

Augusta Ranch Homeowners Association  
c/o FirstService Residential  
Mesa, AZ 85209

Board of Directors  
General Session Meeting Minutes  
January 25, 2016  
Mesa Fire Station #217  
10434 E. Baseline Road  
Mesa, Arizona 85209

**Present:**

**Board Members:**

John Newell, President  
Dee Goldammer, Vice President  
Lisa Quedens, Secretary  
Dorian Eaton, Treasurer  
Gary Bever, Director  
David Kovach, Director  
Sean McNulty, Director  
Beth Patton, Director  
Andrew Sterling, Director

**FirstService Residential Representative:**

Kamin Havens, Community Manager

**9 Homeowners were Present**

**1. Call to Order:**

President John Newell called the meeting to order at 6:33 P.M.

**2. Review and Approval of November Minutes**

There were no questions or changes requested to the November meeting minutes. A **MOTION** was made by David Kovach to approve the November minutes as presented, seconded by Beth Patton and approved by all.

**3. Review of November and December Financial Statements**

The Board decided to only review the December Financial Statement. Dorian Eaton provided a review.

**Expenses (Year to Date):**

- Administrative expenses were over budget by \$3,513.

- Utilities were over budget by \$22,802 due to the increase in water cost per thousand gallons which was higher than anticipated, although the usage was lower. We also expect a 5% to 7% increase this year as well.
- Landscaping expenses were under budget by \$2,264.
- Security expenses were over \$6,083 due to the new contract for patrol services.
- Common Area expenses were under \$2,937.

**Revenue:**

- Assessment Income was \$58,905 higher than expected.
- Other income of \$57,113 was over budget as the uncollected assessments and violation fines were higher than expected.
- \$18,000 was transferred to the Reserve Account.

**Cash Accounts:**

• Operating	\$269,554
• Reserve	\$363,757
• Drainage Advancement	<u>\$ 18,500</u>
• Total	<u>\$651,811</u>

**Delinquent Accounts Receivable:**

- The Delinquent Accounts Receivable was \$346,687 which is \$64,039 less than last year (December 31, 2014).

John Newell asked for a motion to approve the December Financial Statement. A **MOTION** was made by Dee Goldammer, seconded by Gary Bever and approved by all.

Dorian stated in looking over our 2015 year to date income we have over \$80,000 available to transfer over to Reserves.

A **MOTION** was made by Dorian Eaton to transfer \$80,000 to the Reserve Account, seconded by Lisa Quedens.

Discussion: Dave Kovach raised the question of holding back some funds for the additional landscaping expenses for improvements and turf. We have just spent \$10,000 of the budget for tree trimming. John felt that was a good concern, although cash flow is strong at this time and adjustments can be made.

With no further discussion, the Board voted in favor of the Motion.

#### **4. Golf Course Report**

A. Update/Votes: Lisa Quedens reviewed for the benefit of the homeowners present that our golf course is privately owned and the HOA is trying to get votes to purchase the course. We will then contract out to a management company to run and maintain it. Acquiring the golf course will protect the value of our houses. There are many examples of golf courses that have gone bad or were sold to a third party who does not maintain it. As of yesterday we are at 98 percent and need 14 more votes to go forward to seek funding to buy the golf course. We are working with our attorneys to get a purchase agreement in place once we get the votes.

Questions: A homeowner, Katie, asked if the association had qualified individuals to manage and run the golf course. Lisa Quedens stated we would have a management contract with a professional entity to run it. John Newell stated this board would be kept out of the daily operations of the golf course. The board would have oversight and fiduciary responsibility to acquire a professional organization to run the course, backed up by a sound financial entity. Katie asked if the Board is familiar with the revenues and cash flow of this course. John stated they were, although most golf courses of this size are not big money makers, and those that are charge exorbitant fees. This golf course does make a net profit. We want to preserve and protect our community and our home values. Katie asked if it would be possible for someone to lease the grounds from the Association. Beth Patton stated we will put out an RFP for someone to come in and manage the golf course. John stated if and when we enter into a purchase agreement, then there is a due diligence period in which we will submit RFP's to targeted agencies. Katie asked if there will be a performance clause in the agreement. Yes there will. It is our intention that on the day of sale we will have a professional entity responsible for the golf course, with the exception of the common party walls which belong to the neighbors and the HOA will assume that responsibility.

