

## COLONIA VERDE BOARD OF DIRECTORS MEETING

MAY 21, 2008

The meeting was called to order at 4pm by Treasurer Ron Sipp. Those in attendance: Ron Sipp, Jim Kelly, Mindy Faulkner, Nancy West, Bob Ferguson, & Mike Zonnefeld (Teleconference).

**Treasurer's Report: Ron Sipp-** Ron presented the April, 2008 Financial Statement stating it was presented on the accrual basis to better reflect the actual income for the four months ending April 30<sup>th</sup>. He stated that there were some minor adjustments that needed to be made and that they would be corrected on the June financials.

**Manager's Report: JJ-** see attached (in Minutes Book)

### **Landscaping Report: Bob Ferguson**

Bob commented that he had two reports: His first report proposed a plan to aid the landscapers in the removal of clippings every Tuesday – he proffered that the homeowners who had clippings to be picked up call the office to request a pick up, and this list would be given to the landscapers. In the winter they drive all around looking for clippings and sometimes they find nothing. During the winter months there are fewer clippings while in the spring and summer months there are more homeowners who put out their clippings. Ron added that they can also call if they did not receive a pickup. There was discussion from the audience of homeowners to clear up some questions about this procedure. No motion was made and passed to accept this new procedure.

Ron then asked Bob what his second report was: Bob then recounted that there was a change in the operating procedures of check payment to only twice a month, on the 15<sup>th</sup> and 30<sup>th</sup> of the month to pay our obligations. And JJ's check signing authority has been revoked to any checks over \$500. If these changes were made by one individual they were illegal and if these changes were made by the executive committee they are also illegal and in violation of the Arizona Open Meetings Law. Changes such as these made in secret and without any other board members or homeowners input as a whole are contrary to openness and transparency, changes made incur distrust and suspicion of the Board by the Membership. I move these changes to the Operating Procedure be rescinded.

Ron then asked who was saying all this. Bob said he was.

Mike replied that he happened to concur with Bob and what he did was make an arbitrary decision and raised the bonding of both employees to \$50,000 from \$25,000

which incurred an insurance charge of \$44. But he said he would like to restore it to how it was, and he wanted to know if we needed a motion. Mike added that if that change was made it should have been made with a Board decision so he was not sure how it should be changed back. Mike asked if we can make a Board motion to put it back the way it was, he was amenable to doing that. Is there a motion to do that? From the audience and Jim Kelly it was stated you don't need a motion as it was illegal in the first place. No motion was necessary. JJ was reinstated to be a check signer for all checks. He cannot sign his own paycheck.

Mark Brook spoke on the need to write a letter stating that we had changed the bonding limits for both employees just for the record, and Mike agreed.

Ron Sipp added that regarding the 15<sup>th</sup> and the 30<sup>th</sup> with Mike concurring that he also felt that was a convenience for issuing and signing checks and asked if that was an issue with Board? Ron added that he comes into the office on the 15<sup>th</sup> and the 30<sup>th</sup>, he reviews all the invoices and signs every check so that he knows what's happening to the money. He comes for 4 hours each day – on the 15<sup>th</sup> he said we take care of issues that have arisen, and on the last day we do payroll and payroll deposits and whatever needs to be done on the last day of the month.

Bob spoke up that we had landscapers here today (May 21<sup>st</sup>) who need to plant and they needed money, and there was no one to sign the checks. We have to tell them to come back after the 1<sup>st</sup> of June – we are going to be planting in 100 degree temperatures.

Mike interjected a question: Is it inconvenient to pay him (the landscaper) on these times – the 15<sup>th</sup> and 30<sup>th</sup>?

Mark Brook asked for a clarification from the floor – Ron replied that Bob was saying there is no one here to sign checks at all. Mike added that we have reversed that situation and JJ can sign checks now.

Ron added that the only board members that can sign checks are officers and Gloria has left, Kent is out of town as well as Mike. As a result he said he couldn't come running over when a check has to be signed. So we have suggested to the landscaper – if you need something we're here on the 15<sup>th</sup> let us know ahead of time around the 13<sup>th</sup> or 14<sup>th</sup>. Goldi writes a check as soon as the invoice comes in and they are signed on the 15<sup>th</sup> or the 30<sup>th</sup>.

