C E S H E E T

FISCAL YEAR END DECEMBER 31, 2022

AS OF 02/28/2022

A S S E T S

102	ALLIANCE ASSOCIATION BANK	250,839.83	
	TOTAL OPERATING		250,839.83
145	WELLS FARGO SECURITIES	428,577.30	
146	WELLS FARGO CLUBHOUSE ACCOUNT	346,023.02	
	TOTAL RESERVES		774,600.32
165	ACCOUNTS RECEIVABLE	84,682.08	
170	ALLOWANCE FOR DOUBTFUL ACCOUNT	(3,899.00)	
	TOTAL ACCOUNTS RECEIVABLE		80,783.08
190	PREPAID LEGAL	5,370.00	
195	LAND	<u>22,753.00</u>	
	TOTAL OTHER ASSETS		28,123.00
	TOTAL ASSETS		<u>1,134,346.23</u>

L I A B I L I T I E S

215	ACCOUNTS PAYABLE	33,346.28	
205	PREPAID DUES	5,085.50	
260	CLUBHOUSE ACCOUNT	<u>346,000.00</u>	
	TOTAL LIABILITIES		384,431.78

O W N E R S E Q U I T Y

300	OPERATING FUND	25,884.10	
	Y.T.D SURPLUS/(DEFICIT)	<u>252,598.36</u>	
	TOTAL OPERATING FUND		278,482.46
305	RESERVES (Jan 1st)	354,997.98	
310	RESERVE ALLOCATION	6,921.82	
330	UNALLOCATED RESERVES	<u>109,512.19</u>	
	TOTAL RESERVES		<u>471,431.99</u>
	TOTAL EQUITY		749,914.45
	TOTAL LIABILITIES & EQUITY		<u>1,134,346.23</u>

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ALVARADO COMMUNITY ASSOCIATION
I N C O M E S T A T E M E N T
FISCAL YEAR END DECEMBER 31, 2022
FOR THE PERIOD 02/01/2022 TO 02/28/2022