Another homeowner asked how much longer is needed to complete the voting process and how many homeowners have already voted but have since sold their homes. Kamin Havens stated such a vote would no longer be valid. We do not need the votes until it is time to get the bank loan. The bank will require that voting information. We will then go through and verify the votes to make sure each homeowner still owns that property. We will continue to get votes as we are still 3 to 4 months away

from getting the bank loan. The homeowner asked when do you draw the line on getting votes. Kamin replied on the day we apply for the bank loan. As we are now at 98 percent, it is a worthy cause. There is no expiration on the timeframe until the votes are needed for the bank loan. The homeowner asked if a financial review of the golf course has been done. John Newell stated we have the general financial information. Once we enter the due diligence period, the accountants will have full access to all of the financial information. The homeowner asked how the purchase would impact the association's tax exempt status. Lisa Quedens stated we will keep two separate sets of books. The question was raised if the golf course does not make money and needs help, are we liable. John stated the management group will have the financial strength to endure that instead of needing to come to the HOA for money. The homeowner was concerned that this process has taken too long. John thought it moved rather quickly as the last time we had a similar situation it took over a year and a half, as opposed to the 4 to 5 months for this process. We do have some good opposition which has brought things to the table to consider. The homeowner agreed with having the Board stay out of the golf course operations and mentioned having an operation manual in the event of Board changes. John noted we will also have an individual designated from the Board to oversee the matter.

Another homeowner asked who currently owns the golf course land. John Newell stated YSPF Holdings B, LLC is the entity that owns it. Another concern was that someone may come in to manage the golf course and go belly up and then sell it to a real estate developer who may put in multi-family housing. John stated that can be done and it has been done in Mesa. He gave a worst case scenario of the Silver Creek golf course in Las Vegas owned by a private entity within an HOA. It was sold to a private entity and was closed down the next day, without the HOA's knowledge. The Board does look at those scenarios to protect the homeowners from that potential risk. The homeowner was worried that the board was only looking at one side and not the risk to homeowners as he has not read anything in the newsletters. John stated the Board is trying to be as transparent as possible. There are some finite details that cannot be disclosed at this time due to an agreement. Once the offer has been received by the seller, we will have greater allowance for disclosure of some details. We are looking at every aspect such as whether the lakes leak, the age of the irrigation and drainage systems, etc. The homeowner asked what is the reserve amount the golf course puts aside for those issues. The golf course is paid for by investors and we are not at liberty to disclose that

information. Kamin stated the golf course finances will be handled much like the HOA. They know there has to be a reserve study and a reserve fund.

Homeowner Sal DiStefano noted that 7 or 8 years ago the golf course was selling for \$900,000. Why did the HOA not buy it then and now we are looking to spend \$2.5 million plus the cost of staff, maintenance and utilities. If it doesn't make a profit what will happen to the Augusta Ranch dues? John Newell asked where the homeowner got the figure of \$900,000 as to his knowledge YSPF Holdings B, LLC bought the golf course in 2008 for \$1.8 million. The homeowner asked if they are selling now because they are not making money on the course. John explained they had a 10 year plan to hold all of their investments. He believes YSPF Holdings B, LLC was worth about a quarter billion dollars and made 10 major investments. They have sold 7 of those and this will be the 8th sale as part of their divestiture as they hit the 10 year mark. They made the first offer to us. The golf course does make money, at least 5 to 7 percent conservatively, about \$55,000 to \$80,000 a year. After we have a signed offer, we will have 60 days for our accountants to look at their books and come back to us with a professional assessment. Kamin Havens understands the homeowner's concern and stated there are many cost saving measures the golf course can take rather than raising dues. They can make cuts in staff or services or forego capital improvements. Andrew Sterling stated when someone takes on the risk they also take control. The benefit to the HOA buying the golf course is that we can assume control. The process takes time not only to get votes but to look into whether it is a viable solution. If we don't buy it, we lose all control of the course and what happens to it. They can sell it to anyone, who may sit on it for years like Ahwatukee did, which affected the whole community.

