

# Ventana Lakes Property Owners Association

## Board of Directors Special Meeting

Monday, November 10, 2008

### Minutes

**Called to Order:** by President Sue Alandar at 1:00 p.m.

#### **Pledge of Allegiance**

**Meeting Location:** Ventana Lakes Yacht Club  
20015 North 108<sup>th</sup> Avenue

**Board Members Present:** Sue Alandar, Tony Fiore, Richard (Dick) Matsuishi, Joe McCord,  
and Lori Norris

**Property Manager present:** Jack Donovan

This Special Meeting was scheduled specifically to discuss the following issues:

1. Appointment of Treasurer
2. Continuation of work on the 2009 budget
3. Administrative and operations matters, as necessary.

President Alandar, The first item on the agenda this afternoon is the appointment of a treasurer to the Board and members of this Association. Our Bylaws allow our secretary to hold two positions, secretary and treasurer. Now I know that Lori Norris is very well qualified to be our treasurer, having straightened out the finances of a homeowners association that she belonged to before she moved to Ventana Lakes. Lori's duties as secretary here have included transcribing and recording of the minutes, among other things, such as straightening out the Association's very badly scrambled incorporation documents with the Corporation Commission and setting up a records management program. She and I are also working together on management policies to assist any staff now and in the future.

With the resignation of our Treasurer, Moe Frenette, last week, we sought help from our community and found a wonderful volunteer to help Lori with her secretarial duties. Darlene Spiczynski has volunteered to transcribe the recordings that are taken at our meetings. They can then be reviewed and finalized by Lori. Darlene, thank you so much for volunteering. It is a great help to us and to the community at large. Now with this assistance, Lori will be able to take on the dual roles of Secretary and Treasurer as allowed by our Bylaws; and I am asking the Board for a motion for this appointment at this time.

Director McCord, Madam President, I would like to appoint Lori Norris as Secretary/Treasurer of the Board. Do we need a separate one to appoint Darlene as the recording secretary?

President Alandar, No, that's a volunteer position.

McCord moved, Fiore seconded, MOVE TO NOMINATE LORI NORRIS AS SECRETARY/TREASURER OF THE VENTANA LAKES BOARD.

**Motion passed (5-YES)**

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President Alandar, Lori accepts. Thank you very much, Lori, we appreciate it.

Director McCord, Should the minutes reflect Darlene being named as recording secretary?

President Alandar, Oh, absolutely. Now we are going to continue with our work on the budget. I want to make sure you all realize this is not our final budget meeting. The adoption of our final budget will not happen until our regular business meeting on November 19; this is still a working session. Each of our Board members and the Manager has been tasked with gathering the information necessary to put this budget together. I am going to outline some of the things that we need to address, and we can take it from there. We do need to stay focused so we can get as much work done as possible because we are going to adjourn at 3:00 o'clock. We've got something very important that they have to get ready for this afternoon. I think it's called bingo.

The things that we need to address: First of all, our expenditures from the reserves. I, and some other members of this Board, believe we need to make some investment in the infrastructure of Ventana Lakes in order to quit draining our money into repairs and unnecessary energy costs. How much we spend, however, will guide how much we need to reinvest. We cannot let our reserve fund drop too low and we have to decide how much is too low. Next, we left some items unfinished the other day regarding the Gardens. They have a second assessment in addition to the assessment we all make. We need to make decisions regarding the costs related to that second assessment. These are costs of accounting, taxes and legal costs, which may or may not be charged to the Gardens' second assessment budget. Then, of course, we need to discuss ways to reduce our operating costs. I believe Lori has some of the figures that we have been gathering. She has the ability to project the information as we go. Our Manager, Jack Donovan, also has some figures that he's going to give us as we work our way through. First of all Lori, do you have the reserve figures that we have been feeding to you?

Secretary Norris, Reserve Expenditures: We started talking about, and I think it was Rudy Simon or somebody at one of the meetings kept saying, "Well, how do you know what you're going to spend in reserves, if you don't have a reserve spending plan?" We went back and there is a reserve study, they have done a reserve study, and they have actually identified over the years some of the things we are supposed to be working on and spending our reserves on to upgrade and do work around here. We took a look at that, plus also looking at what some people have been complaining about, that things are not being kept up. We identified a few things and this is what we are looking at for 2009 only.

First, we have the potential of solar heating panels which will cost approximately \$14,240 for just the Yacht Club pool and spa and \$30,000 for the Rec. Center. That's if we decide to go ahead and do that. We are looking at the renovation/replastering/fixing of the Yacht Club pool. Year after year after year we have had issues with that tile. They said it's because it has been compromised and water is getting behind the tiles and, therefore, they are not sticking. I know Jack has some other individuals coming out to take a look at it and give us some more estimates on that.

