

**LAKES COMMUNITY ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
October 24, 2012**

CALL TO ORDER: President Mercer called the October 24, 2012 meeting of the Board of Directors to order at 7:10 pm.

BOARD MEMBERS PRESENT: President B. Mercer, Vice President N. Kindgren, Secretary D. Smith, Treasurer M. Harrison, and Directors S. Calvert, B. Winston, J. Williams and K. Hoffman. D. Kemper participated via conference call for part of the meeting.

BOARD MEMBERS ABSENT: None.

Motion #1: Approve the agenda as amended. Combine Motions #12-102 through #12-104 together as one (1) Motion. Combine Motions #12-105 through #12-108 together as one (1) Motion.

Amended Motion by Director Harrison
Amended Motion Passed.

Seconded by Director Winston

Motion #2: Approve the minutes of the September 26, 2012 regular meeting of the Board of Directors.

Motion by Director Calvert
Motion Passed.

Seconded by Director Williams

PRESIDENTS COMMENTS

No Report.

Bill Mercer

TREASURER'S REPORT

No Report.

COMMUNITY MANAGER'S REPORT

Christine Baldanza

Written Report. Community Manager Baldanza reported that the parking lot and boat ramp reseal have been completed. A crack and chip repair on Tennis Court #1 is scheduled for the second week of November and the court will be closed for two days. The annual common area dock repair and re-staining have started. The Rose garden in Compass Park has been dug, the ground prepared, and the paver border has been installed. Additional items discussed were the Marine Park pump which was pulled, repaired, and reinstalled by Foster Electric; the corroded electrical panels in Whalers Way and Marine Parks which were replaced by Foster Electric; and the over-seeding for winter grass which is complete. The fall flower change-out will begin next week. Two Requests for Action have been submitted by Ms. Baldanza: (1) Recommend that the Board purchase a new pool cover; and (2) Recommend that the Board purchase new treadmills. The present pool cover was purchased in 2002 and has an estimated useful life per the Reserve Study of seven years. Every year since 2009, the need to purchase

a new one has been evaluated. Until this year the cover was deemed usable for another year. The present treadmills were purchased new in 2001 and the useful life per the Reserve Study is eight years. They have all been well-maintained and repaired, but they get the most use of any equipment in our gym. All three need repairs; two need substantial repairs.

COMMITTEE REPORTS

Activity Committee

Alecia Kindgren

Verbal Report. The fall concert with a Halloween theme will be this Friday, October 26th, with a DJ. The Parade of Lights Workshop will be November 10th. The Activity Committee will introduce Pickleball to the Lakes on November 17th with a series of training sessions volunteered by experienced Lakes residents. Also the First Friday Happy Hour Boat Parade will be held on November 2nd at 7:00pm. The Fishing Derby which will be sponsored by the Fishing and Boating Committee will be Saturday, November 17th. A Breakfast sponsored by the Activity Committee will start at 9:00 am in the large park and the Fishing Derby will be from dawn to 11:00 am. Saturday, December 15th is the Parade of Lights.

Architectural Committee

Stella Calvert

Written Report. Committee Chair Stella Calvert reported the Committee reviewed several applications regarding painting, winter lawns, and landscaping.

Budget & Finance Committee

Marcia Hill

Verbal Report. Chairperson Marcia Hill reported that the committee did not meet yet this month and therefore had not had a chance to review the financials. She also reported that the B&F Committee has not received the requested supporting financial documents and the Committee remains unable to state the condition of the community's financial status, and there is no current oversight.

Election Committee

Bill Haber

No Report.

Fishing & Boating Committee

Launie Harlacher

Verbal Report. The Committee has three (3) new members that they recommend to the Board for membership to the Fishing and Boating Committee and the Fishing Derby is Saturday, Nov 17th, from dawn to 11:00 am.

I & M Committee

Dave Smith

Verbal Report. Regarding the repair of the lake wall under the bridge, we are scheduled to go again tomorrow at 7:00 am. The water level will be low for another week.

Lakescape Committee

Mary Michael

Verbal Report. The Committee met on the first Tuesday of the month, October 2nd. On approximately October 25th, the summer flowers will be pulled and fall flowers will then be planted. On behalf of the Lakescape Committee, Mary Michael thanked the Board for approving the new Rose Garden. An article will be placed in the November Lakes

Log about further donations. The blue plaques have now been removed and a brick border was added. Doris Nicora has volunteered to be the new Chairperson. The long range plan will be to take a look at Baseline.

Lakes Log

No Report.

