

SaddleBrooke Villas Association No. 20, Inc.
BOARD OF DIRECTORS MEETING
10:00 a.m. Thursday, October 19, 2017 – ACTIVITY CENTER
APPROVED MINUTES

1. **Called to Order** at 10:00 a.m. with a quorum of Board Members present - Melanie Neilson, Don Ebbeson, Nancy Horvat, George Nersesian, and Marvin Wycoff. **Owners Present:** Joan Ebbeson, Cathy and Bill Howard, Ruth Birkhead, Stephen Ross, Doris Bickel, Britt Northcutt, Ron and Sue Spaniol, Chris Costello, Ron Tuxbury, Ed Sand, Sue Schliepsiek, Ted and Jan Deschamp, Tammy Brown, Jane Kusters, Dal and Liz Foreman. Visitors Present: Jan Earnest and Vivian Timian
2. **Approval of Minutes – Thursday, August 17, 2017 Board Meeting Minutes.** George moved and Marvin seconded approval of the Board Meeting Minutes. Motion pass unanimously.
3. Report from **HOA One General Manager Vivian Timian.** Vivian reported that HOA1 was in the final stages of budget preparation for 2018. Everything is progressing positively for the HOA.
4. **President's Report** – Melanie Neilson thanked the Board members for their support regarding her medical condition. She plans to complete all her duties as President until the end of the year.
5. **Treasurer's Report – Budget, Long Range Plan, 2018 Villas Maintenance Fee & Roof Replacement Reserve Assessment** – Ron Tuxbury reported that the Finance Committee is in final stages of budget preparation and long range planning for 2018.
6. **Committee Reports and *Discussion of Proposed Action Items**
 - A. Landscaping – Marvin Wycoff (e-mailed report to all Vilas owners) He requested that owners submit work order requests to him to have plantings removed. He also indicated that landscaping services are getting caught up with trimming and plant removals.
 - B. Maintenance/Painting – Ron Tuxbury reported that golf ball dings and other minor painting and repairs on villas are scheduled for November.
 - C. Roof Repair & Replacement – Don Ebbeson (e-mailed report to all Villas owners) He stated there will be a roofs inspection by Rincon in November.
 - D. Insurance Renewal – Ron Tuxbury reported that the yearly insurance contract with CAU (Community Association Underwriters of America, Inc.) was signed with the desired options included for \$9,500.
 - E. Termites/Pests – Liz Foreman (e-mailed report to all owners)
 - F. ALC/Documents/Rules – Doris Bickel reported that walkarounds are continuing and she expressed appreciation to owners for their cooperation in abiding by the Villas and HOA One ALCs.
 - G. Election Committee – Dal Foreman reported that a letter asking for candidates was sent to all owners. Candidate Profiles are due by October 30.
 - H. Social – Unit 20 Happy Hours continue to be held 4:00 p.m. on the **FOURTH THURSDAY** of each month in the Agave Lounge (exception - no happy hour in November and December)
 - I. Website Liaison – Melanie Neilson reported no action

7. *Discussion Items

A. AZ Revised Statute 33-1810 "Unless any provision in the planned community documents requires an annual audit by a certified public accountant, (Villas Assoc. does not) the board of directors shall provide for an annual financial audit, review or compilation of the association. The audit, review or compilation shall be completed no later than one hundred eighty days after the end of the association's fiscal year and shall be made available **upon request** to the members within thirty days after its completion."

The definition of a compilation financial statement is a report prepared "by an organization's outside accountant" – as opposed to organization, or "in-house" accountants (Villas Assoc. has no in-house accountants).

After reviewing this statute Villas Treasurer Mike Hatmaker concluded, "That since our financial records are always kept and maintained by 'an outside accountant', i.e. the accounting staff of SaddleBrooke HOA 1, the Villas board has from the beginning, and is now in compliance with this statute."

V.P. Don Ebbeson researched the cost of such a financial compilation which will cost the Villas Association about \$500 - \$600 plus the tax preparation cost of \$350 - \$400 annually. This up to \$1,000 annual expense, if approved, needs to be included in the Villas 2018 budget.

