

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

Board of Directors
General Session Meeting Minutes

January 15, 2018
Mesa Police Substation, 2430 S. Ellsworth
Mesa, Arizona 85209

Present:

Board Members:

Lisa Quedens, President
Dee Hurley, Vice President
Barry Matlack, Treasurer
Gary Bever, Director
David Kovach, Director
Beth Patton, Director
LeeAnn Bohman, Director
Jeff Brown, Director

Board Members Absent:

Sean McNulty, Director

FirstService Residential Representative:

Kamin Havens, Community Manager

12 Homeowners were Present

I. Call to Order

President Lisa Quedens called the meeting to order at 6:30 P.M.

II. Appoint New Board Member

As John Newell left the Board in December, there was a vacancy. After meeting with two candidates, Jeff Brown was recommended.

Jeff Brown and his wife and daughter moved into Augusta Ranch 16 months ago. They previously lived at the Villages of Eastridge for 13 years, although much time was spent here at The Vue and the Golf Course. Jeff owns a golf shop at the Mesa Marketplace. He felt being on the board would be a great way to get more involved in the community.

Lisa Quedens felt Jeff with his golf experience would be an asset to the Board. If appointed, Jeff will need to re-run in May.

MOTION: Lisa Quedens moved to appoint Jeff Brown to the Board of Directors, seconded by Gary Bever. Motion passed unanimously.

III. Review and Approval of November, 2017 Minutes

There were no changes or corrections requested to the November 20, 2017 meeting minutes.

MOTION: A Motion was made by Dee Hurley to approve the November 20, 2017 minutes as presented, seconded by LeeAnn Bohman. Motion passed unanimously.

IV. Review of November and December HOA Financial Statements

Barry Matlack reviewed the November and December Financial Statements and provided highlights from the end of the year.

Net income was \$21,200 to the positive. Administrative expenses were negative \$6,500. Utility expense was \$11,200 negative. Kamin Havens noted we were credited back 200,000 gallons. She will need to check if that credit came through. With the City's 5% increase, we should be right on budget. End of year landscaping was \$18,000 negative as some of the expenses were not established in the budget. Patrol service was \$7,000 positive as there was an overlap due to the billing dates. The total expenses have an under-run of \$28,000. We are in the positive overall for the year with a good budget moving forward.

There is a surplus from the end of the year of \$49,000. In years past, the surplus has been moved to reserves. We are fully funded in the reserves now.

Dee Hurley noted some major work coming up and the funds will be needed in the reserves. The Financial Reports are available on the website.

MOTION: Beth Patton moved to approve both the November and December Financial Statements, seconded by LeeAnn Bohman. Motion passed unanimously.

MOTION: Barry Matlack moved to transfer \$49,000 into the Golf Course Reserve Fund, seconded by Dee Hurley. Motion passed unanimously.

V. Review of November and December Golf Financial Statements

Kamin Havens reviewed highlights from the November and December Golf Financial Statements.

Income for December was \$28,000, which includes the golf course lease and payroll expenses. The lease is a month in arrears.

Administrative expenses of \$10,000 are the loan payment for the golf course and \$350 for insurance. PuttTek was paid out of the reserves for \$6,000.

MOTION: Beth Patton moved to accept the Golf Course Financials for November and December, seconded by Gary Bever. Motion passed unanimously.

VI. Homeowner Forum

Green Jacket Membership Contract: A Green Jacket member and homeowner in Augusta Ranch since 2007 stated there has been a breach of the Green Jacket membership contract. Don Rea had offered a lifetime membership which included a 20% discount on food and beverages, a designated locker, and storage space for golf clubs in the cart barn. Over the years, Don Rea has rescinded some of those benefits. The food and beverage discount was rescinded during a difficult financial time, which the Green Jacket members accepted for the benefit of the golf

course and neighborhood. Don recently issued an email rescinding the rights under contract for lockers and golf club storage. This has greatly diminished the value of the paid membership. A representative of Don Rea's was heard saying at the town hall meeting that the Green Jacket program would stay. There has been a breach of contract and the homeowner stated it was the responsibility of either Don Rea or the Homeowner Association as the new owners of the golf course.