Gloria Hollingsworth

Lakes Women's Club

Verbal Report. LWC President Launie reported upcoming events: Sunday October 28th, from noon to 2:00 pm, will be the Chili and Salsa Cook-Off; the Annual garage Sale will be Saturday, November 3rd from 7:30 am to 1:00 pm; for the holidays there will be Christmas Island; and the Snow Frolic will be New Year's Day. The Polar Plunge, which will benefit Tempe Special Olympics, will be Jan 12th. At this time, Denise Rentschler spoke about the Polar Plunge. She explained how everything was done last year and reported that the Lakes Women's Club raised \$4,255 for the Tempe Special Olympics, more money than they have ever received.

Launie Harlacher

Nominating Committee

No Report.

Bill Mercer

Swim Team Committee

No Report.

Lisa Nelson

Ad-Hoc Westshore Wall Review Committee

Verbal report. Steve Koppen introduced Mary Edwards who gave a brief overview of the progress and final recommendation to the Board regarding the Westshore Wall. She reported that in January 2011, the LCA Board formed the Ad-Hoc Westshore Study Committee to evaluate options, suggest budgets, consider easements and approvals, and make recommendation to the Board. She continued explaining the steps, research, and suggestions the Committee had and reported their final recommendation to the Board: The installation of three chicanes, two large planters, and hedge and accent plants on Westshore Drive per the design from Terrano Landscape Architect/Urban Design.

Mary Edwards

MEMBERS' CONCERNS:

President Mercer again reminded the members that each speaker will be allowed only three minutes. Member speakers were Steve Brown, Beau Jones, and Mike Pameditis. The items discussed were: the Nov 17th Pickleball Clinic, Roberts Rules regarding the Nominating Committee, concern for the office of Treasurer, and the Bylaw update.

BOARD OPEN DISCUSSION:

Director Smith said the Board has received an inquiry/request from the Tempe Fire Department to use our basketball court to play basketball. This will be in the middle of the day when the courts are not busy. Director Harrison suggested that an article be placed in the Log to avoid neighborhood concerns about seeing a fire truck in the

parking lot. Director Kindgren suggested parameters and rules that should be followed. The Board voted and there was a General Consensus to go forward with allowing the firemen to use our basketball courts. Director Williams opposed.

NEW BUSINESS:

Motion #3: Due to the resignation of Jay Williams as Treasurer, appoint Bill Winston as Treasurer.

Motion by Director Williams

Seconded by Director Calvert

Motion to Lay on the Table.

Motion to Table by Director Kemper

Seconded by Director Harrison

Motion Passed to Table 6 to 2.

Directors Williams and Calvert voted No.

Motion #4: Recommend the following: Craig Hanson as a new member of the Infrastructure and Maintenance Committee; recommend Kirk Hudson, Lee Dettling, and Andrew Campbell as new members of the Fishing and Boating Committee; and recommend Lindsey Crosland as a new member of the Activity Committee.

Motion by Director Harrison

Seconded by Director Hoffman

Motion Passed.

Motion #5: Recommend that the Board authorize the following: The purchase of 2 new 12-month CDs from Metro Phoenix Bank on 11/2/12. Each CD will carry the interest rate of .5%. Each CD will use the funds maturing from the current CD at Metro Phoenix Bank; the Purchase of a new Western State CD on 11/17/12 with the balance of the Western State CD (approximately \$101,000) maturing on 11/17/12 (interest .5%); 4th quarter assessment allocation of \$88,222.75 be deposited in a B of A checking reserve account (no interest) on November 1st; the 4th quarter assessment allocation to capital of \$5,000 be deposited to MOB MM capital account.

Motion by Director Harrison

Seconded by Director Smith

Motion Passed.

Motion #6: Approve the expenditure of \$50,000 for the installation of three chicanes, two large planters, and hedge and accent plants on Westshore Drive per the design from Terrano Landscape Architect/Urban Design.

Motion by Director Smith

Seconded by Director Harrison

Motion to Amend to: Approve the design plan as proposed, authorize the Committee to secure bids, investigate and submit requests for Grants to the City and others. When the Grant process is completed, the Board will review

Motion to Amend by Director Smith

Seconded by Director Harrison

Motion to Table both the amendment and the main motion

Motion by Director Hoffman

Seconded by Director Calvert

Motion Passed to Table.

Motion #7: Recommend that the Board purchase a new pool cover from Arizona Pool Covers per the revised quote #APCQ1891 at a cost not to exceed \$9,527 from Reserve fund.

Motion by Director Harrison
Motion Passed.

Seconded by Director Winston

Motion #8: Recommend that the Board purchase three new treadmills from Marathon Fitness Precor per the Quote #18282 at a cost not to exceed \$12,488 from the Reserve Fund.

Motion by Director Hoffman
Motion Passed.