Annette Green posed a question from the floor: “Why do we employ a landscaper who cannot go out and buy plants, bring in a receipt and be given a check for it – are they on such a short money supply that they can't do that?” Ron replied to that query saying that is a whole other issue, and then added we did not have his liability insurance or

workman's compensation until March 1<sup>st</sup> – which was a month after our contract was signed with them. He also acknowledged that there are other issues with this landscaper.

From the floor Bryan Schwartz was recognized by Ron and asked: “Why is Colonia Verde shut down since we don't have anyone to sign checks? When has that ever happened?” Bryan added: “... that if you are going to have everyone out of town, then you need to designate someone else to be a signer on those checks. It is absolutely unacceptable for this Association to close down because there is no one here to sign – this is an inconvenience to the vendors we use here.”

Ron replied that vendors get used to having their checks come on the 15<sup>th</sup> and the 30<sup>th</sup> if you tell them. Bryan Schwartz countered with: if someone comes in on an emergency service they want to be paid on the spot – Ron countered this statement with his previous statement about paying vendors. Some more discussion followed.

Mike asked Bob if he had a chance to read and review the Williams Letter and would he like to discuss it now? Mike added that we did plant a tree that blocks their view and the map he has still gives him a hard time visualizing what is happening. He added that he would like Bob to go look at it and make a decision about what to do with it.

Bob responded that he had spoken to Mrs. William by telephone so he knew well what the point of the letter is. Mike added that they (the Williams) are willing to help pay for the removal of the tree. Mindy added that they could always move it to her house where her tree was removed by accident. Mike responded that Mindy's work order said to remove two trees. Mindy countered with there were three trees there and they removed the wrong one. Mike asked for a recommendation about what the Board should do.

Bob said the landscape committee met and went out to the property in question (Mr. & Mrs. Plaxco) and they approved the landscaping plan presented by the Plaxco's landscape architect. He said he didn't see anything wrong with the trees where they are. We are talking about a four foot tree.

From the audience Mrs. Williams countered: We are talking about a tree when it gets ten feet wide and 20 feet tall! Bob countered that we have landscapers trim the trees. Mrs. Williams added that Bob stated he doesn't trim trees for views. Mrs. William then added that they have had a panoramic view for over 30 yrs. When the neighbors wanted to beautify their property they thought it was wonderful but no one consulted her about tree placement and permanent views. There are now two new trees planted in the middle of that panoramic view – she would like to have Bob come look at the view from inside her home – she has also stood outside with a pole and she can see where the one tree would obscure about one fourth her view once it begins to grow and fill out. Mrs. Williams added that it also takes away the value of her home. Discussion followed and

Mike made the suggestion the Board refrain from making a decision today; that the Board investigate what is happening and then make a decision. That was acceptable to Mrs. Willams. From the floor Bert Lubliner suggested that the Board find some common ground between what both homeowners wanted and make a decision that would be amenable to both homeowners. More discussion followed and Ron ended the discussion with the statement that it will be taken up within the next month, resolved and it is time to end the discussion.

Bob added that our By-Laws give the executive Board, which consists of the President, Vice-President, Treasurer & Secretary, the right to make decisions in emergency situations. Mike & Ron both agreed.

Ron told Bob he could always be the secretary and be in on all meetings.

Jim Kelly said there are 7 board members here and not 3. Jim asked if Bob knew this?

Ron countered with – there is a difference between a recommendation and a decision. We have been making recommendations here today – we notify the rest of board and we can discuss it at a regular board meeting. Jim interjected that Bob was referring to special circumstances for an executive meeting – there cannot be an executive board meeting for no reason.

Bob added that Arizona Open Meeting Law states that Public Bodies must take minutes at all meetings including executive sessions.

From the floor: Homeowner Mark Brook suggested that maybe they were getting confused – you could have committees and study something – that is not an executive meeting. An executive meeting is something that comes about for special reasons like an exemption to an open meeting act.

Jim responded with continued discussion addressed to Mark Brook.

Ron then asked Nancy for her report.

### **Women's Club Report: Nancy West**

We have a new table in our clubhouse and everyone is so afraid it will get scratched that we keep it covered up! The committee looked long and hard for this piece of furniture – its 42x 56 with leaves its 42 x 90 - so it versatile to use for anything we need it for. There is also a floral arrangement that goes on it.

We have been busy at the Women's Club, and the first thing planned is our 4<sup>th</sup> of July celebration, a bar-b-que that is always well-attended. We need some help, volunteers to bar-b-que. Planning for coming year's buffets and coffees, speakers for planned events

for the coffees – we are meeting all summer – watch your newsletter for upcoming events.