		CURRENT ACTUAL	CURRENT BUDGET	CURRENT VARIANCE	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D VARIANCE
<u>I N C O M E</u>							
400	ASSESSMENTS	0.00	24,036.83 (	24,036.83)	288,414.00	48,073.66	240,340.34
405	ARCHITECTURAL FEES COLLEC	500.00	83.33	416.67	500.00	166.66	333.34
435	PARK DONATIONS	0.00	83.33 (	83.33)	0.00	166.66 (	166.66)
450	DIVIDENDS/INTEREST	6.37	166.66 (	160.29)	13.23	333.32 (	320.09)
475	STICKER/CLICKER INCOME	0.00	33.33 (	33.33)	0.00	66.66 (	66.66)
485	DOUBTFUL ACCOUNTS	<u>800.00</u>	<u>0.00</u>	<u>800.00</u>	<u>2,700.00</u>	<u>0.00</u>	<u>2,700.00</u>
	TOTAL INCOME	1,306.37	24,403.48 (	23,097.11)	291,627.23	48,806.96	242,820.27
 <u>E X P E N S E</u>							
501	NEWSLETTER	0.00	83.33	83.33	0.00	166.66	166.66
504	MANAGEMENT/BOOKKEEPING	1,780.09	1,250.00 (	530.09)	3,727.18	2,500.00 (	1,227.18)
506	OFFICE SUPPLIES & MISC	175.69	250.00	74.31	213.14	500.00	286.86
508	TAXES, PERMITS & FEES	35.00	12.00 (	23.00)	35.00	24.00 (	11.00)
509	ACCOUNTING FEES/AUDIT	0.00	139.58	139.58	0.00	279.16	279.16
510	INSURANCE	905.00	400.00 (	505.00)	2,412.00	800.00 (	1,612.00)
511	SOCIAL FEES	0.00	483.33	483.33	16.64	966.66	950.02
512	LEGAL & CONSULTATION	0.00	666.66	666.66 (	368.06)	1,333.32	1,701.38
514	ELECTRICITY	680.50	458.33 (	222.17)	735.95	916.66	180.71
516	WATER	94.90	800.00	705.10	279.32	1,600.00	1,320.68
518	REPAIRS & SUPPLIES	0.00	41.66	41.66	0.00	83.32	83.32
520	GARDENING	1,200.00	1,200.00	0.00	3,190.00	2,400.00 (	790.00)
526	CONTINGENCY	0.00	666.66	666.66	10.00	1,333.32	1,323.32
530	TRASH SERVICE	3,218.24	3,083.08 (	135.16)	3,218.24	6,166.16	2,947.92
532	STREET MAINTENANCE	418.44	583.33	164.89	840.52	1,166.66	326.14
534	GATE & KIOSK MAINTENANCE	0.00	691.66	691.66	210.00	1,383.32	1,173.32
536	GATE ATTENDANTS	8,399.62	9,187.50	787.88	17,587.12	18,375.00	787.88
542	TELEPHONE & INTERNET	0.00	137.08	137.08	0.00	274.16	274.16
544	PARK IMPROVEMENTS	0.00	250.00	250.00	0.00	500.00	500.00
546	ARCHITECTURAL COMMITTEE	0.00	100.00	100.00	0.00	200.00	200.00
548	SAFETY COMMITTEE	<u>0.00</u>	<u>458.33</u>	<u>458.33</u>	<u>0.00</u>	<u>916.66</u>	<u>916.66</u>
	TOTAL OPERATING EXPENSE	16,907.48	20,942.53	4,035.05	32,107.05	41,885.06	9,778.01
	NET OPERATING INCOME (	15,601.11)	3,460.95 (	19,062.06)	259,520.18	6,921.90	252,598.28
600	STREET/GATE MAINT RESERV	<u>3,460.91</u>	<u>3,460.91</u>	<u>0.00</u>	<u>6,921.82</u>	<u>6,921.82</u>	<u>0.00</u>
	NET SURPLUS/(DEFICIT) (	19,062.02)	0.04 (	19,062.06)	252,598.36	0.08	252,598.28
		=====	=====	=====	=====	=====	=====

