

Villa Monterey IV – Resort Park Association
Board of Directors Meeting Minutes
January 9, 2022
11:00 AM

Meeting held outdoors at the Clubhouse

Board Members Present:

Susan Thomas, President

Joanie Reid, Vice President

Rob McBride, Treasurer

Julie Karcis, Secretary

Amy MacAulay, Real Estate Officer & Liaison to the Scottsdale Historic Preservation Office

Debra Lentz, Architectural Review Committee Chair

Tammy Vogel, Social Director

Stan Hughes, Facility Management Director

Call to Order:

Susan called the meeting to order at 11:05 AM

Approval of Minutes:

An amendment had been proposed to clarify the name of the Minutes of the Board Meeting held November 10, 2021. The Minutes were approved as amended.

Treasurer's Report – Rob McBride

Rob reviewed handouts (attached) of the Association's current Budget and Cashflow Projections, the Reserve Study's Annual Expenditure Detail through fiscal year 2051, and his Suggested Financial Scenarios. For this fiscal year, our expenses are expected to exceed our income by \$7,842. We will need to start receiving annual dues payments in March to address the cashflow situation, as well as taking additional steps to improve our overall financial picture. Among the Suggested Financial Scenarios, Rob strongly advises a Capital Improvement Fee of one-half of one percent of the sale price at the time of purchase, calculated as the sale price of the home multiplied by 0.005. Such a Fee is proposed as an addition to the CC&Rs. (See below about updating the Association's CC&Rs.) Other possible solutions include an assessment and raising the annual dues.

Attendees voiced appreciation for Rob's efforts as Treasurer, and interest in his suggestions. The Capital Improvement Fee was clarified to note that such a fee is typically paid by the buyer, though could be negotiated in the sale. There was a suggestion to separate the issues if they were to be voted on by homeowners. Also noted was a request for plenty of advance notice if there was a special assessment and the ability to pay in installments over time.

Vice President Report – Joanie Reid

Joanie discussed efforts of the Ad Hoc Committee to update the Association's Declaration of Restrictions (commonly known as CC&Rs) and Bylaws. (Our current CC&Rs were recorded in 1989 and have been modified four times with amendments that were quite small in scope.)

There are two primary goals, focused on (1) improving the viability of the Association both financially and through its policies; examples are adding a Capital Contribution Fee (discussed above as Capital Improvement Fee), staggering terms for Board members and instituting term limits, etc.; and (2) cleaning up the outdated language; for example, some of our Declaration is not supported by current state law; we can simplify and standardize language, orienting it to the future, etc.

The Ad Hoc Committee is working with the Mulcahy Law Firm. Joanie asked for the community's help in moving these changes forward. There will be much more to come about updating the documents in the next several weeks.

Facility Management Report – Stan Hughes and Tammy Vogel

Stan reported on ongoing maintenance. Tammy reviewed the responsibilities she assumed while Stan was out of town and asked for volunteers to help with these and other HOA activities.

Attendees were supportive and suggested that it would be helpful to advertise the expected time commitment along with needed chores and tasks. This would make it easier for people to still participate even if they couldn't commit to year-long or longer-term responsibilities. An attendee suggested that a sign be affixed to the emergency phone, indicating that 911 is contacted when the receiver is picked up.

Social Committee Report – Tammy Vogel

Upcoming social activities include:

- A music concert with singers Two of Us on Saturday January 22 from 5:30 to 7:30
- Ongoing Thursday Happy Hours
- First Saturday Donuts and Coffee

Architectural Review Committee (ARC) Report – Debra Lentz

- There have been no new requests to ARC for approval of improvements.
- The City of Scottsdale will not move forward in remediating the property with untrimmed palm trees and dead bushes. Joanie moved and Julie seconded a motion that the Board do the remediation and bill the owner. The motion passed unanimously.
- Any community members who are interested in serving on the ARC please contact Debra.

Real Estate & Historic Preservation Office Reports – Amy MacAulay

There are two pending sales and no new leasing activity in the community at present.