There was a study that was done in 2003 talking about the renovation of the Lake 2 shorelines. They've got all sorts of information talking about suggestions of what to do. Some areas that are

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grass will be retained, other areas that are grass need to be converted to gravel. There are plans in there as to how to do it, but they didn't have any costs in the particular study I was looking at, so we're following up on that.

Next, we are looking at one of the biggest items that we have been paying a lot of money for over the last few years and that's irrigation repair. The oldest area is the Shores. I know I have 1986 down here for all these areas, but they are probably a few years later. The Shores is the oldest at 1986. These figures are ballpark figures. I believe Tony is working with the landscapers to try to come up with a closer figure of what it's going to cost to replace the irrigation in these areas. We decided to target within the community by region. Right now we are looking at Region 1, north of Beardsley and East of 107<sup>th</sup> Drive. That's where you've got the Shores, North Shores, North Park, the Gardens, Highland I, Highland II and Heritage I. Just for these so far, we are looking at \$121,000. We are missing some of the figures, so we are probably talking closer to \$200,000 just in some projects. That's just bringing some things up to date. That's one of the things we started doing. You can see down here I've got some 2009 items and then we are starting to work on a list for 2010, 2011, 2012 and 2013. You can see where we are looking at doing the different regions of the other areas for the irrigation, the last one being in 2013.

I did miss one thing. We will see it on the budget, but I guess I will bring it up now. That is the pool suction devices that need to go in. I didn't know if that was a reserve item or if that was going to remain in the operating budget.

President Alandar, Yes that would be a reserve item. We do have the pumps and Jack will explain about those.

Manager Donovan, We have added, just this morning, a new SRVP pump system. It's a variable speed pump that brings us within the Graeme Act provisions. The cost of installing one of the five that we need is \$1991.10 for a total of \$9955.50. I know we talked about this a couple of times. We need to put these SRVPs in place to be in compliance, so that needs, I believe, to be a reserve item.

President Alandar, Okay, that's \$10,000 and that has to be done by December 20 of this year?

Manager Donovan, That's correct.

President Alandar, Okay, the good news is that these are energy-saving devices so it should help our energy costs go down.

Resident Rudy Simon, (inaudible did not use microphone) regarding timeline?

President Alandar, No, we have until 2014 to do the conversion, so that's long-range planning and we are going to have to completely redo our pools and spas.

Resident Rudy Simon, Define conversion.

Manager Donovan, We have to put in a double drain system. The federal government says they have to be three feet apart, the two drains, and that applies to the pools and spas. According to

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the guy I talked to this morning, the federal government says three feet apart; Maricopa County says 48 inches apart.

Resident Rudy Simon, (inaudible did not use microphone) disagreed with interpretation of federal guidelines.

President Alandar, We've had our attorney look at that. If you have additional information, we will have them look at that as well, but he did tell us that this is a federal law that we have to abide by. But this is something to look at for long-distance planning. We are trying to get next year's done. Was there anything else?

Secretary Norris, Is there anything we need to take off or move to the next or the following year?

President Alandar, Well, of course, we can't do all of the irrigation systems at once. Does anybody here know the actual age of these communities?

(Discussion between the Board and residents regarding the age of various communities. It was decided to check the plats and fill in the appropriate year for each community. The irrigation work could then be rescheduled to complete each community from the oldest to newest.)

President Alandar, So, the Gardens irrigation system has been done within the last 5 years? We can take that off the list. We will have to get some more information for the reserve budget. Anyone have any more questions on reserve before we move to the Operating Budget?

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Secretary Norris, The first column is obviously the coding that is used to identify where a particular expenditure or income goes. Then you have a description of the item. This is the 2008 estimated year to date at the end of what we will have spent. The new revised proposed assessment budget is recommending a \$6.33 a month per homeowner increase. Joe Broschka also did some refiguring and his is now at a 9.84% increase which comes out to a \$6.00 per month increase per homeowner. We will go through each one of these to see if we can adjust some other items up or down.

Resident Rudy Simon questioned Lori as to who arrived at the figures in the untitled column.

Secretary Norris, It's probably a mixture of between Moe and myself. The budget is still quite fluid. Depending upon who you talk to, or what they did in the past as to what they feel is more important, what formula they decided to use. Some people use a three-year average, that can work, but then again it can also be off quite a bit. They also go by a cost of living. You identify what the cost of living percentage is and increase your expenses that way. That is pretty much the way Moe and I were going, as we were trying to show the potential cost increases.

