

LAKES COMMUNITY ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
June 27, 2012

CALL TO ORDER: President Mercer called the June 27, 2012 meeting of the Board of Directors to order at 7:02 pm.

BOARD MEMBERS PRESENT: President B. Mercer, Vice President N. Kindgren, Secretary D. Smith, and Directors S. Calvert, B. Winston, M. Harrison, J. Williams, and K. Hoffman.

BOARD MEMBERS ABSENT: None.

GUEST SPEAKER

**Michael Ginsburg
Ginsburg & Dwaileebe CPAs LLP**

Mr. Ginsburg briefly reviewed the 2011 Audit for the Year Ended December 31, 2011 for the Board as well as the members in the audience. Items reviewed in the Audit were: (1) assets and total liabilities and fund balances; (2) statement of revenues, expenses and changes in fund balances; (3) statement of cash flows; (4) various notes to financial statements; and (5) supplementary information on future major repairs and replacements (unaudited). Copies of the Audit were available for the membership.

Motion #1: Approve the agenda as amended.

Recommend that the Agenda be amended to add three more Requests for Action; (1) Recommendation for allocation of funds for the 2013 election; (2) Proposal regarding Board oversight of CC&R enforcement; and (3) Money transfer. Move the RFA for the New Accounting Firm before the Contract with association reserves for reserve study and put all rose garden RFAs together under Unfinished Business.

Amended Motion by Director Harrison Seconded by Director Smith

Motion Passed to approve the Amended Motion.

Motion #2: Approve the minutes of the May 23, 2012 regular meeting of the Board of Directors.

Motion by Director Harrison Seconded by Director Smith

Motion Passed.

PRESIDENTS COMMENTS

Bill Mercer

No Report.

TREASURER'S REPORT

Maureen Harrison

Treasurer Harrison reminded the membership that 3rd Quarter Assessments will be coming due in July. Management is doing better on collections and the aged receivables are coming down.

COMMUNITY MANAGER'S REPORT

Christine Baldanza

Community Manager Baldanza reported that there has been an increase in graffiti, bridge area especially, and the areas were repainted immediately. Six light poles in various parks were broken and have been repaired. The summer planting is complete and common area lawns were de-thatched and fertilized. There has been a rash of

backflow valves stolen. New valves have been caged. The pool area has been prepped for summer. There were small areas where the deck was chipped but it has been re-plastered and repaired. A misting system was installed and is operating at each end of the pool. The air conditioning systems have been prepped for the summer and one compressor unit was replaced. A joint wall on Lakeshore has been re-stuccoed and prepped for paint. The cost is being shared with the homeowner. Christine has been gathering quotes to update the office computer system hardware/software and a proposal will be presented at the August Board meeting. Kids Kamp is well attended and there has been a lot of positive feedback from parents/grandparents. Swim team is underway with 185 Lakes swimmers. There are two lifeguards at each meet. There have been six foreclosures this month and seven homes were sold, with several new sales pending.

COMMITTEE REPORTS

Activity Committee

Alecia Kindgren

Verbal Report. Alecia Kindgren reported that the Memorial Day Picnic was well attended. The Mom's Club meets every Wednesday at 9:00 am and the second Wednesday of each month is dedicated to a Music/Story Time for parents and tots. There will not be a Parents Night Out in July. The Annual Sleepover is August 2nd for children ages 7 to 12. Fun in the Park is August 19th. There will be a Family Movie/Float Night on September 15th. The committee is recommending that the baby pool area be updated.

Architectural Committee

Phil Twitchell

Written Report. Phil Twitchell gave an overview of the application process. The Committee is working with the CC&R Inspector to be sure that all projects are submitted correctly and in compliance with the Architectural Rules. Each month a different Architectural rule will be covered in the Lakes Log to give homeowners an overview of the standards set for that individual rule. The committee is still working on the issues of rock as well as the 50% green rule.

Budget & Finance Committee

Marcia Hill

Written Report. Chairperson Marcia Hill gave a brief overview of her experience in accounting and her auditing experience. The Budget and Finance Committee decided to put the accounting position out for bid in March. At that time, due to tax season, the only response was from our present accountant. Since then ads were placed requiring HOA experience and no response was received. CAI provided a list of recommended accounting services, but most of these services were provided by management companies. Ads were placed on Craig's List for accounting bids with HOA work. Five bids were received, but three of them didn't meet our requirements. Denise, our present accountant (AZ Accounting & Payroll Services, LLC) gave us a bid for the same amount as previously at a cost of \$25,000/yearly. Jim Oberlin, CPA gave us a bid of \$18,000/yearly. After interviewing both applicants, the Budget and Finance Committee has submitted a Request for Action recommending Jim Oberlin, CPA.

