

**Augusta Ranch Community Master Association
c/o FirstService Residential**

**Town Hall Meeting
June 19, 2017
Mesa Police Substation
2430 S. Ellsworth, Mesa, AZ 85209**

Present:

Board Members:

Lisa Quedens, President
John Newell, Vice President
Barry Matlack, Treasurer
Gary Bever, Director
LeeAnn Bohman, Director
David Kovach, Director
Beth Patton, Director

Board Members Absent:

Dee Hurley, Secretary
Sean McNulty, Director

FirstService Residential Representative:

Kamin Havens, Community Manager

Others Representatives Present:

Curt Hudek, Augusta Ranch Golf
Austin Baillio, Maxwell Morgan
Dave and Denise Bee, The VUE

Many Homeowners were Present

WELCOME AND INTRODUCTIONS:

John Newell called the Town Hall meeting to order at 6:35 P.M. and welcomed everyone. Members of the Augusta Ranch Homeowners Association will have three minutes per household for questions or comments regarding the Golf Course. When the topic of purchasing the Golf Course came to the Board two and a half years ago, there were many concerns and the Board's priority was to protect the community and the home values.

John Newell introduced Dave and Denise Bee of The VUE, Curt Hudek, who is a partner with Don Rea in operating the Golf Course, and Austin Baillio, an attorney with the Maxwell Morgan legal team. Don Rea could not be here tonight. Kamin Havens is our Association Manager with FirstService Residential. The members of the Board were introduced.

Barry Matlack spoke about his background and why he joined the Board. His focus has been minimizing the risk to the homeowners while maximizing the value. He encouraged everyone to ask questions before forming conclusions. The Golf Course and The VUE are our partners, and making sure they are successful will add value to our investment. He advised that everyone is welcome to attend the open forum every month.

Lisa Quedens stated the Golf Course operation will not be handled by the Association. The options were to lease to a partner or use an outside golf management contract. A lease minimizes the risk to the HOA, as the profits as well as losses stay with the golf course. A management contract could cost up to \$80K a year, plus the HOA would incur the risks. A partner will have more of a sense of community.

The proposed Annual Golf Course budget was provided in the packet. When the subdivision was built, the owner of the golf course also owned the subdivision, and it was written into the contract that the HOA had to pay the golf course money for a drainage easement as the streets flood onto the golf course when it rains. The subdivision was completed, then the golf course was sold and the HOA was obligated to the new owner. The HOA was to pay \$400K annually for the drainage easement. The HOA sued the owner and settled to de-escalate the costs over time down to \$130K a year for the drainage easement. That \$130K now goes to pay the debt on the loan, plus the HOA has been saving \$16K a month which will roll into the golf course operations. There will be expenses, such as property taxes, CPA review, property liability insurance, legal review, and a third-party golf management company. Golf Maintenance Solutions (GMS) has been retained for one year, possibly two, to set standards for the Golf Course, and to ensure that the Golf Course is being maintained. \$25K will be set aside for unanticipated expenses. Funds will be set aside in a reserve account for capital improvement projects, with the golf course contributing 1% of gross revenue as well. GMS has done an assessment of the projected capital improvement needs over the next five years.

QUESTIONS:

Is the Golf Course Lease of \$12K annual?

Yes, the lease includes the entire golf course property and the \$12K is to be paid to the HOA annually. The liability is on the lessee to manage the Golf Course.

Are the capital expenditures to be paid out of the lease payments?

The lease payment plus 1% of the gross revenue from the Golf Course will be paid to the HOA. After the income and expenses, the projected figure of \$37,900 will be transferred to a reserve account annually for capital improvements. The HOA will continue to put in approximately \$16K a month, as it has done for the past two years.

A Homeowner commented that Augusta Ranch is not the Number 1 Short Course in Arizona, and felt the Golf Course should not answer the phone as such.

John Newell clarified that it is the Number 1 Short Course, as of the last evaluation. The layout of the course was discussed and it was noted that the owner of the course decides the layout.

A Homeowner felt that all Golf Course employees from top to bottom should go through a new interview process, and it should be open to the public.

As the Association will not be running the Golf Course, it is not our choice to hire, conduct interviews, or to arrange the course. Although the

HOA now has some say in the partnership, it is still up to the owner and lessee to decide what is best for their course. Don Rea was limited in that he had to get approval from the owner for every purchase. Golf Management Solutions is a professional agency and will set the standards for the golf course.

How long will the Golf Course be given to comply with the standards?

There is no set time for compliance, as some items will take longer to remedy. Approximately 14 items were identified in the assessment, including crabgrass, aeration, soil management, etc.