Open House in the fall – under Old business – she will speak about it.

### **Architectural Report: Mindy Faulkner**

Mindy has an issue with a homeowner who wants to add a patio on to his home and wants about 150 square feet of common land. Her opinion was to say no because if we say yes to him everyone will want the same thing and it will decrease our common land value. She added that she needed the Board to vote with her – this request is taking common land from everyone. Ron interjected a solution – we could charge him \$1000 per square foot – Mindy agreed. Nancy commented that some years ago a similar request came up but the homeowner was able to trade us a piece of their property for the property they wished to include in their renovation. Mike asked for a motion – Jim made a motion to reject this homeowner request it was seconded by Mindy, and unanimously passed by the Board.

Mike asked if the pool cover was fixed? Goldi responded to his question with a yes!

Mindy asked if the Board wished to go over the revised Personnel Policies for JJ & Goldi – Mike commented that he was on a time line and would like to postpone that for now, if it's okay with the rest of the Board.

Mike continuing stated: we sent a letter to extend the median where the chicanes are presently. We are still undecided whether to add plants in that opening. I am reluctant to do that, if they do close that area off we have an issue with trucks having to go through the parking lot area. I would like to see the shopping center Manager move those two dumpsters that sit right at the opening of the parking lot.

At least do the extended median for now.

Someone asked about a homeowner in arrears – Mike responded by noting he filed a claim against the homeowner in arrears but they stopped serving so he sent the letter certified mail and if the homeowner does not respond by 60 days (Note: Bryan Schwartz corrected this date to 20 days) – which will be when we reconvene again a court date will be set by July, to get a garnishment to pay their dues in arrears. Mike continued with a request for replacement board members. He recounted that he personally asked Bill Carter and Agnes Hannley to serve and wished to know if they agreed – he also asked Gloria Williams if she would consider coming back on the board but hadn't heard from her. Ron recognized Goldi and she responded by adding that Gloria sent an email today saying she prefers to not return.

No one has agreed to be a secretary, so Mike suggested we leave this opening for another candidate to come forward. Ron and Mike decided they wished to have people that had served on the Board before and this is how they made the recommendations for these people to be on the Board. Former Board members could give us history of boards in the past. It was suggested that people who had run for the board and not been elected should be in position next – however they weren't elected...Mike suggested that these former candidates make it known to him that they would like to serve on the board. Mike proposed that they could fill only one position at this time on the board and wait for someone to volunteer to be the secretary.

Moving on to the Board Goal Statement in the agenda Mike asked that each of the board members set down what they individually think what the board's goals should be for the next three years. Adding that hopefully in September the board could create a policy statement that is more formal than the one presently in use. This is to be used just as a guideline.

Mike confirmed that the board asked the two replacements if they would be willing to serve – they were not appointed – it is the board's responsibility to appoint these new members.

It seems there are lots of informal conversations going on with board members and it is feeding out to the general public and is being misinterpreted because it is in the form of rumors. Mike asked the board members to be careful in conversations so this issue would not become ongoing.

Mike then addressed Bill Carter and asked if he would serve out the rest of this term on the board – Bill agreed. While Bert Lubliner from the floor addressed the assemblage saying you cannot elect someone to the board – you may only appoint them to fill the term until the next Annual Meeting when candidates can be presented to the homeowners for an election. Mike responded that he understood this.

Jim Kelly took the floor stating he did not know anything about these people who were proposed because nobody consulted the board or himself, he doesn't know if they were qualified to serve on the board or not. Mike interjected a question asking if they were residents of the neighborhood? While Jim asked if they are qualified as to knowing what they are doing. Just because they were previous board members and we voted out all of the last board, what does that tell you? Ron added that Bill had Board experience – Bill Carter added that he was treasurer. Jim felt the board should have been asked to give their candidates for the positions. Mike suggested that Jim and the other board members submit a list of their candidates and they will go another month without having the new board members. Jim made a motion that this issue be postponed until we have a consensus of the board it was seconded by Bob. Ron added that it would be tabled for another month with discussion and then called for a vote - it passed.

From the floor Penny McCreight asked about the street arrangement - chicanes.