Election Committee

Bill Haber

Verbal Report. Chairperson Bill Haber reported that the Committee has submitted a Request for Action recommending an allocation of funds for the upcoming 2013 thru 2016 Elections to Inspectors of Elections.

Fishing & Boating Committee

Jesse Callen

No Report.

I & M Committee

Dave Smith

Verbal Report. Dave Smith reported that the Committee is recommending a lake wall maintenance job rather than a remove/repair/replace type of activity using John Ellis. It is also recommended that we proceed on a time and materials basis. John Ellis said this would run between \$6,000 to \$8,000.

Motion #3: Recommend that we add \$5,000 more to the \$10,000 on the Reserve Item: structure under the bridge project.

Motion by Director Harrison

Seconded by Director Calvert

Motion Passed.

Lakescape Committee

Jeanne Ojala

Verbal Report. Chairperson Jeanne Ojala reported that the Committee is anxious to get started on the second phase of the Rose Garden in September or October to plant the roses that have already been purchased. The Committee has voted unanimously to expand the Rose Garden. Jeanne said that the Committee will compromise on the removal of the plaques. No refunds will be given on the plaques – they will be kept. There will be no meetings in June, July or August and meetings will resume in the fall.

Lakes Log

Gloria Hollingsworth

No Report.

Lakes Women’s Club

Nori Muster

Verbal report. The LWC will be dark for the summer, but there will be a Welcome Breakfast in September.

Nominating Committee

Bill Mercer

No Report.

Swim Team Committee

Stella Calvert

Verbal Report. Board Liaison Stella Calvert reported that there are 185 swimmers this year with children ages 5 thru 18. Stella reported that the Committee would like to thank Community Manager Christine Baldanza and the clubhouse staff for helping the swim team to run so smoothly.

Ad-Hoc Westshore Wall Review Committee

Steve Koppen

Verbal Report. Steve Koppen gave a review of the history of the Westshore Study Committee and what was discussed. The Committee now recommends a hedge like what the Lakescape Committee is recommending.

MEMBER’S CONCERNS: President Mercer again reminded the members that each speaker will be allowed only three minutes. Member speakers were: Mike Feller (Lot #G2-118), Torger Erickson (Lot #C-136), Nancy Saxton (Lot #B-008), Sam Marcus (Lot #D-207), Mark Reddie (E-054), Nori Muster (Lot #O-120), and Lee Shapiro (Lot

#A-046). Among the many items discussed were: Kids Kamp, \$2.00 charge for Kids Kamp, CC&R violations on landscaping, change in Architectural Rules, an allegation that was not acted on, legal fees, the previous Board election, the legal settlement agreement, everyone getting along with each other, and the outstanding and dedicated job of the Community Manager.

BOARD OPEN DISCUSSIONS:

None.

UNFINISHED BUSINESS:

Motion #4: This Motion was Tabled at the 05-23-12 Board Meeting. Request that Board approve the Alternate Dispute Resolution Amendment to the Bylaws for approval by the membership. Amended to Read: Recommend the Board table this request and form an Ad-Hoc Committee to review the Arizona State Law on mediation and how to present to the homeowners for passage. Recommend Committee consist of Directors Kris Hoffman, Nils Kindgren, and Bill Mercer.

Motion to Remove from the Table by Director Winston.

Seconded to Remove from the Table by Director Smith.

Motion Passed to Remove from the Table.

Recommend that this Motion be Tabled until the August Board Meeting.

Motion by Director Harrison

Seconded by Director Winston

Motion Passed to Table.

Motion #5: This motion was Tabled at the 05-23-12 Board Meeting. Move to approve the second phase of the Rose Garden, not to exceed \$1,999, out of the Capital Account. Motion to table and request that Lakescape Committee and Management present a comprehensive plan at a later date.

Motion to Remove from the Table by Director Winston.

Seconded to Remove from the Table by Director Smith.

Motion Passed to Remove from the Table 7 to 1.

Director Calvert Voted No.

Motion to Bundle all Rose Garden Requests for Action.

Motion to Bundle by Director Winston

Seconded by Director Harrison

Motion Passed.

Motion to Table all Rose Garden issues until the September Board Meeting.

Motion by Director Harrison

Seconded by Director Smith

Motion Passed to Table.

Motion #6: This motion was Tabled at the 05-23-12 Board Meeting: Approve the new Boating Rules, Fishing Rules, and Club Rules. Motion to Table to get red-lined copy of each rule. There are no red-lined copies of each rule.

Motion left on the Table.