ALVARADO COMMUNITY ASSOCIATION
GENERAL JOURNALS REPORT
FOR THE PERIOD 02/01/2022 TO 02/28/2022

PAGE: 1

JOURNALS

TRX DATE	DESCRIPTION	REFERENCE	ACCOUNT	CHART OF ACCTS DESCRIPTION	DEBITS	CREDITS
02/01/2022	ADJUST JAN EXPENSES REC IN FEB	GJ	215	ACCOUNTS PAYABLE	904.87	
02/01/2022	ADJUST JAN EXPENSES REC IN FEB	GJ	510	INSURANCE		415.00
02/01/2022	ADJUST JAN EXPENSES REC IN FEB	GJ	512	LEGAL & CONSULTATION		250.00
02/01/2022	ADJUST JAN EXPENSES REC IN FEB	GJ	514	ELECTRICITY		55.45
02/01/2022	ADJUST JAN EXPENSES REC IN FEB	GJ	516	WATER		184.42
BOOKED BY: D_E ON: 04/05/2022 14:18:24:45						
02/28/2022	ADJUST MARCH CK REGISTER TO FEB EXP	GJ	215	ACCOUNTS PAYABLE		8,882.97
02/28/2022	ADJUST MARCH CK REGISTER TO FEB EXP	GJ	514	ELECTRICITY	58.97	
02/28/2022	ADJUST MARCH CK REGISTER TO FEB EXP	GJ	514	ELECTRICITY	11.14	
02/28/2022	ADJUST MARCH CK REGISTER TO FEB EXP	GJ	514	ELECTRICITY	11.13	
02/28/2022	ADJUST MARCH CK REGISTER TO FEB EXP	GJ	514	ELECTRICITY	176.56	
02/28/2022	ADJUST MARCH CK REGISTER TO FEB EXP	GJ	514	ELECTRICITY	22.98	
02/28/2022	ADJUST MARCH CK REGISTER TO FEB EXP	GJ	514	ELECTRICITY	202.57	
02/28/2022	ADJUST MARCH CK REGISTER TO FEB EXP	GJ	536	GATE ATTENDANTS	8,399.62	
BOOKED BY: D_E ON: 04/05/2022 14:21:07:77						
02/28/2022	RECORD RESERVE ALLOCATION	GJ	310	RESERVE ALLOCATION		3,460.91
02/28/2022	RECORD RESERVE ALLOCATION	GJ	600	STREET/GATE MAINT RESERV ALLOC	3,460.91	
BOOKED BY: LJC ON: 04/04/2022 9:57:09:56						
02/28/2022	RECORD WF INTEREST	GJ	145	WELLS FARGO SECURITIES	3.72	
02/28/2022	RECORD WF INTEREST	GJ	146	WELLS FARGO CLUBHOUSE ACCOUNT	2.65	
02/28/2022	RECORD WF INTEREST	GJ	450	DIVIDENDS/INTEREST		6.37
BOOKED BY: LJC ON: 04/04/2022 10:02:10:28						
02/28/2022	TO RECORD 2021 PREPAID INSURANCE	GJ	175	PREPAID INSURANCE		806.02
02/28/2022	TO RECORD 2021 PREPAID INSURANCE	GJ	300	OPERATING FUND	806.02	
BOOKED BY: LJC ON: 04/06/2022 10:01:38:95						
02/28/2022	ARCH DEPOSIT - LOT 201 - MR	GJ	102	ALLIANCE ASSOCIATION BANK	500.00	
02/28/2022	ARCH DEPOSIT - BROWN - MR	GJ	405	ARCHITECTURAL FEES COLLECTED		500.00
BOOKED BY: M_LR ON: 02/28/2022 10:20:27:93						
TOTAL NET:		0.00				

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		Per Elite Invoice		Per Alvarado Correction		Revised
Date of Service	Hours	Overtime \$\$	Holiday \$\$	Overtime	Holiday	Balance
October 2021 Invoice						8,892.60
10/02	0.25	7.92		0.00		
10/04	0.25	7.92		0.00		
10/22	0.25	7.92		0.00		
10/25	0.50	15.84		0.00		
10/28	0.25	7.92		0.00		
10/30	0.50	15.84		0.00		
		<u>63.34</u>		<u>0.00</u>		(63.34)
Corrected Billing for October						<u>8,829.26</u>
November 2021 Invoice						9,293.83
11/11	8.00		253.36		0.00	
11/11	6.00		190.02		0.00	
11/25	4.00		126.68		0.00	
11/25	4.00		126.68		0.00	
			<u>696.74</u>		<u>0.00</u>	(696.74)
Corrected Billing for November						<u>8,597.09</u>
December 31, 2021						9,520.87
12/24	8.00		253.36		0.00	
12/24	6.00		190.02		0.00	
12/25	8.00		253.36		0.00	
12/25	8.00		253.36		0.00	
12/25	8.00		253.36		168.88	
12/31	8.00		253.36		168.88	
12/31	6.00		190.02		126.66	
			<u>1,646.84</u>		<u>464.42</u>	(1,182.42)
Corrected Billing for December						<u>8,338.45</u>

Alvarado Community Association, Inc.

2022 BALLOT

ACTION FOR VOTE: Election of Directors -- THE RULES GOVERNING THIS ELECTION MAY BE FOUND HERE; <http://www.alvaradoestates.org>

Please use this ballot to cast your votes for the candidates of your choice. There are six (6) open positions on the Board; therefore, the owners of each lot, together have six (6) votes.

Nominations will also be taken from the floor during the Annual Members Meeting at 3:00 PM on Saturday, May 14, 2022. Should you wish to submit yourself as a candidate, you are welcome to write-in your name on the ballot and vote for yourself. Also, if possible, please plan to attend the meeting to announce and/or confirm your candidacy.