New Business

- The group fondly remembered Allyn Taylor, a previous Board member active in the community, who recently passed away. She regularly helped with the Directory and enjoyed our social events.
- The City of Scottsdale's Electronics Recycling Event is February 5. VMIV's Michele Kocour wants to make it easy for VMIV residents to recycle those items – she is coordinating collection of them and will work with Villa Monterey V to deliver them to Scottsdale's Event. Details, including the list of allowable items, to follow.
- Tammy has been looking into the start of a Neighborhood Watch program for VMIV. Stay tuned.

Adjournment

- The meeting was adjourned at 12:34 PM.

Submitted by *Julie Karcis*

2020/2022 Budget and Cashflow Projections

Month	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Totals
Opening Cash Balance	95,043	92,415	86,840	79,640	73,918	59,968	51,052	38,472	31,970	42,018	57,557	76,118	--
Income													
Annual Dues	3,600	600	1,400	0	400	0	0	0	16,000	22,000	24,500	17,000	85,500
Interest Income	6	6	6	6	5	4	4	4	4	5	10	13	71
Fees Received	0	0	0	0	-75	0	0	0	0	75	0	0	0
Clubhouse Rental Fees	0	0	0	0	10	0	20	20	20	20	20	20	150
Key Fees	75	0	150	75	25	75	75	75	75	75	75	75	850
Application Fees	70	85	195	200	0	0	0	0	0	0	0	0	550
Late Fees & Fines	0	0	0	0	0	0	0	0	50	0	0	25	125
Lease Fees	400	0	400	800	0	400	400	400	400	400	400	400	4,400
Property Transfer Fees	545	105	745	1,075	-40	475	495	545	545	570	495	520	6,075
Total Fees Received	4,151	711	2,151	1,081	365	479	499	549	16,549	22,575	25,005	17,533	91,646
Expense													
Attorney & Legal Fees	0	0	165	1,547	0	49	6,336	0	0	0	0	0	8,096
Licenses, Permits, & Taxes	0	495	0	0	6	10	0	0	0	0	0	0	511
Bookkeeping & Accounting	500	500	535	500	500	1,125	500	500	500	500	500	500	6,660
Bank Charges	10	0	0	0	0	0	0	0	0	0	0	0	10
Social Events	0	0	0	125	0	0	125	125	125	125	125	0	750
Insurance	0	0	0	0	2,681	0	0	0	0	0	0	0	2,681
Interest Paid	184	186	181	171	172	162	158	153	149	144	139	134	1,932
Office Equipment & Supplies	65	0	0	0	0	0	35	35	35	35	35	35	275
Printing	0	0	0	0	257	0	0	250	0	0	0	0	507
Maintenance & Repairs	0	0	0	0	0	0	55	55	55	55	55	55	330
Supplies	122	0	0	122	0	122	111	0	0	111	0	0	588
Fire System Monitoring	280	280	420	280	280	280	300	300	300	300	300	300	3,620
Housekeeping	305	150	150	0	98	110	135	135	135	135	135	135	1,623
Clubhouse	0	511	1,178	491	472	335	425	425	425	425	425	425	5,537
Coolidge Entrance	978	114	2,525	120	0	2,445	550	550	550	550	550	550	9,482
Grounds	92	0	95	0	95	0	92	0	92	0	0	92	558
Pest Control	500	550	632	550	639	698	725	725	725	725	725	725	7,919
Pool	412	244	252	249	508	1,064	948	1,212	871	1,182	800	450	8,193
Utilities	742	749	685	678	512	482	499	468	481	475	475	465	6,682
Gas	171	170	170	170	170	170	169	170	170	170	175	175	2,052
Electric	1,156	1,107	1,096	525	609	1,046	632	656	594	804	700	1,100	10,024
Telephone	43	43	43	43	267	57	45	45	45	45	45	45	766
Water/Sanitation	1,218	1,217	1,221	1,232	1,231	1,241	1,240	1,245	1,250	1,254	1,259	1,264	14,373
Website	0	0	0	0	5,819	0	0	0	0	0	0	0	5,819
Loan Payable - Current Year	6,779	6,287	9,350	6,802	14,915	9,394	13,080	7,050	6,501	7,036	6,443	6,450	99,488
Capital Expenditures	-2,628	-5,576	-7,200	-5,722	-13,950	-8,915	-12,561	-6,501	10,047	15,539	18,562	11,083	-7,842
Total Expense	92,415	86,840	79,640	73,918	59,968	51,052	38,472	31,970	42,018	57,557	76,118	87,201	--
Net Income													
Ending Cash Balance	92,415	86,840	79,640	73,918	59,968	51,052	38,472	31,970	42,018	57,557	76,118	87,201	--