The Board decided to take the advice of the Treasurer and take no action at this time.

B. Foreclosure proceedings: title review, timeline and costs regarding lot 19. The Board decided to proceed. (See Action Item 9. C.)

C. Roof Replacement Reserve Assessment for 2018 per Don. "The estimate for roof replacement is \$27,000 per building, so that = \$540,000 less the \$10,000 cash already in our roof account, so we have \$530,000. Divide the \$530,000 by 15 years, the estimated when the last one would be done, we need \$35,333 per year divided by 40 villa's gives us \$833 per owner per year or \$74 per month. My concern, are we going to continue the \$10 per month voted on November 2016? If so the \$60 per month suggested coupled with the \$10 already being paid, will work well. So we are going to have to show \$70 per month for the roofs, or \$60 per month for the roofs as a monthly Roof Replacement Reserve Assessment beginning January 2018"

George presented a different calculation from Master Roofing owned by Oscar of 5,500 sq. ft. for George's and Mike's adjoining villas at a cost of \$16,500 for roof replacement at \$3 per sq. ft. at today's price and estimate for future cost. Oscar will inspect roofs annually. He would use 90# underlayment with guarantee by supplier. Melanie asked why the discrepancy between an estimate of 5,500 sq. ft. versus 109,000 sq. ft. per the same adjoining villas roof? The response was that one measure used the Villas footprint as the measure and the other used the actual roofing sq. footage.

This discussion was referred back to the Roofing Committee and Finance Committee with a request that they present written motions at the November 16 Board Meeting to 1. To approve the 2018 Budget. 2. To approve the specific amount of the 2018 Monthly Maintenance Fee (includes operating expenses and all reserve accounts except roof replacement reserve assessment). 3. To approve specific amount of the 2018 Monthly Roof Replacement Reserve Assessment.

D. Ron Tuxbury discussed preparation of the 2018 Villas Budget.

8. Actions Approved Without a Meeting since August 17 Board Meeting

Item 1. Board unanimously approved \$2,486.44 expenditure to hire extra time from Complete Landscaping to hurry up the process of having landscape work completed on each lot as some lots had not been serviced since before Complete Landscape was hired in June.

Item 2. Board unanimously approved that the Carpenter-Hazelwood attorney file a lien on Villa lot 19. The cost of this legal action will be included in the past due maintenance fees, late fees and penalties already being assessed on this lot.

Item 3. Board unanimously approved Rincon's proposal of \$2,480 to repair a significant roof leak over the ceiling of the master bedroom on lot 5. Apparently the leak has been occurring for some time and needed to be repaired quickly before more rain arrived. Rincon now requires a prepayment of 50% (\$1,240) of the repair cost and Ron needed to be able to request the prepayment and remaining charge checks as soon as possible.

9. **Action Items:**

- A. Marvin moved and George seconded to approve the 2018 monthly Tile Roof Replacement Reserve Assessment of \$40. Motion passed.
- B. George moved and Don seconded to approve the **2018 revised Schedule of Board Meetings and two social events dates.** Motion passed unanimously.
- C. Marvin moved and George seconded to approve foreclosure action be initiated by Carpenter-Hazelwood on lot 19 immediately **after title policy review assures sufficient equity in the property to recoup the estimated up to \$11,000 legal fees the Villas Association must pay in advance to initiate and execute the foreclosure process that can take up to two years.** Motion passed unanimously.

10. Conference Items, Audience Questions and Answers:

- A. Old Business – Owner asked Ron Tuxbury if any progress has been made to change the Villas Insurance policy due date to January 1 instead of the current date of September 15. Ron responded that this is probably possible if the Villas pay the initial 4 month premium (Sept. – Dec.) plus the 12 month (Jan. – Dec) for a 17 month premium the initial year of transition.
- B. New Business--none

- 11. Marvin moved and Nancy seconded to approve adjournment. Motion passed unanimously. Meeting adjourned at 12:15 p.m.

Nancy Horvat, Secretary