John Newell stated the golf course has an appraisal value of \$2.5 million. We had an appraisal conducted which was so different that we paid additional money to have the two analyzed as to why the golf course appraisal and ours were so different. Our initial offer will not be a penny more than our appraisal. At that point the seller may back up, but John believes they will return to the table. If they decide to go public and bring in an outside investor, we cannot control that. There are encumbrances on the land now that are affected by the HOA, as well as brokerage fees that may dissuade a potential investor. There will be a Town Hall meeting once we make an offer and it is received.

## **5. Manager's Report**

- 292 total calls for November and December
- 25 new homeowners in the community for November and December
- 12 architectural requests received for January
- 136 violations were sent out for the month of November. We do not send out violations in December in the spirit of the Holidays

#### A. Community Activities

1. Community Garage Sale - Changed to April 9 & Oct 29
2. Annual Picnic - Changed to October 22
3. Easter Event - March 19
4. On Course for the Holidays - December 9
5. Other Ideas (Split with Vue and golf course) - the board decided on a Community Fun Run to be held either the end of April or beginning of November

#### B. Constant Contacts

Kamin Havens reported this would cost \$300 a year and would make the community emails look much nicer. We can use this instead of the magazine we send out quarterly, which would save \$10,000. Constant Contact would allow us to track community emails and see how many people are actually reading them. We can also report on events and include pictures. The Las Sendas community uses both this program as well as the magazine. The Board liked the idea. Kamin will look into the different tiers available and have that information at the February meeting, at which time the Board will make a decision.

#### C. First Violation Verbiage

A recommendation was made to replace the last two paragraphs of our current first notice of violation with the following language:

*Please understand that it is not the Association's intention to single out any individual member, but rather bring attention to matters that need to be addressed to achieve goals common to all members of the Association.*

*It sometimes happens that after a violation is noted at the time of the tour, it is taken care of prior to a member receiving notice. If that is the case here, please consider the violation contained in this notice resolved and thank you. Otherwise we would appreciate you giving it your prompt attention.*

The Board was in agreement to change this language on the first notice only.

D. Solar Lights

Kamin Havens reviewed the Solar King proposal to install two new LED light fixtures at the monument signs at Neville and at Guadalupe/96th Street for \$210 each. Current Solutions is the company that has been doing our lights most recently. Their cost is \$400 to match the lights as closely as possible. Solar King is busy and it may take some time to get the work done. The Board agreed that there is no rush to the matter and it is not worth paying double the cost.

Dave Kovach made a **MOTION** to approve Solar King to install the new LED light fixtures, seconded by Dee Goldammer and approved by all.

E. Community Focus

January	Christmas Lights - by January 26th Weeds - rain Update painting list
February	Mailboxes cleaned up Minimum requirements for landscaping (for March planting)
March	Start new phase for painting Update old paint list Weeds - spring Trim frost damage
April	Painting street walls Fences - repair, stain, paint Start greening up lawns Recruit volunteers for Mesa City Park
May	Basketball backboards Window screens
June	Trim Palm Trees
July	Flags - in good condition Seasonal/decorative flags accepted?

August	Trim Trees away from roofs and homes
September	
October	Mow dormant Bermuda - get ready for winter
November	
December	

Kamin has a certain focus for each month. During September and November we have a lot of events so those months can be left open. December is left blank due to the Holidays. The Eagle Scouts were also mentioned to help with projects.

F. Write-Off Total for 2015

Soft costs - \$12,776  
Hard cost - \$57,465  
Credit - \$ 4,562

Most of these are former owners, bank foreclosures or bankruptcies with either a judgment or a settlement.