Lisa Quedens asked what the contract states regarding lockers. The homeowner advised that the contract stated that bag service will be provided and Augusta Ranch is not responsible for damage or loss of stolen clubs. Don provided lockers with the member's names, and expanded the program from 12 to 16 when the golf course needed money for capital improvements. Members gave in excess of \$8,000 each. Lockers have been provided to Green Jacket members since October of 2011. The contract dated in 2011 also states that if the course were to be sold, a full refund would be given. The member asked how the new owners of the golf course plan to reimburse the Green Jackets for the diminished contract.

Lisa asked if the Green Jacket members had met with Don Rea? The homeowner stated he had no intention of meeting with Don Rea as he had guaranteed that nothing would change. The homeowner does not want to hear more untruths from Don.

Barry Matlack wanted clarification on what is being asked of the Board. The member is asking the Board to make this right and to allow the Green Jacket members to keep their lockers and a space for their golf bags, as was written in the contract. He enjoys the membership and does not want to give it up. It has been said by Golf Course employees and others that the Green Jackets get free golf. That is not so. They prepaid for golf when the course needed funds to survive. He understands the contract was with the past ownership, but it was marketed and sold by Don Rea. He is asking the Board to provide a remedy to have lockers and bag storage. The members had previously given up the food discount and he is not asking for that back.

Another Green Jacket member noted that the email came from both Don Rea and the Homeowner's association.

Kamin noted that Don Rea and the HOA did discuss this matter and it was not taken lightly. In business things change, and we are out of room now. An air-controlled climate is needed for storage and the offices are filled with cases of beverages and the cart barn has cases of water. There is no room for merchandise or storage. The HOA has purchased a connex which is in the maintenance yard, although only certain items can be stored there. Back in 2011, no one knew the building would be there or that the Vue would be taking over. An air-controlled room that can be locked is needed, as things go missing whether due to outside employees or others. The Green Jacket member stated they are only asking for a room or place for their clubs, it does not have to be that particular room. There is land at the end of the driving range where something can be built or a container can be placed. The golf carts used to be out there overnight for charging.

Kamin clarified that moving the lockers would be acceptable to the Green Jackets.

Barry felt the points made are valid. He suggested the matter be tabled for now and a meeting scheduled with the Green Jackets or their representative to go over possible solutions. Barry has played golf here since it opened and is now a homeowner in the community. Some of the Green Jackets are friends of his. It is a great group for the golf course and they are entitled to what was purchased. Things change and we need to communicate and come up with a solution. There may be a cost to the community and the HOA and that needs to be addressed. If there is a good solution, we will figure out the logistics.

The Green Jackets received an email from Don Rea stating that their belongings need to be out by February 1st, 2018. When one member asked to discuss it, Don said no the decision has been made.

Another member asked if Don Rea made provisions during the golf course purchase negotiations for an area to keep rental bags. Lisa stated that was not part of the negotiations. Barry stated the Board tries to stay away operationally from the Golf Course and the Vue. Discussions and meetings will be held to work on solutions prior to the February 1st date. The Green Jackets were asked to appoint a representative to attend the meetings.

Financial Statements: A new community member asked if First Service prepares the financial statements, how often, and are they audited? Lisa Quedens replied that First Service prepares the financial statements on a monthly basis and an audit is conducted annually by Butler-Hansen. The next audit is scheduled for May or June. The Board is committed to transparency and the budget, minutes, financial statements, and audits are all posted on the website.

Golf Course Wall Questions:

- A Homeowner asked for an explanation from when the iron fence was originally done, what was expected, the cost, and what happened between then and now.

Kamin stated back in 2009, the builder put \$250,000 into an escrow account earmarked for the previous owner, Your Source, to use towards the walls. At that time, the HOA did not own the golf course and did not take part in that process. From her understanding, it was not the best job done on the walls. A Board member acknowledged that back in 2009, they did a sloppy job and never fixed anything.

The HOA bought the golf course this past May, and in June hired a contractor to do a scope of work for each lot. We don't have the funds to replace all of the wrought iron and are focusing on the priority items. The scope of work was then sent out to four contractors, three of which gave presentations to the Board and bid on the project. Those contractors conducted their own walk through. Rules were established regarding repair or replacement of certain items. The contractor selected by the Board had great reviews for their projects at the Islands and San Tan Heights.