Resort Park Association
Annual Expenditure Detail
Sorted by Description

2021-2022 Fiscal Year	
Clubhouse: Water Heater (Restrooms)	\$1,000.00
Gates: Wrought Iron (Front & Rear)	\$2,000.00
Pool Area: Deck Resurface	\$16,380.00
Sub Total	<u>\$19,380.00</u>
2023-2024 Fiscal Year	
Pool Area: Built-Up Roof (Ramada)	\$2,078.21
Pool: Heater	\$3,673.60
Sub Total	<u>\$5,751.81</u>
2024-2025 Fiscal Year	
Clubhouse: Water Heater (Kitchen)	\$537.66
Pool/Spa: Pumps & Motors	\$4,301.26
Sub Total	<u>\$4,838.92</u>
2025-2026 Fiscal Year	
Paint: Interiors (Clubhouse)	\$5,508.30
Sub Total	<u>\$5,508.30</u>
2027-2028 Fiscal Year	
Grounds: Water Fountain (Repairs)	\$1,734.46
Paint: Exteriors (Clubhouse, Ramada, Walls, Etc)	\$13,875.64
Sub Total	<u>\$15,610.10</u>
2028-2029 Fiscal Year	
Clubhouse: Fitness Equipment	\$4,738.53
Sub Total	<u>\$4,738.53</u>
2029-2030 Fiscal Year	
Clubhouse: Foam Roofs (Repair & Recoat)	\$8,495.59
Pool Area: Deck Recoat	\$5,798.24
Spa: Heater	\$3,337.55
Sub Total	<u>\$17,631.39</u>
2030-2031 Fiscal Year	
Clubhouse: HVAC (Packaged Units)	\$24,867.82
Pool Area: Furniture	\$9,947.13
Spa: Filter	\$1,865.09
Sub Total	<u>\$36,680.03</u>

Resort Park Association
Annual Expenditure Detail
Sorted by Description

2033-2034 Fiscal Year		
	Clubhouse: Water Heater (Restrooms)	
Sub Total		<u>\$1,337.04</u>
		\$1,337.04
2034-2035 Fiscal Year		
	Pool/Spa: Pumps & Motors	
Sub Total		<u>\$5,479.18</u>
		\$5,479.18
2035-2036 Fiscal Year		
	Paint: Exteriors (Clubhouse, Ramada, Walls, Etc)	
	Paint: Interiors (Clubhouse)	\$16,840.26
	Pool: Heater	\$7,016.77
Sub Total		<u>\$4,911.74</u>
		\$28,768.77
2036-2037 Fiscal Year		
	Clubhouse: Water Heater (Kitchen)	
	Gates: Wrought Iron (NW corner)	\$718.87
	Pool: Filter	\$1,293.96
Sub Total		<u>\$2,444.15</u>
		\$4,456.98
2037-2038 Fiscal Year		
	Grounds: Water Fountain (Repairs)	
	Pool Area: Deck Resurface	\$2,209.44
Sub Total		<u>\$24,127.11</u>
		\$26,336.55
2038-2039 Fiscal Year		
	Clubhouse: Fitness Equipment	
Sub Total		<u>\$6,036.20</u>
		\$6,036.20
2039-2040 Fiscal Year		
	Clubhouse: Foam Roofs (Repair & Recoat)	
	Spa: Heater	\$10,822.15
Sub Total		<u>\$4,251.56</u>
		\$15,073.70
2040-2041 Fiscal Year		
	Clubhouse: Remodel Provision	
	Pool Area: Furniture	\$79,194.91
Sub Total		<u>\$12,671.19</u>
		\$91,866.10
2043-2044 Fiscal Year		
	Paint: Exteriors (Clubhouse, Ramada, Walls, Etc)	
		\$20,438.28

