

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

Board of Directors
General Session Meeting Minutes

September 18, 2017
Mesa Police Substation, 2430 S. Ellsworth
Mesa, Arizona 85209

Present:

Board Members:

Lisa Quedens, President
John Newell, Vice President
Gary Bever, Director
LeeAnn Bohman, Director
David Kovach, Director
Sean McNulty, Director
Beth Patton, Director

Board Members Absent:

Dee Hurley Secretary
Barry Matlack, Treasurer

FirstService Residential Representative:

Kamin Havens, Community Manager

One Homeowners was Present

I. Call to Order

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

II. Review and Approval of August Minutes

A **MOTION** was made by Beth Patton to approve the August minutes as presented, seconded by Sean McNulty and approved by all.

III. Review of August HOA Financial Statement

Kamin Havens provided a review of the August Financial Statement.

AUGUST 2017 TREASURER REPORT

CASH ACCOUNTS

Operating Checking	\$ 142,577
Operating Savings	\$ 64,751
Reserve Accounts	\$ 387,661
Other Assets	\$ -
TOTAL CASH	\$ 594,988
Variance from last month-Negative	\$ (75,513)

INCOME YTD

Actual Income	\$ 748,415
Budgeted Income	\$ 729,325
Variance – Positive/Negative	\$ 19,090

EXPENSES YTD

Actual Expenses	\$ 747,203
Budgeted Expenses	\$ 721,708
Variance – Positive/Negative	\$ 25,495

PROFIT/LOSS YTD

YTD Actual Income/Reserves	\$ 813,069
YTD Actual Expenses	\$ 747,203
Variance – Positive	\$ 65,866

DELINQUENT ACCOUNTS

Under 30 days	\$ 13,087
30+ days	\$ 8,484
60+ days	\$ 26,786
90+ days	\$ 238,632
TOTAL	\$ 286,992
Last month	\$ 303,499
Variance – Positive	\$ (16,507)

A **MOTION** was made by John Newell, seconded by Gary Bever, to approve the August 2017 Financial Statement. Motion passed unanimously.

IV. Review of August Golf Financial Statement

Kamin reviewed details of the August Golf Financial Statement. Income for August was \$17,700; Golf course transfer is \$16,667; July lease \$1,000 and \$32 in interest income. Expenses for August were \$10,700; interest expense \$10,174; and \$500 for Type 2 Water Rights. She noted that the principal for the loan amount is subtracted from the Liability "Loan Payable."

AUGUST 2017 GOLF TREASURER REPORT

Cash on Hand

Operating Checking Account Balance	\$ 39,775
Operating Savings Account Balance - NCB	\$ 250,111
Green Bank MMA Reserve Account	\$ 95,771
Total Cash	\$ 385,657
Variance from last month-Negative	\$ (147)

A **MOTION** was made by John Newell, seconded by Sean McNulty, to approve the August 2017 Golf Financial Statement. Motion passed unanimously.

V. Golf Course Report

A. Capital Improvement Plan-September meeting - The Committee will meet in two weeks to consider priorities for the Golf Course capital improvement plan. Routine maintenance is the responsibility of the Golf Course. The Committee will develop a timeline so that the cash flow coming in will cover the improvements. Lisa will report back in October.

B. Improvement for Circular Area at VUE entry - There is a proposal to install a mini putting green (decorative only) in the 20-foot circle in front of the Golf course and the VUE. The area needs some improvement as it has lost two trees and there are some old oleanders. Don Rea has submitted a quote from PuttTek for \$3960 and is asking for approval from the Board as well as financial contribution.

Board Discussion

There was concern with people driving in the area with very little height to the putting green, and the Board felt it did not provide much visual appeal. It was suggested to have a tall flagpole with the American Flag and the Augusta Ranch Golf Course flag underneath with lighting if there is available electricity. Artificial grass or flowers could surround the flagpole. This would provide a visual from the street. The maintenance would be on the Golf Course. Another idea was for tiered flower beds with an Augusta Ranch sign to provide a vertical design element. The Board understands the need for improvement in the area, and requests that Don Rea come back with additional options for consideration and budgeting through the capital improvement plan.

MOTION: Lisa Quedens moved to **not** accept the proposal for a mini putting green in front of the Golf Course and VUE, and to request that additional options be provided for future consideration and budgeting. John Newell provided a second. All voted in favor and the Motion carried.