- Who chose the Berlin black color? The original builder.

- What are the expectations for the wrought iron repairs and painting? Kamin stated the bids contain all of the details regarding welding, sanding, spot priming, block wall anchors, stucco application, etc. The Homeowner, Chris Reinhart(sp?), asked to see that. Kamin stated he had asked for the scope of work on his lot. He noted it listed scraping of the wrought iron and felt it needs blasting or grinding or the paint will not stay. Kamin noted that last time, electrostatic paint was used on the iron, although the wrong paint base was used. She assured this would not happen again.
- A Homeowner noted it was painted twice—first by the builder only on the golf course side, then again in 2009 both sides were painted at no charge to the homeowner, although it did not look good for long. He asked if notification was sent out that in the future the homeowner would be expected to pay half. Lisa stated that is listed in the CC&Rs. Barry stated the difference was that there are two owners of the wall—the homeowner and the golf course. The CC&Rs state that for common shared walls, the cost needs to be shared. Lisa noted in prior years when the walls were done at the parks or along the loop, those homeowners paid their share also. It is not only the golf course walls.
- A Homeowner felt there was not \$1,300 worth of repairs on his fence. Other homeowners felt the same. He felt he could do it for \$600. Kamin stated he may be able to because he is a contractor, but many homeowners cannot. The walls need to be uniform.
- The watering system on the golf course is a major issue with the sprinklers hitting the fence. Beth Patton had asked the golf course to change the sprinkler direction and it has helped. Kamin encouraged homeowners to call or send her an email if they need to have the spray from the golf course redirected.
- A Homeowner asked for the exact date that the contractor will be there to do the work. Kamin stated there will be notice for the exact week. Barry stated in a project of this size, expecting an exact date is unrealistic.
- What is the warranty? Kamin stated there is a 2-year warranty and a performance bond that the HOA paid extra for.
- Will the contractor cover everything in the yard to protect from the paint? Yes.
- The email stated everything needs to be two feet away from the fence. Is that realistic? Homeowners were asked to do their best to trim plants back or below the level of the iron. Larger plants or trees can be tied back or covered.
- A Homeowner had his iron work done three years ago and the cost was about the same. He felt the cost was fair.

- A Homeowner asked who should be notified if there are any problems? The HOA can be notified.

The Board took a five minute break and resumed the meeting at 7:25 p.m.

VII. Golf Course Report

A. Circular Entry Signage - Sierra Signs did the monument at the fountain and it still looks good. They are recommending aluminum on the west side to handle the sun exposure. It should only need paint in 10 years, whereas PCV would need to be replaced. The options are brushed aluminum, painted aluminum (any color), or PVC. Photos were provided and the prices per letter for each option were reviewed. After discussion, the Board decided on white painted aluminum for the sign.

B. Quotes for Entry - A quote will be placed on the back side of the sign and PVC was recommended as it will not face the sun. The Board reviewed quotes and decided on white PVC with the following quote:

"Always make a total effort, even when the odds are against you."
Arnold Palmer.

C. Capital Improvement Budget - The Board would like time to review the budget and hold a discussion at the February meeting.

Kamin will update the budget to add the sludge proposal. Barry Matlack reviewed the sludge and algae issues. The pellets release bacteria which eat the sludge and make it harder for algae to grow. Don Rea is responsible for maintenance, including the chemicals needed to control the algae. Aerators are also needed, although that can be a project for future years as it requires trenching and electrical work. The immediate priority is to address the sludge with three pellets treatments. Don should be advised that he will need to commit a crew member for weekly scooping.

Kamin suggested leaving it up to the Golf Committee to figure out a schedule for the needed items. Kamin will then update the budget accordingly and send it out to the Board to review prior to the February meeting.

D. Golf Course Wall Update—Wall Assessment to Golf Reserve - When homeowners with golf course walls pay their assessment, it goes into their HOA account. That will need to be transferred to the Golf Course Reserves. This needs to be reflected in the Minutes.

MOTION: Lisa Quedens moved that the payments on golf course wall lots into individual homeowner HOA accounts be transferred over to the Golf Course Reserves. Dee Hurley seconded the motion. All voted in favor. Motion passed.