Dave Kovach made A **MOTION** to accept the write-offs for 2015, seconded by Gary Bever.

Discussion: Because these are write-offs, they will come off of the books, but if we have a money judgement that still stays on their credit line. All voted in favor and the Motion passed.

G. Resolution - Ballot Retention

The ballots for an annual meeting are kept for one year before being destroyed. Ballots without a meeting are kept for 3 years as per state statute.

John Newell entertained a **MOTION** to retain and secure the consent votes for three (3) years at the closure of the vote to be retained at Maxwell Morgan. So moved by Dave Kovach and seconded by Dorian Eaton.

Discussion: Dee Goldammer wanted to clarify whether this would apply to all ballots going forward. Open meeting ballots are to be retained for one year. As that was not included in the first Motion, the Motion was restated.

Dee Goldammer made a **MOTION** that the Association will retain all ballots with a meeting for one (1) year, after which time they will be destroyed; and all ballots



without a meeting will be retained for three (3) years, after which time they will be destroyed. The Motion was seconded by Dave Kovach. All voted in favor and the Motion passed.

## **6. Landscape and Irrigation**

### **A. Landscape Report**

Dave Kovach reported all is going very well since we took over with the new contract. Dan is doing a great job as supervisor. The raises for the crew went into effect with the new contract. Baldwin Park needed to be reseeded as rain had washed seed off the slope. The grass was not doing well and we spent some extra on fertilizer. The recent tree trimming used up the \$15,000 credit with the new contract and also \$10,000 out of the tree trimming budget. The pear trees still need to be trimmed. ILM is looking at selecting trees to plant in the fall. Pre-emergent was placed on the granite on the perimeter at Guadalupe, Ellsworth, Crismon and Baseline and the turf and granite were treated on the loop in Baldwin Park. In the next few weeks we will be getting granite to fill in the bare areas. John Newell mentioned the granite areas in the roundabouts along the split rail fence belong to the golf course. They have not done a good job of replacing it and it is unsightly. He asked Kamin to make an official request to Your Source or through Don to have those areas filled in.

Dave stated we now have a very detailed plan from John Serio, our pest control and fertilizer person, with timelines for pre-emergent, turf treatment, flower beds, etc. The plan is pricey and we are looking at it quarterly to select only what needs to be done to keep within the budget. John Newell asked that the board be given a seasonal heads-up and stressed the importance of being proactive in maintaining the landscape.

## **7. Website Report**

Dave Kovach noted there is a link to the new paint pallet on the website. The number of total visits was up 10 percent, unique visitors were up 8 percent and there were 143 new users over the course of this year. The webpage is being used more now that it is accessible on mobile devices.

## **8. Security**

### A. Security Report

Lisa Quedens reported parking tickets were down from 111 to 52 due to no enforcement being done during the Holidays. Resident contacts are up from 152 to 196 due to security staff making more one on one contact with residents. The staff now rotates between days and nights so they will be cross-trained. Notifications for open doors went up from 64 to 102 as we are being more proactive due to break-ins. Dorian Eaton asked if they keep track of repeat open door notices. Lisa stated they can search the reports. Staff is focusing on getting to know who belongs in the community and who does not.

### B. AED Device

V.W.S., our provider for security, asked if we would be interested in having AED training. We would have to buy the unit at a cost of \$1,700. Lisa had no concerns about liability, however she felt due to the cost we should revisit this towards the end of 2016. She noted the police and fire departments could not even get grants for this equipment. Residents should always call 911 first in case of an emergency, and then they may call security second. Kamin noted the golf course has bought an AED. Beth noted the non-emergency number can be called for assistance in case of a fall (480-644-1111). The AED matter will be tabled until July.

## **9. Architectural Requests**

Sean McNulty recommended approval for the new requests 1, 2, 3 and 5. Requests A through L have been approved, with Request B approved with stipulation. Request 4 under New Applications will require Board discussion.