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Annual Expenditure Detail
Sorted by Description

Sub Total	<u>\$20,438.28</u>
2044-2045 Fiscal Year	
Pool/Spa: Pumps & Motors	\$6,979.67
Pool/Spa: Resurface & Retile	\$43,622.96
Sub Total	<u>\$50,602.64</u>
2045-2046 Fiscal Year	
Clubhouse: HVAC (Packaged Units)	\$35,753.38
Clubhouse: Tile Roof Mansard System	\$7,150.68
Clubhouse: Water Heater (Restrooms)	\$1,787.67
Paint: Interiors (Clubhouse)	\$8,938.34
Pool Area: Deck Recoat	\$8,540.59
Sub Total	<u>\$62,170.66</u>
2047-2048 Fiscal Year	
Grounds: Water Fountain (Repairs)	\$2,814.51
Pool: Heater	\$6,567.18
Sub Total	<u>\$9,381.69</u>
2048-2049 Fiscal Year	
Clubhouse: Fitness Equipment	\$7,689.23
Clubhouse: Water Heater (Kitchen)	\$961.15
Pool Area: Built-Up Roof (Ramada)	\$3,806.17
Spa: Filter	\$2,883.46
Sub Total	<u>\$15,340.02</u>
2049-2050 Fiscal Year	
Clubhouse: Foam Roofs (Repair & Recoat)	\$13,785.83
Spa: Heater	\$5,415.86
Sub Total	<u>\$19,201.70</u>
2050-2051 Fiscal Year	
Pool Area: Furniture	\$16,141.24
Sub Total	<u>\$16,141.24</u>

Suggested Financial Scenarios

Capital Improvement Fee:

1/2 of 1% calculated as the sale price multiplied by .005 of any property sold within Villa Monterey IV

Example: A home that sells for \$500,000 which is considered the sale price would generate \$2500 to the HOA. Selling 6 homes in our fiscal year would generate \$15,000 to our HOA

A CIF is a preferable method to raise revenue with minimal impact on the owners. We need to at least endorse this with a favorable vote.

Raising The Annual Dues:

We would need to raise the dues by \$100 per year to generate the same amount as the CIF scenario.

One Time Assessment:

Our current loan extends until August of 2024. Our payments including interest starting July 2022 and extending until August of 2024 are \$33,556. Implementing a one time assessment of \$221 per home owner to be collected in July 2022 would retire the loan and save the HOA the \$33,556, which would return to the HOA over the two year period having no payments toward principle and interest on the loan.

This scenario would not require any dues increase at this time.

No assessment:

Based upon our best cash flow projections we could pay off the loan in October 2023 (about \$16,254) with adequate funds available and return that money back into the HOA having no payments for the remainder of the year.

Thoughts To Consider

A Capital Improvement Fee is the bare minimum required to get the HOA headed in the right direction. However, I suggest that we consider at least one other scenario in combination with the CIF. A one-time assessment raises enough capital to pay off the loan and combined with a CIF would raise \$33,000 for the HOA, not require a dues increase and give the HOA a really good jump start on getting the reserve fund built back up and addressing needed repairs as outlined in our Reserve Study.

No assessment would free up \$16,000 dollars after October 2023 but would still leave us short on needed repairs until that time even with a CIF, so a dues increase may need to be considered.

Clearly whichever direction we choose will require a vote of the owners. In my opinion a Capital Improvement Fee is a must to pass and that combined with any one of the other suggestions would be recommend.