The following is the adjusted budget after each line item was discussed.

|               |          | 2008    | Norris/<br>Frenette | Comments from    | Broschka | Adjustments to   |
|---------------|----------|---------|---------------------|------------------|----------|------------------|
| GL #          | CATEGORY | EST YTD | 10.30%              | 11/10/08 Meeting | 9.84%    | Broschka figures |
| <b>INCOME</b> |          |         |                     |                  |          |                  |

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|                     |  |             |             |  |             |  |
|---------------------|--|-------------|-------------|--|-------------|--|
| 942-401             | 1701 (All lots, including Gardens)   | \$1,245,132 | \$1,374,340 | \$6.33 per month<br>\$18.99 per quarter<br>\$75.96 year                                      | \$1,367,604 | \$6.00 per month<br>\$18 per quarter<br>\$72 year          |
| 942-402             | Admin Income - Misc Income   | \$2,670     | \$3,000     |  | \$ 3,000    |  |
| 942-403             | Cell Tower Income  | \$12,000    | \$12,000    |  | \$ 12,000   |  |
| 942-410             | Late Fees  | \$2,198     | \$2,200     |  | \$ 2,600    |  |
| 942-415             | Boat Registrations   | \$680       | \$500       |  | \$ 600      |  |
| 942-420             | Transfer Fees  | \$38,800    | \$35,000    |  | \$ 35,000   |  |
| 942-430             | Pool Keys  | \$1,694     | \$1,000     |  | \$ 1,500    |  |
| 942-460             | Operating Interest   | \$5,278     | \$4,500     |  | \$ 4,900    |  |
| 942-480             | Facilities Rental - YC by clubs.<br>W. Watchers                                | \$2,150     | \$2,400     |  | \$ 2,900    |  |
| 942-490             | Activities Income  | \$21,773    | \$25,000    |  | \$ 22,500   |  |
| NEW                 | Gardens Reimbursements   |             | \$1,664     | Office Staff Services (\$26,200) YES<br>Change 8.11% to 6.35%                                | \$1,664     | 6.35% based on 1701/108 - Should Legal be included?<br>NO  |
| NEW                 | Advertising Revenue  |             | \$6,500     | Newsletter advertisements  | \$6,500     | Added at Mtg 11/10/08                                      |
| <b>TOTAL INCOME</b> |  | \$1,332,375 | \$1,468,104 |  | \$1,460,769 |  |
| <b>EXPENSES</b>     |  |             |             |  |             |  |
| 942-502             | Cable  | \$1,057     | \$1,100     |  | \$ 1,250    |  |
| 942-504             | Electric (Gardens Separate)  | \$95,960    | \$99,949    | \$149 added as a result of the Gardens Resolution passing                                    | \$ 99,850   | Does not include results of the Gardens Resolution passing |
| 942-506             | Gas  | \$53,686    | \$55,800    | Suggest heat only 2 of 4 Spas - NO   | \$ 55,800   |  |
| 942-507             | Refuse   | \$828       | \$1,000     |  | \$ 875      |  |
| 942-508             | Telephone  | \$7,300     | \$7,500     |  | \$7,300     |  |
| 942-510             | Water (Gardens Separate)   | \$258,916   | \$275,379   | \$1,238 added as a result of the Gardens Resolution passing<br>Jack Confirmed base \$274,141 | \$ 272,351  |  |
| 942-512             | Audit  | \$6,000     | \$6,000     | Auditor suggest full audit for 2008 to ensure corrections made - Board Agrees                | \$ 6,000    |  |
| 942-514             | Bad Debt   | \$1,486     | \$2,500     |  | \$ 2,000    |  |
| 942-515             | Reserve Study  | \$0         | \$0         |  | \$ -        |  |
| 942-518             | Insurance; Liability; Volunteers; Golf Cart & Worker's Comp (Gardens Separate) | \$30,021    | \$20,000    |  | \$ 20,000   | Changed at Mtg 11/10/08 from \$30,900                      |
| 942-519             | Computer Service/Repair  | \$850       | \$900       |  | \$ 880      |  |
| 942-520             | Internet   | \$2,055     | \$1,705     | Jack Confirmed   | \$ 1,800    |  |
| 942-521             | Computer Upgrades  | \$3,192     | \$3,200     |  | \$ 3,200    |  |
| 942-522             | Legal  | \$40,833    | \$15,000    | \$25,000 of the \$40,833 was the Shores settlement, \$15,000 maybe more realistic            | \$ 15,000   |  |
| 942-526             | Accounting/Payroll - Colby   | \$28,000    | \$28,980    | Suggest 6.35% billed to Gardens. Base is \$28,000  | \$ 26,318   |  |
| 942-530             | Mileage  | \$4,012     | \$4,200     | Based on Federal Rate of 0.585   | \$ 4,200    |  |