VOTE: Please cast up to six (6) total votes on this ballot. Voting is non-cumulative; thus no more than one (1) vote may be cast for each candidate by a check mark or x in the vote column.

<u>CANDIDATES</u>	<u>VOTE</u>
Susan Clarke Crisafulli	_____
Steven Neu	_____
Wayne Breise	_____
Stacey James	_____
Austin Hong	_____
Eric Poliak	_____
Write-In: _____	_____

The six candidates receiving the highest number of votes will be elected for a two-year term.

SUBMIT VOTE: Return Ballot to the Inspector of Election;

1. Place completed Ballot inside the smaller of the two voting envelopes labeled "SECRET BALLOT ENVELOPE" and seal that envelope,
2. Place the sealed ballot envelope inside the return envelope addressed to "INSPECTORS OF ELECTION,"
3. Sign and date the upper left hand corner of return envelope. **YOUR BALLOT IS VALIDATED BY DOING SO; IT CANNOT BE COUNTED IF NOT SIGNED,** and
4. Drop the envelope in any USPS mailbox, allowing enough time for it to be delivered before

Trust Certification

Title company records show your lot is registered in the name of a trust. This is very common as a part of estate planning arrangements. If your trust is revocable (meaning you could revoke it, if you wish), our voting rules say you, as the creator of the trust, can vote as a Member, even if you are not the trustee.

If the trust has become irrevocable (usually because of the death of one or both the individuals who created the trust), only the current trustee can vote in the Alvarado Estates election.

(If you have a question as to which you are, ask your attorney or call the Inspector of Elections, Marshall Lewis, for assistance at (858) 535-0330.)

I hereby certify that I am signing this certification (check to **select one**):

As a revocable trust grantor, settlor or trustor _____

or

As the current trustee of the irrevocable trust _____

name

signature

dated: _____, ____ 2022

Return this signed form in the larger envelope OUTSIDE the smaller envelope in which you seal your marked ballot.

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Dear Homeowner,

I am currently helping my client Stephen look for a home, specifically in the Alvarado Estates area. Stephen lives close to the area now and has always dreamed of living "on top of the hill". He is finally able to do so since he and I have recently sold his other home.

We have looked at the homes currently for sale in and above his price range, and none of them quite fit what my client is looking for. Ideally, he would prefer a home above 2000sqft with enough room to park up to 4 cars: garage and/or driveway.

In an attempt to find other opportunities, we thought we would contact homeowners in the Alvarado Estates area who fit these criteria and may be considering selling, either now or in the near future. Stephen is even willing to cover the Realtor costs if we all work together, so you sell your home commission free!

We are a full-service Real Estate Firm, and this letter is a sincere attempt to find a home for my client. If you are interested in selling, please contact me to set up a no-obligation appointment to determine if your home could be right for Stephen.

Sincerely,

Heather M. Craig

www.HeatherCraig.eXpRealty.com | HeatherCraigRealEstate@gmail.com | 619.540.9854 | DRE#02015511



This is not intended to solicit a currently listed home Information is deemed reliable, but not guaranteed.



**SELTZER
CAPLAN
MCMAHON
VITEK**

G. Scott Williams
SWILLIAMS@SCMV.COM
P (619) 685-3151
F (619) 702-6842

26

MEMORANDUM

TO: Marshall Lewis
Jose Reynoso

FROM: G. Scott Williams

DATE: April 12, 2022

RE: Possible Claims re Undergrounding at Alvarado Estates

This memorandum provides a summary of my research regarding potential claims against the City of San Diego for its refusal to underground wires at Alvarado Estates. I have not gone into detail regarding the arguments here because you are familiar with most of the arguments. As you can see below, my recommendation is that I prepare a detailed letter to Mara Elliott and, if we do not get a satisfactory response, that I draft a complaint to share with her office to see that potential threat gains any traction. I think we have strong arguments although any litigation would certainly not be a sure thing.