E. Irrigation Controller Upgrade Quote - There were meetings with two companies for irrigation controller upgrades with either Rain Bird or Toro equipment. All of the current irrigation is already Toro. The quotes came in at \$61,220 and \$68,522, and \$35,000 needs to be added to each bid for installation and programming. The upgrade would begin in June after the golf course walls are completed.

On the Capital Improvement Plan, this would be financed with \$50,000 down and payments of \$1,200 a month for the next five years at 6% interest. There is the option to pay early. In order to do this and all of the other projects in 2018 would require \$84,000, and we are already putting in \$46,000. The \$49,000 surplus needs to go to the Golf Course Reserve fund.

Dee Hurley had concerns as the \$49,000 was for the HOA, and we are taking that from the HOA and giving it to the golf course. Barry clarified that it is all one entity now. Lisa stated it is the HOA Golf Course, although we have two sets of books. The funds would be transferred from the main HOA to the HOA Golf Course. Kamin stated we cannot raise the assessment on the golf course to get funds in the reserves. The only way to build up the reserves is on the Golf Course financials. We are using the surplus from the budget. The HOA is now 100% funded at this point.

Barry noted that getting this upgrade to the system now makes the most sense, and the other items such as adjustable sprinkler heads can be pushed off to a later date.

Since we already have Toro equipment and that bid is \$7,000 less, the Board agreed to stay with the Toro bid.

MOTION: Jeff Brown moved to accept the Toro quote from Simpson Norton for an irrigation system upgrade in the amount of \$61,220.35 (plus \$35,000 for installation and programming). LeeAnn provided a second. Motion passed unanimously.

VIII. Manager's Report

Administrative Update: FSRConnect Reports

193 Total calls for November and December

28 New homeowners in the community for November and December

18 Architectural requests received for the January meeting

160 Violations were sent out in November and December

A. Events for 2018/Calendar - The Board discussed how to handle events if the Vue closed. Food trucks would require a minimum guaranteed sales amount. This past year, the Vue closed for the summer months, which hurt them financially. There may be another restaurant in by the fall. The Board reviewed dates for events, considering Holidays and school breaks. With all of these events, not including the community yard sale, there is still \$16,000 in the Social Expense budget.

February 24 - Natives vs. Snowbirds Golf Tournament

March 24 - Easter Event

April 7 - Community Yard Sale

April 21 - Annual Picnic

July 21 - Summer Splash

August 11 - Resident Golf Tournament

Sept 22 - Hot Nights

October 20 - October Fest

November 3 - Community Yard Sale

December 14 - On Course for the Holidays

Kamin will finalize the events list and send out to homeowners.

IX. Landscape and Irrigation

A. Landscape Report - Dave Kovach reported on the final water numbers for 2017 at 31,700,000 gallons, which is equal to the 2016 numbers, although we were not billed for 250,000 gallons in 2016. There was a 200,000 gallon adjustment in October for the spike on Crismon Road. Overall the numbers have been stable and we have done well without rain since October.

Barry asked about the dump fees for this year in the budget. The Golf Course pays 25% of the dump fees. Kamin felt the number in last year's budget was low and there was an increase for the 2018 budget.

B. Desert Classic 2018 Contract - Dave Kovach reviewed the new contract with Desert Classic Landscaping, which is a 3.5% increase over last year (\$8,000). Payments will be split between the first half (\$20,394) and second half of the year (\$20,502). The increase reflects crew raises and the minimum wage increase. This is the first increase from Desert Classic in two and a half years.

MOTION: Dave Kovach moved to accept the landscape contract with Desert Classic, seconded by Dee Hurley. Motion passed unanimously.

Barry Matlack asked why we don't have Don's company do the landscaping. The Board discussed the quality of work on the golf course and potential conflicts between servicing the golf course and the HOA. Desert Classic also has a bid on the tree installation and they have an enhancement crew to run the irrigation to new trees and plants. It was unclear whether Don would have the capacity for large projects on top of the day to day work. Don will be asked to submit a bid for the 2019 budget.