Ron asked Mike for clarification and to make a decision about what they are going to do about this issue. Jim added that we have been “screwing” around for three months now – Ron interjected - “just hold on here a minute!” Much discussion at the same time ensued. Mike asked Jim to be secretary and he would be in all decisions while Ron added that he would be secretary and Jim could be treasurer – Jim refused. The motion passed and this means the entire board will submit names to be considered for the two board positions. Jim offered to send Mike an email with some names.

Mike needed to sign off teleconference.

Ron asked what Penny wanted – she replied about the new chicanes/medians. Ron offered to give her two minutes – she replied she wouldn’t need two minutes. Penn said she walks her dog every day at 5pm – people drive way too fast on the street and they seem like they will run over both her and the dog. She didn’t feel the new chicanes are doing anything to stop speeders.

From the floor Bert Lubliner responded that the chicanes are in the process of being put in permanently, there is no way you can stop people from speeding. Bert asked if the people are going thru here were residents or just speeders. The only thing we can do with that is to bring the police in – the signs that are up there now are legal and they can be ticketed for exceeding the speeds indicated. They are not the standard signs the City puts up but they are legal signs and can be enforced. Bert added that the thing to do would be to write to City Hall and ask for more police action here. Mike wrote two letters to the city, everything is on hold since the city doesn’t know what we want. The florist in the shopping center may join us to get the exit at the shopping center closed so he can get more parking. Another will go out this week from Mr. Glassman’s office to let the shopping center know we are not happy with the opening at the shopping center.

Phyllis Carnahan from the floor asked if it was the exit that is to be closed or the street closed. Bert answered the shopping center exit is to be closed.

Another questioner from the floor asked if we had ever tried to make this a gated community –also from the floor, Bert replied that we are unable financially to keep the streets in repair. Nancy added that it would be costly to enclose Colonia Verde.

Ron then asked Nancy for her second report.

Nancy spoke about the Annual Open House- in past years the board has had the nominating committee run it and set it up. Or could the board let the Women’s Club take over this event – also decide on a date for it. Each year the Women’s Club does something different to have people come out. Ron quipped that in years past we never

had enough people sign up to be on the board and this year we have too many? Nancy asked if the board felt if they even needed this event.

Nancy made the suggestion that the October Open House be early on a Saturday morning for bagels etc. Bob interjected that you can't drink in the morning – Nancy responded with sure you can - I make a mean Mimosa!!

Ron asked for the date of the event – do we want a nominating committee to do it do or do we want to do it ourselves. From the floor it was clarified as a board function last year. It was recommended that the Women's Club board get together with some members of the board and plan this event together. Nancy mentioned speakers that would be at Women's club events.

From the floor Phyllis Carnahan added that Saturday, October 4<sup>th</sup> was the date of the planned event – if the board could agree to this date we don't need another meeting. Ron preferred having a meeting of both boards and asked for volunteers for this committee- meeting was planned for July in the late afternoon.

Property sale on the liens – Mike spoke about them.

Personnel Reports – Mindy had JJ's job description along with his job duties and his hours of work and what his abilities and skills should be. Also added functions property manager should be doing on a daily, weekly, monthly basis. As soon as these job descriptions are discussed with the personnel and they agree they will sign and date them and it will be put in their files.

From the floor John Carlson asked if there was any plan in place if JJ became temporarily disabled or permanently disabled. Mindy addressed the question and replied that we do need a plan.

Ron then asked Jim to speak on the CC&R's –

1. Amend the CC&R's regarding advance payment of dues as we no longer require this.

He called for a motion to delete it.

From the floor Joey Curtis advised Jim that a change in the CC&R's can only be done with a 2/3rds vote from the whole membership.

2. Amend article 14 of the CC&R's to add something – like a violation set form. If somebody wants to file a complaint against their neighbor instead of calling Goldi as we do now there would be a form that the homeowner could fill out and sign and give to the board member in charge of violations – which at this time is Jim. It would be investigated and see if it is a legitimate complaint then one board

member should be able to do this. Instead of having special executive meetings to resolve these issues.

3. Section 13 – 3.3 – Either the board or its designee can enforce the rules. Again, to get the board together for a violation is not necessary. If the board member cannot get the issue resolved then we will have a special meeting.

Ron suggested that it be read by the board and then see if it to be made part of the Annual Meeting.

Ron said he saved Kent's report until last: There was an objection from Bob Ferguson to reading the whole report- especially the paragraph six. Bob did not want paragraph 6 read into the minutes as he felt it was total conjecture and it would upset a lot of people. We have to vote on Kent's report.

