

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

**Board of Directors
General Session Meeting Minutes
January 16, 2017
2430 S. Ellsworth
Mesa, Arizona 85209**

Present:

Board Members:

John Newell, President
Lisa Quedens, Vice President
Dee Goldammer, Secretary
Dorian Eaton, Treasurer
Gary Bever, Director
David Kovach, Director
Monty McCall, Director
Beth Patton, Director

FirstService Residential Representative:

Kamin Havens, Community Manager

Three Homeowners were Present

Absent:

Board Members:

Sean McNulty, Director

I. Call to Order

President John Newell called the meeting to order at 7:13 P.M.

II. Pledge of Allegiance

All present recited the Pledge of Allegiance.

III. Review and Approval of November Minutes

A **MOTION** was made by Monty McCall to approve the November 21, 2016 Minutes as presented, seconded by Beth Patton and passed unanimously.

IV. Review of December Financial Statement

Dorian Eaton provided a review of the December 31st, 2016 Financial Statement.

Expenses:

- Administrative expense was over budget \$6.2K for December; YTD is under budget \$18K; Management Salaries/Burden was over budget \$2.5K (November and part of December were paid in December); Printing/Postage/Misc. was over budget \$2.3K (due to October reimbursables); Lien/Collection cost was over budget \$2.2K; Legal expense was over budget \$1.1K; Newsletter expense was under budget \$2.4K.
- Utilities expense was over budget \$2.6K for December; YTD is over budget \$7.7K; Water/Sewer expense was over \$2.6K.
- Landscaping expense was over budget \$9.4K for December; YTD is over budget \$31K; Fertilizer was over budget \$2.4K (due to both November and December invoices paid in December); Landscape Contract was over budget \$2.3K due to the new contract; Tree trimming/Removal was over budget \$2.2K; Pre/Post Emergent was over budget \$1.1K.
- Security expense was under budget \$8.4K for December; YTD is under budget \$5.7K (due to the second half of December not showing on the financials). The accountant has taken care of this—the invoice was not sent out because the due date was December 31st. That bill was \$8,800.
- Common Area expense was under budget \$1.1K for December; YTD is over budget \$1.5K; Exterminating expense was under budget \$1.6K; Tot Lot Maintenance was under budget \$1K.

Revenue:

Dorian pointed out an error in the Financial Report under the Golf Course Transfer: the actual should be \$213,504 for a difference of \$13,504 paid over budget.

- Income was over budget \$3.3K in December; YTD is under \$79K
- December Golf Course Transfer was under budget \$10.5K
- Reimburse expense was under budget \$1.3K
- Assessment income was over budget \$13.4K
- Pre-legal receipts was over budget \$1.4K

Profit/Loss YTD:

- YTD Actual Income/Reserves \$1,330,362
- YTD Actual Expense \$1,103,529
- Variance - Positive \$ 226,833

Cash Accounts:

- Operating \$ 174,115
- Reserve \$ 608,289
- Drainage Advancement \$ 18,500
- Total \$ 800,905

Delinquent Accounts Receivable:

- The Delinquent Accounts Receivable was \$306,387 which is \$40,301 less than last year on December 31, 2015.

A **MOTION** was made by Gary Bever to approve the December Financial Statement, seconded by Lisa Quedens and approved by all.

V. Manager's Report

Administrative Update: FSRConnect Reports

- 227 Total calls for November and December.
- 29 New homeowners in the community for November and December
- 22 Architectural requests received for the January meeting.
- 138 Violations sent out for November and December.

A. Survey for Events: The Board was asked to review the survey and advise of any changes or additional questions.

Question #2. Would you like to see more collaborative events with the VUE/golf course? It was suggested to add "*If yes, what types of events would you like to see?*"

Question #3 Which events do you want to see this year? *The Fun Run should be included on the list with an option to provide additional comments.*

Kamin stated that at the end of the survey people will be able to review the results of the community (no names will be published). The Survey will be sent out by email (after the homeowner letter regarding the golf course) and a reminder can be included in the February Newsletter.

B. Write-off 2016: Kamin reviewed the Write-offs for 2014, 2015, and 2016, showing a decrease each year. The 2016 Write-offs include \$3,500 in soft costs; almost \$39K in hard costs; and a credit of \$1,225. The figures will be forwarded to the accountant.

MOTION by Monty McCall to accept the document on the Write-offs, seconded by Dave Kovach. All voted in favor, the Motion carried.

C. Easter Event:

- Social Expense Budget - Kamin requested to add \$30K back into the budget for the Social Expense.