Seconded by Director Calvert

Motion #9: The P&C Committee propose that the money the Lakes is saving by changing health insurance companies this year and in future years be used to help our employees by putting and maintaining \$3,000.00 into a budgetary line item. This money may only be used to help our three full time employees with a maximum of \$1,000.00 each per year for medical emergencies or to cover expense gaps.

Motion by Director Calvert
Motion to Table.

Seconded by Director Williams

Motion to Table by Director Kindgren
Motion Passed to Table.

Seconded by Director Hoffman

Motion #10: Move that the LCA Board Policy 2011-6 titled Committees of the Association requirement to remove committee members for any committee other than the Architectural Committee be changed to a majority vote of the Board rather than the current 8/9ths.

Motion by Director Williams
Motion Amended to Read:

Seconded by Director Calvert

The Committees of the Association shall have the same consideration as granted by our LCA founding documents for the Architectural Committee. Eligible individuals are appointed by the majority of the LCA Board and can be removed by the LCA Board by the vote or written consent of 4/5 of all members of the Board.

Amended Motion by Director Kindgren
Approved as Amended.

Seconded by Director Harrison

Directors Williams and Calvert voted no.

Motion #11: Move that the May 2012 Board Minutes be corrected to show the actual wording of the amendment that was passed by the Board.

Motion by Director Williams
Motion to Table.

Seconded by Director Calvert

Motion to Table by Director Smith
Motion Passed to Table.

Seconded by Director Hoffman

Motion #12: Move that Maxwell and Morgan be engaged to update the Association's By-Laws for \$1,000 per his reply as attached.

Motion by Director Williams

Seconded by Director Calvert

Motion to Amend to read: The Board shall seek different legal council regarding any legal matters because a substantial number of the Board is without confidence regarding the legal advice of Maxwell and Morgan. The Board agrees to use the law firm of Carpenter, Hazlewood, et al.

Amended Motion by Director Kindgren

Seconded by Director Harrison

Motion Passed as Amended.

NOTE: President Mercer was reminded that the Board in August passed an ADR proposition to be included with the ballot for the next annual election in February, 2013. We are awaiting the opinion from Carpenter, Hazlewood law firm regarding the wording of the ADR explanation that will accompany the ballot proposition.

Motion #13: The engagement of an independent CPA firm to conduct a review of internal controls relating to the LCA financial processes for the purpose of generating specific recommendations for the LCA Board, the LCA Budget and Finance Committee and the LCA Management Staff. Cost estimated to not exceed \$5,000. See attached RFA for information regarding members of ad-hoc committee, scope of review, responsibilities of committee and other details.

Motion Amended to Read: Prepare an Engagement Letter and acquire an independent CPA to review and provide recommendations for improving the Internal Financial Controls of the Association. Engagement Letter to contain those items contained in the primary motion. CPA to act without discretion other than the Engagement Letter. Community Manager will provide any support requested by the CPA's inspection at a cost not to exceed \$5,000 with the funds being charged to legal line item.

Motion by Director Winston

Seconded by Director Calvert

Amended Motion Failed 4 to 4

Directors Hoffman, Smith, Kindgren, and Harrison voted No. Director Kemper unable to vote as teleconference connection lost.

Original Motion Amended with the following 2 changes to the details: (1) Add Jay Williams to the ad-hoc committee (consists of David Kemper, Maureen Harrison, Nils Kindgren, Marcia Hill, Jim Oberlin, CPA (LCA accountant), and Mike Ginsburg, CPA (LCA auditor), and (2) change the word from "direct" to "coordinate" in the section stating that the ad-hoc committee will select, hire and coordinate (not direct) a third party CPA firm to perform this review and prepare these recommendations.

Original Motion Amended by Director Hoffman

Seconded by Director Harrison

Amended Original Motion Passed.

Motion #14: Recommend that the Board add Pickleball to the sports offered at the Clubhouse on a six-month trial basis starting in November 2012 at a cost not to exceed \$300. Pickleball will be set up on tennis Court #1 with temporary removable drop-down lines and temporary nets. Homeowners may make reservations for the court by phone exactly as tennis reservations are made.

Motion by Director Calvert

Seconded by Director Winston

Motion Passed.

Motion #15: Request that the Board support the LWC Polar Plunge at the Lakes on Saturday, January 12, 2013.

Motion by Director Harrison

Seconded by Director Kindgren

Motion Passed.

Motion #16: Motion was made to adjourn the meeting.

Motion by Director Calvert

Seconded by Director Winston

Motion Passed.

Board Meeting was adjourned at 10:00 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 October 24, 2012.

Dave Smith
Board Secretary
Lakes Community Association

Date