As a temporary solution, flowers can be planted in the area at minimal cost.

VI. Manager's Report

Administrative Update: FSRConnect Reports

144 Total calls for August.

19 New homeowners in the community for August.

6 Architectural requests received for the August meeting.

167 Violations were sent out in August.

- A. Annual Picnic** (October 21, 2017 5-9 P.M.) - Details are included in the Board packet with a list of items that still need to be completed.

Dr. Abrams of the Wellness Center is requesting to be a vendor at events. He is signed up for Hot Nights with a massage table. After discussion, the Board felt this type of service would not be appropriate for the Annual Picnic, and since it gets dark at the Holiday event, it would not be a good fit. There was concern of setting a precedent. Dr. Abrams' service would be better suited to the golf event, fun run, or other health and wellness related events.

- B. Events Update (Hot Nights-September 23, 2017 5-11 P.M.)** - The Board was asked for their availability to volunteer for set up at 4:00. Several members will be out of town. John can help for set up only. LeeAnn can be there but will have to leave for a short time for homecoming. Dave can be there after 6. Sean may be able to help but is not sure what time.

- C. CPA Engagement Letter** - Kamin advised now that the HOA owns the golf course, the bank requires an audit. Butler and Hansen helped in reviewing the Golf Course financials before the purchase. The audit cost (\$15K) will be split between the HOA and the Golf Course. An extra charge of \$1,250 is needed to prepare the Association's federal and state income tax returns.

MOTION: Sean McNulty moved to approve retaining Butler and Hansen for audit services at the cost of \$15K and to prepare the Association's federal and state income tax returns at a cost of \$1,250. Gary Bever provided a second. Motion carried.

- D. HOA 2018 Budget** - The Board was provided with a draft of the 2018 budget to take home and review. First Service wants to increase the management contract to \$1/door, up from .45/door. This is still below industry standards of at least \$1.50/door. Kamin reviewed all of the work done by the back half, such as billing statements, e-statements, rebills, referral to prelegal, demand letters, referral to collection, check writing to vendors, processing assessments and refunds, Surepay calls, 24/7 customer care center, community email software, resident alerts, community website, accounts payable, community coordinator, etc. They are now doing two sets of financials with the Golf Course.

The Board discussed past contract negotiations and the master community and sub assessments. There was a question of revisiting the services to see what could be minimized. First Service was felt to provide comprehensive services nationwide, and compared to other management companies, Augusta Ranch is getting their money's worth. The HOA brings in \$1,118,500 plus \$263,550 from subs for almost \$1.4 million. First Service is asking for \$26,500 or 1.9% of that income. This increase was factored into the draft budget and everything balanced out well.

The next budget increase is projected for next year and would most likely be .25/door.

The 2018 Budget will come back in October for a Board vote.

E. Increase Letter - The proposed letter to homeowners was reviewed for the increase in Association quarterly dues to \$5.00 per quarter for the Master Association and \$2.50 per quarter for the Sub-Associations. This is due to the increases in the management contract of 120%, the annual audit 1,011%, social events 400%, insurance 6.67%, landscape contract 3.5% and water 5.77%. All of those increases total \$70,500 or 6.69%. The assessment increase in 2018 would be 2.94%, which is less than the full increase of expenses.

The Board will vote on this Assessment Increase in October.

F. Golf Budget - The 2018 Budget Narrative and Monthly Summary are provided in the packet for Board review.

G. HOA & Golf Budget - The bank also requires an accounting of the HOA and Golf Course together. This is also provided in the packet for Board review.

VII. Landscape and Irrigation

A. Landscape Report - Dave Kovach reported that the shrubs were trimmed away from the walls for painting, the bougainvillea will be trimmed when it is cooler. Hand pruning was done on the Loop and perimeter. Compton Park was treated again for gophers. The water numbers went up, although it is still good at 22 million gallons for the year so far. Ellsworth and Monterrey jumped up in water use and there have been a lot of irrigation repairs. There will be a meeting next week to plan on replacing the oleander trees.

The Board discussed that the Bermuda in the Loop does not look good with bare spots, possibly due to pine needles. A suggestion was made to dye the grass in the summer and overseed in the winter. Dave prefers the rye grass as it will grow into summer, although it uses a lot of water. Kamin suggested to re-sod some areas. Dave noted that was done two years ago without success. It was noted if re-sodding is done in the winter it will have both grasses. Dave will add these suggestions to the list for the next committee meeting.