MOTION by Dave Kovach to put \$30K back into the Social Expense budget, seconded by Dorian Eaton.

The Board discussed how much should be held onto out of the golf course transfer. \$170K according to the Treasurer. The balance will go up as funds will continue to go toward the transfer in 2017.

The vote on the Motion was held after the Golf Course update and discussion.

VOTE: With a Motion and second on the floor, President Newell called for a vote. All voted in favor, Motion carried.

- Easter Event - As Easter is late this year (April 16), the event is scheduled for Saturday, April 8. Kamin reviewed last year's event and suggested adding a food truck, either Waffle Love or Muffin Girl, as well as a few games. Muffin Girl runs \$4-5 and Waffle Love runs \$7-8. There is not enough people at the event to have both, and the food trucks may have a minimum order. Kamin will check into that as well as meet with the Events Committee and have more details next month. The suggestion was made to have walkie talkies for events. John Newell has four that the Board can use, and if necessary a few more can be purchased. The Board was in agreement on the plans for the Easter event.

D. Architectural Guideline Modification:

This item was tabled.

- E. 2017-2018 Insurance:** - Kamin reviewed the Insurance Renewal Quote from The Mahoney Group. One major difference was the coverage for wind damage to trees and shrubs, which was previously \$100K and is going down to \$50K. Kamin was advised that this change is happening across board with all insurance companies. The new amount is \$15,758 and includes a 3-year rate guarantee. It was noted that microbursts would not be covered, and Kamin stated the reserves would cover that.

MOTION by Monty McCall to approve the Mahoney Group Insurance Renewal Quote for 2017, second by Beth Patton. The Motion passed unanimously.

VI. Golf Course Update

Lisa Quedens provided an update on the Golf Course negotiations. Due diligence has been done with a CPA review, golf management operations review, and an assessment of needed repairs and improvements. We gave a list of concessions to the owners, with no negotiations or agreement with regard to an amended purchase price. The Board will vote tonight whether to proceed with the acquisition or not.

President John Newell explained that in the Executive Meeting the Board discussed the fine details on the golf course, which the Board is legally bound not to disclose. He called for a Motion.

MOTION by Dee Goldammer, pursuant to Section 4.1.4 Paragraph A and Section 4.2 of the Purchase-Sale Agreement (PSA), the
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Association hereby exercises its right to terminate the PSA and the Escrow. Monty McCall seconded the Motion.

Board Discussion: John Newell stated that thousands of hours have been spent on meetings with consultants, and vetting inspectors, and felt we received a premium service for the price paid. We had an obligation to do this for betterment of the community. The seller's response to our concessions letter was that they are not going to budge. If we capitulated to their pricing and terms, the burden to the HOA homeowners would have been excessive to an additional cost of \$10 to \$15 a month, which does not include future projections of the federal minimum wage increase, HOA delinquency rate, increase in contracts and other items. The reports on the golf course were good, however the irrigation system is older technology and would cost approximately \$1 million to upgrade. Different scenarios were examined, but we could not bear that responsibility and put such a burden onto the homeowners. Original calculations were based on a lower sale and lower interest rates, prior to the inspection.

A Homeowner asked if a vote to terminate the contract would mean that there would be no circumstances where the HOA may purchase the golf course in the future? John Newell explained a termination would mean we are no longer in negotiations with them. If the seller changed their mind, we would entertain that with certain conditions. We still have the right of first refusal if another certified offer was made on the golf course. It is not absolutely shut and closed, however we would not engage in further negotiations.

VOTE: With a Motion and Second before the Board, President Newell closed the discussion and called for a vote. All voted in favor, Motion carried.

VII. Landscape and Irrigation

A. Landscape Report. Dave Kovach reported on water usage in 2016 with 31.68 million gallons, which is 4.5 percent over the five-year average. Rainfall in 2016 was just over 7 inches; in 2015 there was just over 8 inches, with 28 million gallons of water used. In 2014, we had over 12 inches of rain and used 28 million gallons. We are using less water now with less rainfall. We should budget for 33 million gallons annually to cover water expenses. That number was reduced in the budget this year down to 28 million gallons based on the past year's usage, with a 5 percent increase. Monty McCall advised that the State Water Board limits are close to 40 million gallons, based on 1990 legislation. That can certainly change at any time.

The President supported the recommendation to use the 33 million gallon mark for budget projections. Cuts have already been made and we are monitoring for leaks.