From the floor Bryan Schwartz corrected Mike's report about the 60 days for a small claims judgment to 20 days.

John Carlson was recognized and talked about his committee associations in the City and County – he spoke about our water increase and the sewer increase is going to be about 9% and a huge bond will again be given to voters to approve – if not approved there could be a 37% increase in fees.

Dee Ruelas asked from the floor if there was going to be a call to the audience after the reading of the report. Ron responded with a yes.

### **New Business: Kent Driesbock**

“As I will not be able to attend this month's meeting I would ask that the following statement be read into the record and placed in the minutes, under the category: Vice-President's Report.

After reviewing May's budget report and balance sheet. The following are my conclusions and recommendations:

When restricted Long Range Planning Funds are properly stripped out of operating income, the Association shows a budget surplus of about \$3800 for the first four months. My analysis however shows on an annualized basis we are still going to have a deficit.

On an annualized basis, when the significant infrastructure projects remaining are calculated into the budget I am now projecting an operating deficit of the 24K range for

the current year. If this projection holds the result will be a reduction in operating funds from \$81,475, on 12/31/07 to around \$57,500 on 12/31/08.

When I prepared a revised budget I projected worst case, a 13K deficit. If current trends continue this figure may now grow to about 24K. This is still lower than the past Board's original projection of a 33K operating budget short fall."

Ron asked if he should read paragraph 6 - Bob's request for not reading paragraph 6 was overruled by the majority.

Continuing Kent's Report: "To assure a balanced budget it is estimated that this year's dues should have been raised almost \$12 higher during the 2008 Budget Year beginning in January. Conservatively assuming a 5% increase in operating expenses in 2009, dues would need to be increased by almost \$33 in the 2009 budget year to assure that our operating reserves would not have fallen below the year end 2008 level.

While no action was taken on this issue by the past Board, I now feel strongly we can longer responsibly ignore it. I am asking that the President seek out the thoughts of all current Board Members on how we should address this dues short fall and report to the Board at June's meeting his recommendations for a process by which the Board will address this issue."

Ron felt this issued should be handled in September and not June – he stated that we have plenty of money in the bank right now. He went on to add that we needed to decide how we were going to handle the \$20 per month – are we going to use that for Capital Expenditures or try to build a reserve of \$100,000? And then make a determination. Ron added that he was not so sure that dues had to go up. Bob talked of the many widows we have on fixed income and when they read this they will get very upset. Ron interjected that he didn't feel that people understood that 50-55% of our budget is for landscaping and water, apparently it is going to go up to 60%. The bulk of the budget is really in just 2 items – water and landscaping. We have cut our water bills from \$80,000 to \$70,000 and conservation means that the more we save the higher the rates will go. It was suggested to stop watering plants – Bob suggested people read the Chronicle as he wrote an article stating that very few plants in Arizona require more than one gallon of water per week.

Ron said we had one question from the membership.

Dee Ruelas rose and asked – the subject of a property management company was given to the new board to inquire – she asked when the community would be informed of the new board's findings.

Ron asked for any comments from the board. Jim responded that Dee had a valid point and we should be in some kind of a position to answer that. The board members can correspond to each other by email and get this done.

Ron added that it was his understanding that we were going to keep the status quo for the current year. No changes were going to be made until next year's Annual Meeting. Ron suggested that Dee get together with Kent when he comes back in September. Dee responded that it was no longer her job but the new Board's responsibility. Ron reiterated that it was Kent's responsibility to gather this information and give this information to the Homeowners at least 60 days before the Annual meeting. Ron stated that our payroll cost is \$70,000 with everything including taxes and insurance; and in three years with the cost of living it could increase to \$100,000 – Kent is doing a ten year projection not a one year projection.

Dee added that the community needs an opportunity to make an intelligent decision as we are all adults here! Dee added that “We can all decide what we want for ourselves but we are not getting that information!”

Jim talked about a motion being passed for Kent to work on this – Mark Brook from the floor reiterated Kent's position in all this. Dee added that she has looked in all the meeting minutes since December and she sees no motion on this issue.

Ron added that a motion was made in February. Dee also commented on the lateness of the minutes being on the website – Ron countered that they just came out as the board does not have a secretary. He asked if Dee would like to be the secretary. She declined.

Ron asked if anyone would make a motion to adjourn the meeting. Mindy made the motion, Jim seconded and the vote was passed by all board members present.

Respectfully submitted by

Goldi - 6/12/08