C. Quote for Tree/Shrub Installation - The quote from Desert Classic includes 25 Red Push Pistache (Chinese Pistache), 25 Lilac Vitex (equivalent to Butterfly Tree), 25 each of Bouganvillea, Yellow Bells, and Bird of Paradise, and 50 Radiation Lantana. The total cost including installation and irrigation is \$17,625 to be paid out of the Reserves. The install is planned for the end of February or beginning of March. Most will be installed along the perimeter as a lot of trees were lost.

Barry noted landscaping was under budget last year. Dave explained that we held off on landscaping the past couple years in anticipation of the Golf Course purchase.

MOTION: Dave Kovach moved to accept the bid from Desert Classic Landscaping for \$17,625 to install trees, bushes, and flowers along the perimeter. LeeAnn Bohman provided a second. Motion passed unanimously.

X. Website Report

Dave Kovach reported that the big draw of the Golf Course purchase is now gone. The website is down 19% from last year in visits and unique

visits. There were only 99 new users for the year. People use the website mostly to view the CC&Rs and for overnight parking requests. The Board was number 12 in favorite pages. Suspicious activity was at number 16 in popular pages throughout the year with 4,000 page views, although security does not receive that many calls for suspicious activity. There is a form online that can be filled out, although people may hesitate as they don't want their name to show up. Dave noted the Facebook page is doing well.

Kamin has not heard from Maxwell Morgan on the vacation logs. They have several items they are still working on.

XI. Security

A. Security Report - In Sean McNulty's absence, Lisa Quedens reviewed the flyer which covers suspicious activity and keeping dogs on leashes. Otherwise, Security has been pretty quiet.

Barry suggested a way to send the main security dispatch number to homeowners through an email that they can click on to automatically add to their phone's contact list. Kamin will explore how to add a contact through email and it can be also included in the newsletter.

XII. Architectural Requests - Beth Patton reviewed the Architectural Requests. For the shade structure at 2555 E. Lindner, the setback requirements will be waived with approval from the neighboring property. 9446 E Kilarea is asking to only use 2 paint colors, using the same color for the fascia and pop outs. 9453 E. Lompoc is requesting artificial turf. Kamin recommended approval with the stipulation that a turf sample be provided. Kamin will also send the flagpole requirements out on that request.

- A. 2555 E. Lindner - Shade Structure (Needs neighbor approval)
- B. 9718 E. Natal - Sidewalk
- C. 2662 S. Vincent - Paint
- D. 2713 S. Joplin - Gate
- E. 9331 E. Kiva - Paint
- F. 9730 E. Knowles - Windows
- G. 9730 E. Knowles - Landscape
- H. 9740 E. Kiva - Sidewalk
- I. 2203 S. Keene - Landscape (Jan)
- J. 2348 S. Sorrelle - Paint
- K. 9539 E. Lindner - Paint
- L. 9606 E. Keats - Paint
- M. 9718 E. Natal- Patio Cover
- N. 9740 E. Meseto - Landscaping
- O. 9913 E. Lompoc - Paint
- P. 9839 E. Navarro - Patio
- Q. 9934 E. Lobo - Paint
- R. 9562 E. Monte - Paint
- S. 9638 E. Naranja - Artificial Grass
- T. 2129 S. Bristol - Solar (new)

U. 9806 E. Lompoc - Solar (new)

New Requests:

V. 2129 S. Bristol - Solar

W. 9806 E. Lompoc - Solar

X. 9921 E. Lompoc - Paint

Y. 9446 E. Kilarea - Paint (only 2 colors)

Z. 9453 E. Lompoc - Landscape (Approved with turf sample)

MOTION: Beth Patton recommended approval for the Architectural Requests, with stipulations as noted. Dave Kovach provided a second. Motion passed unanimously.

Kamin noted that the Coco Brown color of granite was added to the Architectural Guidelines.

XII. Performance bond

MOTION: Lisa Quedens moved to add to the cost of the contract for Finesse Construction on the Golf Course walls the amount of \$10,625.91 for the performance bond. Dave Kovach seconded. Motion passed unanimously.

XIII. Next Meeting Date

The next Board meeting will be held on February 19, 2018.

XIV. Adjournment of Open Session

With no other business before the Board, Lisa Quedens adjourned the General Meeting at 8:30 P.M.

Respectfully Submitted,

Dana Desing (TE: 14082507)
Acting Recording Secretary