Monty McCall requested to use a growth retardant on the trees on Crismon. The trees are all mature hardwoods, palo verde and mesquite, and must be trimmed every year. John Serio will provide a cost estimate. The growth retardant would allow us to eliminate two tree trimmings at a savings of \$20K total. If trimming is not done, the trees get top heavy and crack off. He will come back to the Board with those figures.

Another project is the dyeing of grass. The area between Monte and Monterey had been recommended to be dyed, although there is no grass there. In March that area will be seeded with Black Jack Bermuda. At the end of the year, the Loop grass areas will be dyed. This should save about \$33K in water, \$4K in rye seed, and \$5 to \$6K in fertilizer. John Serio will provide a cost estimate on the on dye. Dan has been given the numbers on the water, although he is sometimes too conservative. Monty will have more details next month.

VIII. Website Report

Dave Kovach reviewed the web stats from the past year. There was a drop of 5 percent in visits, and 7.5 percent in unique visitors. There were 144 new users this year. The Board ended the year at number 11 in popular pages. There were visitors from 600 different cities and towns in the U.S. and visitors from 70 different countries.

9. Security

A. Security Report. Lisa Quedens had no formal report, as not much has happened in the last 60 days. The Holidays were quiet. Mesa Police Department has had issues in surrounding communities and have complimented us on our strong security. There are a few budget items that will be coming up. The team would like to continue the program with Cold Stone Creamery with good citations for using bike safety equipment. They are happy to participate in the program. The truck needed a jump start, as something is drawing down the battery. The truck has a new alternator. According to the mechanic, driving 15 miles an hour all day long is tough on a truck. Tires are replaced every six months.

B. Emergency Action Plan. John Newell would like the Association to develop a program to complement the City's existing emergency services for disasters. In addition to local law enforcement services, schools and churches typically become primary emergency response points. He suggested a link identifying where to go in case of a natural

disaster or other emergency, which can be included in the Newsletter. Another idea is an HOA twitter account in the event of an emergency. When he lived on Kauai, John remembers during power outages cell phones still worked as the towers had self-generating power in an emergency. The local utility provider also sent out notices through a twitter account. Cell phone towers may be one of the most reliable sources of communication in a natural disaster, as they typically come back online before other services. Ham radios can also be used for communication. He asked that the Board consider this as an assignment for next year through a committee.

A Homeowner stated that the City of Mesa offers a Community Emergency Response Team (CERT) program to train volunteers (<http://mesaaz.gov> under Fire and Medical). Beth can add that information to the newsletter. Lisa stated that SRP sends notices of power outages. Monty stated it would be a good idea to have a list of those people in the community that may need special help in the event of an emergency. The HIPPA law would need to be considered for privacy purposes. A general list can be made in a way that will not violate the law. Security also has a good idea of those people that would need special help. Lisa noted that we would need to follow the same procedures as the City or County for disasters. This would be a program to complement existing services.

10. Architectural Requests

Dee Goldammer recommended approval for Architectural Requests A through S, and recommended approval for item T with the stipulation that the color match the home.

- A. 2147 S. Keene - Landscape
- B. 2450 S. Harper - Shed
- C. 2530 S. Sorrelle - Paint
- D. 9407 E. Kilarea - Shed
- E. 9611 E. Lindner - Basketball hoop
- F. 9745 E. Knowles - Paint
- G. 9928 E. Keats - Paint
- H. 9930 E. Lompoc - Paver driveway
- I. 9938 E. Lompoc - Paint
- J. 2232 S. Sorrelle - Paint
- K. 2305 S. Faith - Paint
- L. 2224 S. Sorrelle - Paint
- M. 2136 S. Alicia - Paint
- N. 9706 E. Knowles - Paint
- O. 2218 S. Duval - Pool
- P. 2147 S. Keene - Paint
- Q. 2263 S. Faith - Paint (Denied)
- R. 9740 E. Natal - Landscape

- S. 2263 S. Faith - Paint
- T. 9740 E. Natal - Patio Cover (approval with stipulation that color match home)

New Requests:

- U. 2328 S. Sorrelle - Landscape. Recommend approval with stipulation to keep Bird of Paradise. Homeowner needs to keep one tree substitute to meet requirements.
- V. 2532 S. Drexel - Driveway from RV gate to the street. Recommend that this be denied as it is not a driveway extension, but an additional driveway on the wrong side of the house where there is a curb. The homeowner would be allowed to plant grass there.

MOTION by Dave Kovach to accept the Architectural Requests as presented with the stipulations as stated, seconded by Monty McCall and passed unanimously.