I. Potential Claims

The City has contended that it would be unlawful to pay for undergrounding within Alvarado Estates because that would constitute an impermissible expenditure of public funds for private benefit. I see three potential claims regarding this position.

A. The Surcharge Funds are Not Public Funds.

The City has asserted that all franchise fees paid by SDG&E are public funds. It finds no distinction between the franchise fees deposited into the City's general fund and the surcharge segregated into the Undergrounding Fund and spent solely on undergrounding activities. It is true that the Court of Appeal has found that the undergrounding surcharge imposed on residents of the City of San Diego is a part of the franchise fee. (*Mahon v. City of San Diego* (2021) 57 Cal.App.5th 681.) But that does not fully answer the question as the City seems to think it does. The City itself treats the funds differently and devotes the surcharge funds solely to undergrounding activities. In that way, the City has seemingly agreed with SDG&E to treat these funds not as public funds available for expenditure in any way the City likes, but as private funds that it holds in trust for SDG&E customers to be spent on undergrounding for the benefit of those customers. Indeed, it is nonsensical to think that a surcharge collected from residents of Alvarado Estates cannot be spent on the very purpose for the surcharge.

B. Undergrounding Within Alvarado Estates Would Not be For Private Benefit.

The City has argued that, because the streets in Alvarado Estates are private, any benefit from undergrounding would only benefit the private interests of residents of Alvarado Estates and not the public at large. There are multiple problems with this argument, including the following:

- The streets and sidewalks of Alvarado Estates are open to the public for pedestrian and bicycle travel and, in fact, are frequently used for those purposes.
- The City retained an easement for utilities, which constitutes the public right-of-way. Undergrounding would be in that public right-of-way. The City is entitled to take action to improve the aesthetics and safety in the public right-of-way.
- The fact that several homes in the community receive tax benefits under the Mills Act, which requires that the City find that the restored or preserved homes provide a public benefit because they are visible from the public right-of-way.
- To the extent that the private benefit is to the homeowners or residents of Alvarado Estates, that is the very same benefit received at homes on public streets.

C. If the City Maintains Its Refusal to Underground Lines in Alvarado Estates, the Surcharge is an Illegal Tax.

A series of cases in recent years has challenged the imposition of a surcharge on utility bills as an illegal tax imposed without a public vote. (See, e.g., *Jacks v. City of Santa Barbara* (2017) 3 Cal.5th 248.) These cases have included a challenge to the surcharge imposed by SDG&E. (See *Mahon v. City of San Diego* (2021) 57 Cal.App.5th 681.) Courts have rejected the challenges to the surcharge by concluding that they are valid fees provided the surcharge bears a “reasonable relationship to the value of the property interest transferred.” (*Jacks, supra*, 3 Cal.5th at 270.)

If the City refuses to underground electrical lines in Alvarado Estates but nevertheless imposes the surcharge on residents in Alvarado Estates, it would appear to be a strong argument that the surcharge bears no reasonable relationship to the benefits received. That is, other residents of the City would receive the benefits of undergrounding in return for the surcharge, but the residents of Alvarado Estates would be forced to pay the surcharge without receiving that benefit.

Such a claim, if successful, could force the City to be faced with a choice to stop collecting the surcharge from SDG&E for residents in Alvarado Estates and similarly situated residents in private communities in the City or to agree to underground in those communities. In fact, if the City recognizes the threat of such a claim, it is possible that it will change course on undergrounding before such litigation.

II. Conclusion

I recommend that I prepare detailed correspondence to Mara Elliott, the City Attorney, making these arguments. It is certainly possible that this attempt at a dialogue will go nowhere given the office’s prior refusal to engage with you on the subject. Should this additional effort be unsuccessful, I would recommend that I prepare a draft complaint and also share it with the City,

which will demonstrate our seriousness. These activities will not cost too much in additional fees, perhaps \$10,000, and could yield the results we seek. If they do not, we can then discuss further the question of whether we should file the complaint and pursue litigation against the City.