Kamin reviewed the 2018 Turf and Granite Plan by Arizona Termite Pest & Weed. This is a month by month plan for fertilizer, testing and treatments. The pre- and post-emergent figures are already included in the budget. Exterminating expenses will be \$400 a month and \$600 a year for bees. This plan was also done in 2017, but after the budget was approved, which is why the landscaping budget was off this past year. This plan has been incorporated into the 2018 proposed HOA budget.

MOTION: Dave Kovach moved to approve the Turf and Granite Plan and the expenditure in the budget, seconded by Lisa Quedens. Motion passed 6-1.

VIII. Website Report

Dave Kovach reported the website is down 13% in visits as well as unique visitors, most likely because the golf course purchase is now done and the Facebook page is rocking along. The website provides information on the architectural requests, parking and CC&Rs.

IX. Security

A. Security Report - Sean McNulty reported on issues with the security truck, which was down for a week. It was hard to identify the security officers without the truck, and people were calling Mesa Police for suspicious activity. Kamin suggested that VWS should provide a back-up vehicle for their employees. Magnetic signs to put on a vehicle were also suggested. Kamin stated we have magnetic signs and light bars and she called to find out where they are. We may need to order more. There was a question of liability with the security using their personal vehicles. Kamin will ask VWS about supplying a back-up vehicle and if there would be a charge. VWS provides golf carts in other communities.

If the situation with the security truck being out of commission occurs again, an email will go out to inform the community that the truck is in repair and vehicles will be identified with an Augusta Ranch Security magnet.

B. Extended Warranty v. New Security Truck - Kamin stated that about \$8K is spent a year on vehicle maintenance and repairs. This year we have already spent about \$5K and the truck is at 96K miles. Kamin stated the Board needs to decide on the extended warranty before the truck reaches 100K miles, or whether they want to purchase a new vehicle. The VWS contract will need to be reviewed for the cost of adding a vehicle, which would not be done until next year's contract. The extended warranty would cover two years and up to 195,000 miles. A lot of the covered items may also be covered through H&I Automotive.

The Board discussed types of vehicles suitable for security and researching what equipment is needed. There was discussion on whether the warranty would cover a loaner car. Depending on the length of time for repair, the extended warranty would reimburse for a rental car up to \$40/day and \$160 per occurrence.

MOTION: Sean McNulty moved to approve the extended warranty for now and plan for a new security vehicle in a few years. John Newell provided a second.

Board Discussion

The Board discussed the extended warranty options and what components were covered, as well as the mileage on the security truck and the recent repairs for \$3K. Smaller hybrid vehicles were suggested. As new vehicles will change in the next few years with the new smart technology, it was suggested to hold onto the truck for the next couple years and do the extended warranty, and start planning for a new vehicle in the budget.

VOTE: After discussion, the Motion passed by a 6-1 vote.

Kamin will consult with H&I Automotive regarding options.

X. Architectural Requests

Lisa Quedens recommended approval for the architectural requests:

- A. 2509 S. Keene - Pergola (Board discussion needed)
- B. 9629 E. Natal - Driveway Expansion
- C. 2027 S. Alicia - Shed
- D. 9931 E. Lindner - Paint Trim
- E. 9810 E. Kiva - Artificial Turf
- F. 9958 E. Keats - Exterior Paint

Discussion: 2509 S. Keene - Lattice covering over BBQ area as well as the second floor balcony. This is considered a permanent structure and must match the roof color. There was concern on city permits being required due to changing the load structure. Kamin stated the lattice color would match the house. The Board will approve with the stipulation for proof of the city permit.

MOTION: Leeann Bohman moved to accept the architectural requests as presented, with the stipulation added for 2509 S. Keene as noted above. Beth Patton seconded. Motion carried unanimously.

XI. Homeowner Forum

- A. None.

XII. Next Meeting Date

The next meeting will be held on October 16, 2017.

XIII. Adjournment of Open Session

With no other business before the Board, President Quedens adjourned the General Session at 8:02 P.M.

Respectfully Submitted,

Dana Desing (TE: 14082507)
Acting Recording Secretary

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