10. Homeowner Forum

- A. Sue Forst - Basketball hoop. Mrs. Forst stated after the November Board meeting, she received a letter from the Association stating that her appeal would be approved with the stipulations that the basketball hoop be secured and that it have the appearance of a permanent fixture. She asked under what authority is the Board making that stipulation of having the appearance of a permanent fixture, as that is not listed in the CC&Rs or the Guidelines.

Kamin Havens, FirstService Residential Representative, stated she understands that people may not read the language in the Guidelines or CC&Rs the same as people may interpret things differently. The first 11 requirements under section L. regarding basketball hoops relate to those that are permanent. Mrs. Forst stated Rule number 12 states temporary goals must be maintained in good condition and stored so as not to be visible from the neighboring properties, when not in use on a daily basis. Kamin advised that the intent of that rule is when the temporary hoop is not in use it needs to be stored behind the gate and not viewed from neighboring properties. Mrs. Forst felt the language was vague.

President Newell noted that rule was written because originally many temporary goals were left out and caused damage in storms. He could understand how she is reading it, although it presents a safety hazard. That is the spirit of the rule and the reason we require the goals to be put away. He agreed that there is some ambiguity in the wording. Mrs. Forst asked where it is written about having the appearance of being permanent. Kamin stated in November, the Board gave solutions on how to make the goal permanent. President Newell

stated the Board has been lenient in regard to temporary goals that have been secured and made to look permanent. It should be a post imbedded in concrete. Mr. Forst asked if the Board has been lenient because they do not have legal basis to back them up. The Board President stated there is plenty of legal ground to stand on. The Board had the lawyers review the matter. It is in writing that temporary goals must be put away when not in use.

Mrs. Forst at the last board meeting had provided photos of other temporary goals in the area. Kamin stated those are probably in violation as well and will be given the same violation letter. If the base is buried, it will be more stable and the Association will consider that to look permanent. At the last board meeting, the homeowner was given the suggestion to tie down the goal and surround it with bushes so as not to see the base, then it would not look temporary. Temporary goals must be put away when not in use. Mrs. Forst stated her neighbor has a two-story home. Kamin stated it should not be viewed from the street for aesthetic reasons. Mrs. Forst stated her goal is on a concrete slab for stability and has survived the storms so far.

Monty McCall had written the rule 10 years ago and wanted to require that the goals be in concrete, but he was convinced that as long as the base is buried it would not be a liability issue. President Newell stated it is in the works to rewrite the Guidelines for clarity. The spirit of the rule is to put temporary goals away when not in use. Mrs. Forst stated the goal is heavy and can be dangerous to pull out. Kamin stated this would not be an issue if an architectural application would have been submitted before anything was done. Any alterations to the front of the home need an architectural application. The permanent concrete slab would be such an alteration. Mr. Forst disagreed with the Board's interpretation on the matter. The Board appreciated the civil conversation. Mr. Forst asked about the fine. The fine will stand because there was no architectural application submitted. Kamin stated the homeowners are more than welcome to ask that the fee be waived once they are in compliance. An architectural application needs to be submitted first and be approved before any changes are made. The Board will be accommodating, but still needs to follow the procedures in accordance with the governing documents. The Forsts stated they will consider filing an architectural application.

- B. Golf Course question - Another Homeowner asked if there was an alternate party working with the Golf Course on a purchase. Lisa Quedens stated there is no other offer that we are aware of, although it is still listed for sale on Insight Land and Investments website. President Newell

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stated their asking price is \$2.55 million, and other local golf courses have sold for far less with more acreage. The homeowner felt the Board was being good stewards with the money, but felt that it was worth \$10 a month to avoid the golf course becoming houses, etc. This golf course is engineered as a water retention basin and would need approval from the community as well as reengineering, which is not economically feasible. For the majority of residents, it would be a big deal to raise the fees. Kamin stated the potential increase of \$10-15 is based on what we know and not any unforeseen expenses. There are five other golf courses in the valley that have been for sale for over a year and have not moved. There are a few cases in the valley where the HOA has fought the developer. President Newell stated there are published writings that state when HOAs buy or own golf courses they are always money losers. We are not prepared to make that burden on the homeowners.

President Newell asked the Board to stay to reconvene the Executive Session for additional comments.

11. Next Meeting Date

The next meeting will be held on February 20, 2017.

12. Adjournment of Open Session

With no other business before the Board, John Newell adjourned the General Meeting at 8:26 P.M.

Respectfully Submitted,

Dana Desing (TE: 14082507)
Acting Recording Secretary