

## STPO Unit/Deputy Rep Round Table Notes

**Friday, October 23, 2015**

The meeting was coordinated by Larry Zanatta, Chair of the Unit Reps; with speakers Bill Einecker, President, and Terese Butler, Senior VP, of the HOA2 Board of Directors (Board).

Larry introduced Bill and Terese, who had been invited to provide an update primarily regarding Transition, plus a few other miscellaneous topics.

### **Transition:**

- The target date for transition is scheduled for January 1, 2017. Robson does not usually give more than 6 months advance notice of a transition date, but this appears to be fairly firm, and the HOA Board is doing all they can to be ready by that date. On the date of transition, all functions currently managed by RCI will be turned over to the HOA. This includes: HR (payroll processing, benefits, insurance, etc.), all IT services and support, all AP & AR accounting, Homeowner credit accounts billing, and the Point of Sale (POS) system.
- The Board envisions that the Unit and Deputy Reps will become a standing committee for the HOA. It will continue to be a vital part of communications for HOA2, providing information to the residents and to the Board on issues concerning our residents.
- Transition planning started in 2006. There have been three chairs: Dave Jones, John Hardin, and the current chair David Gould. The Executive Summary produced by this committee is available on the HOA2 website, and the complete report is available in the DV library.
- Information Technology (IT) is a critical part of transition. Almost all current equipment (both hardware and software) will need to be replaced or upgraded, in order to allow seamless communication between various programs (POS, accounting, homeowner database, ALC records, etc.). The Board has scheduled an IT Consultant for the week of October 26<sup>th</sup> to meet with all Board members and department heads and clarify needs and equipment. The goal is do this right the first time and not have to redo it in a few years. Once we have identified needs, it is anticipated that three RFP's (Request for Proposal) will be issued to cover hardware and software required, installation and cutover from current systems, and ongoing support. The Consultant will be working with Terese Butler and Terry Johnson to coordinate meetings, etc. Decisions regarding out-sourcing vs. in-house management of IT functions have yet to be made.
- Vital documents work has been completed and we believe that most of the documents, i.e., deeds, etc., have been identified. Before transition, we still need to ensure that all appropriate documents are on file with HOA2.
- The CC&R's call for a Board composed of 3 to 9 members. At transition, the 2 current RCI board members will resign, and an entire new Board will be elected by homeowners. The decision of how many Board members to have has not been made yet, but it is anticipated that it will be 5 or 7. One reason for having seven members is to help ensure that a quorum is available for most meetings.

- Transition can occur although there are still approximately 200 lots in the Preserve, plus Unit 50 (currently platted for 44 single family homes). There will be an agreement with RCI to ensure that however many lots left that they will be built by RCI (no other developer) and will conform to our ALC guidelines.
- RCI will retain ownership of the RV storage lot after transition. RCI plans to transfer ownership to the HOA of the land where the 6 pickleball courts were built (off Ridgeview Blvd), and also the lot where the Lago Del Oro Water company office used to be.

### **Golf Courses:**

- The golf courses will not be a part of transition negotiations. RCI kept the golf course at Sun Lakes (in Phoenix) and then sold it later. It is likely that very shortly after Transition, the Mountain View golf course will be offered for sale. The decision to purchase it will be put to a vote of the residents.
- Early in 2016, the Board will hire an outside consultant to assess the golf course, including irrigation, drainage, carts, capitol expenses over five years so that if/when the golf course becomes available, the Board will have the necessary information as to whether it recommends purchasing it.
- The Board also anticipates forming a Golf Course Committee in 2016, comprised of both golfers and non-golfers so that all residents' views are represented.
- The MountainView Golf Course is platted as open space. If the course is offered to us, we could keep it as open space, perhaps allowing more flexibility in how the space is utilized. If it is sold to an outside company, then RCI must first plat it as a golf course (an expense of \$150-\$200K).
- If the MV golf course is not purchased by us, the HOA will have to identify and build a new common area Maintenance Yard. The Board has allocated \$125K for this in the budget, if needed. The current maintenance yard is shared between Common Areas and Golf Maintenance, but that facility is owned by RCI, not the HOA.
- It is not likely that the Preserve Golf Course will be offered for sale (either to residents or an outside investor) until there are fewer than 100 lots remaining to be developed.
- The Strategic Planning Committee's Survey reported that golf is highly rated as an important amenity in our community. Estimates indicate that the condition of an on-site golf course can affect home values by 18% to 32%.

### **Miscellaneous Items:**

- The Board anticipates announcing the name of the new General Manager (GM) during the week of October 26<sup>th</sup>.

- Our prior GM, Scott Devereaux, reviewed the existing Reserve Study, which looks at the funds needed to maintain our community over the next 30 years. He identified some concerns and these will be looked at and if necessary another Reserve Study will be completed.
- We have a reciprocal agreement with HOA1 for shared use of all amenities until 2021. At that time the two Boards will jointly determine if they want to renew the agreement.
- There is also a reciprocal agreement with SaddleBrooke Ranch, renewable on a year-by-year basis. This was put in place by RCI when the Ranch was started. When RCI completes the new restaurant, clubhouse and other amenities at the Ranch, it might not be renewed.
- The HOA dues for 2016 will increase by \$110 (5.9%) to \$1,980. The increase is primarily due to increased costs to prepare for transition.
- The HOA will begin replacing all of the reflective street and stop signs. This is needed due to the age of the signs and many are difficult to read.
- Desert Bluff repaving was paid from the Reserve Fund for a cost of \$375,000.
- The entry gate on Catalina Hills Drive is owned by Pinal County. RCI reached an agreement with the County to build the Gate. In the future, if the County wants it removed, RCI will have to pay for it.

#### **Capital Improvement Fund (CIF):**

The Board has researched and believes that the implementation of a CIF is in the best interest of the community. The CIF will be funded by a one-time 'resale fee' paid to the HOA at the time of closing. The fee will be equivalent to the current annual HOA dues at the time of closing.

- The recent Strategic Planning Survey said residents want us to not only maintain, but continually improve and enhance our community and the amenities we have here. Some examples include:
  - A partial Pool Shade over the MV pool (est. cost \$50K)
  - A new storage facility next to the Arts & Craft building, to avoid having to rent storage space outside of SB (est. cost \$100K)
  - A new 'Activities' facility for resident use, like HOA1 has. (cost TBD)
- Reserve Funds can only be used to repair and replace existing facilities. CIF funds can be used to improve or enhance amenities or add new amenities.
- CIF funds could be used to minimize the need for future special assessments.
- CIF funds could potentially reduce the need for an annual HOA dues increase. For example, if the CIF had been in place in 2015, the number of resales this year would have generated approximately \$280K in the CIF. That's equivalent to a \$100 increase in the annual dues.
- We used to be able to get decent returns on our investment accounts; now we can't. CIF funds could replace that source of revenue.
- Annually, the Board would have the option of moving a portion of the CIF funds collected into the Reserve Fund.

The implementation of a CIF will require a change to the CC&R's. To pass this recommendation requires a YES vote from 50% plus one of the existing homeowner lots and the platted RCI lots. **If an owner does not vote, it will be counted as a "NO" vote.** RCI will vote yes on 50% of the platted lots they still own; which means that the other 50% will be a no vote. This is so that there is not an unfair advantage by RCI.

These notes respectfully submitted by: Merna Oakley and Anne Peaker