NEW BUSINESS:

Motion #7: Recommend that \$60,000 be moved from the operating account at MOB (no interest) to line item 10115 money market Account at MOB (.36% interest).

Motion by Director Harrison

Seconded by Director Hoffman

Motion Passed.

Motion #8: Recommend that the Reserve Fund CD maturing 07-18-12 at Western Alliance Bank for \$249,425.86 plus interest be used to purchase a new 12 month Reserve Fund CD (1.02%) at Ally Bank (online bank) subject to the rates available closer to maturity date. Amended to add that total amount of funds used to purchase new CD not be greater than \$250,000.

Motion to Amend by Director Hoffman

Seconded by Director Harrison

Motion Passed to Amend.

Amended Motion by Director Harrison

Seconded by Director Kindgren

Motion Passed.

Motion #9: Recommend that the Reserve Fund CD maturing 08-07-12 at Midfirst Bank for \$103,257.25 plus interest be used to purchase a new 12 month Reserve Fund CD (.50%) at ING Direct Bank (online bank).

Motion by Director Harrison

Seconded by Director Smith

Motion Passed.

Motion #10: Recommend that the Board of Directors write off the sum of \$2,215.40 due to uncollectible assessments receivable.

Motion by Director Harrison

Seconded by Director Williams

Motion Passed.

Motion #11: Recommend that the Board of Directors authorize the entire MOB Capital Fund Money Market account, which on May 31, 2012 had a balance of \$68,512.01, into a new MOB Capital Fund Money Market account with APY 0.36%.

Motion by Director Hoffman

Seconded by Director Kindgren

Motion Passed.

Motion #12: Recommend that the Board of Directors out source the accounting function for the LCA to Jim Oberlin, CPA for an amount not to exceed \$1500 monthly for a 3-year period, renewable annually beginning August 1, 2012.

Motion by Director Harrison

Seconded by Director Hoffman

Motion Passed.

Motion #13: Recommend that the Board of Directors contract with Association Reserves, for a reserve study update not to exceed \$4,260.

Motion by Director Harrison

Seconded by Director Smith

Motion Passed.

Motion #14: Recommend that the Board contract with Terrano Landscape Architecture & Urban Design to provide the LCA with a landscape architect design for the Westshore green belt, not to exceed \$3,000 from the Capital Fund.

Motion by Director Harrison

Seconded by Director Hoffman

Motion Passed 6 to 2.

Directors Calvert and Williams voted No.

Motion #15: The Board wishes to receive a monthly report from Community Manager on the enforcement status of the most grievous and long running active violations.

Motion by Director Smith

Seconded by Director Winston

Motion Passed.

Motion #16: Recommend allocation of funds (\$4,000 per election) for upcoming elections 2015 thru 2016 to Inspectors of Elections based on their quote of \$2,025 plus expenses. Acceptance of the lofE quote is contingent on acceptable cancellation wording, which is being developed.

Motion by Director Kindgren

Seconded by Director Winston

Motion Passed

Motion #17: Move that the \$2.00 Kids' Kamp fee be canceled and that anyone who has paid that fee will be refunded.

Motion by Director Calvert

Seconded by Director Williams

Motion Passed.

Motion #18: Move that any and all fees charged by Management or Committees be approved by the Board.

Motion by Director Calvert

Seconded by Director Williams

Motion Failed 7 to 1.

Director Williams Voted Yes.

Directors Hoffman, Calvert, Smith, Winston, Kindgren, and Harrison Voted No.

Motion #19: Request that any Association Rule or Policy change proposed to the Board be submitted to the Board in a redline format showing the specific proposed changes from previous Rules/Policy. Should any proposed Rule or Policy Change directly affect the Membership's rights, privileges or use of the Association Facilities, the Proposal shall be publicized prominently (Log, Email, Posting) for a minimum of two months prior to the Proposal being presented to the Board to encourage Membership input.

Motion by Director Kindgren

Seconded by Director Hoffman

Motion Passed.

Motion #20: That the Board adopt the revised 2012 LCA employee handbook as updated and prepared by Littler Mendelson.

Motion by Director Kindgren

Seconded by Director Hoffman

Motion to Table by Director Calvert

Seconded by Director Williams

Motion Passed to Table.

Motion #21: Motion made to adjourn the meeting.

Motion by Director Winston

Seconded by Director Hoffman

Motion Passed.

Board Meeting was adjourned at 10:15 pm.

I, Dave Smith, duly elected Secretary of the Board of Directors of the Lakes Community Association, for the Board, swear that the members of The Lakes Community Association were notified of the Board of Directors' Meeting held on June 27, 2012.

Dave Smith
Board Secretary
Lakes Community Association

Date