- A. 9411 E. Kilarea - New Palette, Scheme 9
- B. 9819 E. Naranja - Driveway Expansion (approved with stipulation of 45 degree angle)
- C. 9812 E. Nopal, Parcel 8 - Paint, Scheme 7
- D. 9246 E. Monterey, Parcel 2 -New Palette, Scheme 4
- E. 2253 S. Vincent - New windows
- F. 9430 E. Natal - Backyard landscape
- G. 2252 S. Drexel Cir -New Palette, Scheme 6
- H. 2409 S. Compton - New Palette, Scheme 1

- I. 2242 S. Bernard, Parcel 1 - Paint, Scheme 6
- J. 9452 E. Kilarea - Landscape
- K. 9922 E. Lompoc, Parcel 12 - Paint, Scheme 2
- L. 9930 E. Lompoc - New Palette, Scheme 5
- M. Architectural Review - 9819 E Naranja - Driveway expansion was approved with a 90 degree angle.

#### New Architectural Applications

- 1. 9865 E. Natal-Landscape, has requirements (recommend approval)
- 2. 2255 S. Bristol -New Pallet, Scheme 2 (recommend approval)
- 3. 9911 E. Laguna Azul, Parcel 12 - Scheme 2 (recommend approval)
- 4. 2758 S. Sorrelle - Retractable awning, Navy/taupe stripe (CC&RS state solid color) (recommend approval with stipulation that awning be one solid color)
- 5. 9532 E. Meseto - Wrought iron fence entryway gate (table for site survey)

Discussion on Request 4 Retractable awning, navy/taupe stripe. It was noted that three other homeowners have previously requested a striped awning and were refused. It was agreed to approve the request with the stipulation that the awning be one solid color.

Discussion on Request 5 Wrought iron fence entryway gate. This is within the requirements and the homeowner is requesting a nice gray color. A color other than black, tan, charcoal or white requires architectural approval. It was requested to give Sean McNulty authority to look at the neighborhood to see if this request would be consistent. All agreed.

#### Guidelines, Section Q Driveway Extensions, Paragraph 3.

The recommendation was made that the existing language which states "The base of the driveway extension shall meet the existing driveway at a 45 degree angle or at an angle approved by the architectural committee. Any driveway extension must connect at an angle to allow for landscaping to ensure the existing driveway curb entrance is utilized. This is dependent on the design of the driveway." be changed to be more flexible. The new language will allow for a landscaping area while still maintaining the original driveway entrance.

Sean McNulty made a **MOTION** to adjust the language in Section Q, Paragraph 3 of the Guidelines to read "Any driveway extension must connect at an angle to allow for landscaping to ensure the existing driveway curb entrance is utilized." The Motion was seconded by Beth Patton and approved by all.

#### **10. Homeowner's Forum**

John Newell welcomed everyone and opened the Homeowner's Forum.

A homeowner asked about the Board's policy regarding delinquent dues that are over 365 days, which as of December 31 was \$258,000. He serves on another homeowner association board of 89 homes. They collect those from the title company when there is a sale. Kamin Havens stated we collect those when there is a sale as well. The homeowner asked why it is written off. John Newell stated it is written off the balance sheet but not written off in money judgment and we still pursue it. Kamin stated the only ones we are writing off are former owners where there is a money judgment against them. We just received \$4,700 in December from someone who now lives in Colorado. They wanted to buy a house and this judgment popped up. We do not write off any that currently live in Augusta Ranch. John noted an example where someone owed \$1,200 and it went on for 9 years. When they applied for a loan the money judgment still applied and was up to \$12,000 or so. John noted some HOAs turn their back and roll over and they make up for it by raising HOA dues. We have done very well in not raising our dues for 8 yrs.

#### **11. Next Meeting Date**

The next meeting will be held on February 16, 2016.

#### **12. Adjournment of Open Session**

With no other business before the Board, Gary Bever made a **MOTION** to adjourn, seconded by Lisa Quedens. All were in favor and the General Meeting was adjourned at 8:03 P.M.

Respectfully Submitted,

Dana Desing, TE: 14082507.0125  
Acting Recording Secretary

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