The Golf Course was designed and built as a retention basin, and the technology is much different now. It would cost approximately \$1 Million to redo the irrigation system. There may be some items that cannot be remedied.

How many full-time maintenance people are there for the Golf Course?

There are currently 6 or 8 full-time employees, which will not change. Curt Hudek noted that this Board was very forward thinking in acquiring this asset and getting rid of the \$130K a year expenditure. This is a community that embraces the golf course, and many events and activities are held for the community. Looking forward, in 15 years the golf course will be paid for.

Who does The VUE lease from?

The VUE has a contract with the Golf Course and none of that money goes to the annual budget.

Will the golf school stay at the Golf Course? There was a concern that one of the key instructors was let go and now it is empty.

Yes, the golf school will stay and it is important to bring in new golfers. The HOA is aware of the instructor situation.

What is the relationship with Golf Maintenance Solutions (GMS), and will they report to the Board or the Golf Course?

GMS has a contract for one year, which may be extended to two. They have conducted an initial report, and will conduct three visits annually. GMS will report to the Golf Committee, and the Committee will work with the Golf Course to make sure the standards are being met. GMS conducts their assessments together with the golf course management. It was an appropriate investment to help the Board transition to overseeing the Golf Course.

Why is the Golf Course watered in the evening rather than the morning?

The Golf Course requires irrigation for several hours in a row and waters at night as the lines are at maximum capacity. The HOA also waters at night.

A Homeowner felt the Golf Course acquisition was a good thing all the way around, as we will not have condos or apartments built, which would lower home values.

It was noted that Club West was bought out and subsequently driven to the ground for development. The same is happening at the Foothills, and their

HOA is considering a lawsuit, as the golf course is being driven into bankruptcy. Club West is now closed for the summer. MSN has an article on golf courses across the country that are going to development.

Where will the funds come from to do capital improvements?

There is already \$250K set aside in a capital improvement fund. After the income and expenses, the projected figure of \$37,900 will be transferred to a reserve account annually. There are projections of items that will need repair over a 5-year period. Other major expenses will be shared with the Golf Course as stated in the contract. The Golf Course is responsible for routine maintenance items, while the HOA is responsible for the higher ticket capital items.

What are the prospects for the owners to run a profitable golf course?

The owners can run a profitable business through cost control and revenue generation. A management company would charge the HOA \$80K to run the course. The Board wanted to ensure long-term consistency in the Golf Course operations.

Has the Board considered having a homeowner who also plays golf contribute to the Board?

After the first year or two, we will transition away from the golf management company. The Board felt it was best to have a professional in the beginning.

Will the homeowner fees remain non-taxable?

Kamin Havens advised that the HOA will maintain a non-profit status.

How is The VUE doing?

Dave Bee stated from an operational standpoint, The VUE is limited as it was a small entity that was converted to a restaurant and some capital improvements are still needed. The HUB also has a vested interest. The VUE is not going anywhere, and is looking to expand the patio and add more kid friendly games.

Is the figure that is transferred from the HOA (\$16K/month) expected to continue and will the Homeowner fees be affected?

The HOA has been putting \$16K aside for the last two years, and will continue to do so until the Golf Course is paid off. That has been committed in the budget each month with no impact to the homeowners.

Many of the pine trees in the community are dying. Is there a plan to maintain the pine trees on the Golf Course?

There is a national blight on pine trees, which is difficult to control. The HOA has struggled this past year and has treated the pine trees. This item will be addressed by GMS.

Are there plans to redo the Golf Course walls, which are owned 50-50 with the Homeowners?

Kamin stated that is a top priority. A general contractor will be retained to evaluate any needed repairs, and estimates will be obtained for repairs

and painting. The price to homeowners will be less if no repairs are needed. The same painting method was used in all five parks last year. It looks great and there have been no complaints from homeowners.

What can be done about the sludge in the ponds?

That was addressed with GMS and is on the list. It is currently on weekly maintenance until the problem can be solved.

In the winter, many courses are going to flights to avoid backups on the course. Has that been considered here?

There has been some discussion about shotgun starts.

A Homeowner noted that much of this is new to the HOA, and suggested that homeowners email concerns and understand that it takes time to remedy all of the issues.

There is so much information that the Board will need to work through regarding operations, remedies and repairs over the next five years and it will take time.

A Homeowner who lives on the golf course commented about the beautiful view and appreciated all of the time and hard work done on the Golf Course acquisition.

ADJOURN:

With no further questions or discussion, the Town Hall meeting was adjourned at 7:38 P.M.

Respectfully Submitted,

Dana Desing (TE: 14082507)
Acting Recording Secretary