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|            |   |           |           |  |            |                                       |
|------------|---|-----------|-----------|--|------------|---------------------------------------|
| 942-531    | Association signs   | \$1,882   | \$1,000   |  | \$ 1,000   |                                       |
| 942-532    | Misc. General Administrative Costs  | \$1,918   | \$2,500   |  | \$ 3,476   |                                       |
| 942-533    | Membership Dues/Magazines   | \$420     | \$250     |  | \$ 500     |                                       |
| 942-534    | Office Equipment Leases   | \$7,000   | \$4,800   | \$183 per mnth per Copier=\$2,200 savings. 1 Copier & 1 Postage Meter remain | \$ 4,800   | Changed at Mtg 11/10/08 from \$8,491  |
| 942-536    | Office Supplies   | \$9,928   | \$8,180   | Jack Confirmed   | \$8,180    | Changed at Mtg 11/10/08 from \$7,700  |
| 942-538    | Office Equipment Repair/Replacement   | \$2,566   | \$1,500   |  | \$ 1,500   | Changed at Mtg 11/10/08 from \$4,400  |
| 942-542    | Permits, Licenses, Fees   | \$3,070   | \$1,820   | Jack Confirmed   | \$1,820    | Changed at Mtg 11/10/08 from \$3,200  |
| 942-544    | Postage   | \$2,500   | \$2,665   | Jack Confirmed   | \$2,665    | Changed at Mtg 11/10/08 from \$3,500  |
| 942-546    | Printing - Off Site   | \$299     | \$7,400   | \$529.81 mnth = \$6,357.72   | \$ 7,400   | Changed at Mtg 11/10/08 from \$500    |
| 942-548    | Taxes - Income  | \$23,900  | \$22,382  | Suggest 6.35% billed to Gardens, separate preparation                        | \$ 26,802  |                                       |
| 942-550    | Taxes - Real Estate   | \$386     | \$400     |  | \$400      |                                       |
| 942-552    | Volunteer Appreciation Dinner   | \$2,584   | \$1,500   |  | \$ 1,500   |                                       |
| 942-554    | Training/Education/Seminars   | \$452     | \$500     |  | \$500      |                                       |
| 942-556    | Water Cooler Lease  | \$2,253   | \$2,300   |  | \$2,300    |                                       |
| 942-560    | Salaries - 3 FT Staff; 2 PT Staff (Jack=\$56,000 / Irene=\$35,360 / PT=\$32,320 ea) | \$156,000 | \$150,199 | 6.35% deducted from Gardens for Jack & Irene's salaries ONLY                 | \$ 157,496 |                                       |
| 942-561    | Payroll Taxes 941/SUTA/FUTA Taxes   | \$15,600  | \$15,020  | 6.35% deducted from Gardens for Jack & Irene's salaries ONLY                 | \$ 13,794  |                                       |
| 942-562    | Benefits - Employee's Medical Insurance   | \$3,446   | \$3,600   | Too small to mess with calculating   | \$ 3,600   |                                       |
| 942-602    | Backflow Inspections/Repairs/Replacement  | \$4,430   | \$2,000   | 42 backflows   | \$ 2,000   | Changed at Mtg 11/10/08 from \$3,000  |
| 942-604    | Maintenance by VL   | \$1,815   | \$3,000   |  | \$ 3,000   | Changed at Mtg 11/10/08 from \$4,650  |
| 942-606    | Maintenance by Outside Contractor   | \$41,646  | \$15,000  | Jack Suggest \$40,000  | \$ 15,000  | Changed at Mtg 11/10/08 from \$25,000 |
| 942-607    | Fitness Equipment Maintenance   | \$5,783   | \$6,000   |  | \$ 5,800   |                                       |
| 942-608    | Electrical Repairs by Outside Contractor  | \$1,077   | \$2,000   |  | \$ 1,400   |                                       |
| 942-610    | Equipment Maintenance   | \$1,145   | \$1,200   |  | \$ 1,400   |                                       |
| 942-612    | Fish Replacement  | \$1,000   | \$1,200   |  | \$ 1,500   |                                       |
| 942-616    | Inside Furniture Repairs/Replacement  | \$285     | \$250     | Jack Confirmed   | \$ 250     | Changed at Mtg 11/10/08 from \$1,000  |
| <b>NEW</b> | Pool Room Furniture Upgrade   |           | \$1,800   | Replace 8 chairs   | \$ 1,800   |                                       |

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|                                  |                                     |                  |                |  |                   |                                       |
|----------------------------------|-------------------------------------|------------------|----------------|--|-------------------|---------------------------------------|
| 942-618                          | A/C Maintenance Contract/Repairs    | \$13,845         | \$13,850       | Jack Confirmed   | \$ 14,000         |                                       |
| <del>942-620</del>               | <del>Improvements</del>             | <del>\$395</del> | <del>\$0</del> | <del>Unknown</del>   | <del>\$ ———</del> | <del>Delete Code</del>                |
| 942-622                          | Irrigation Supplies                 | \$5,885          | \$5,000        | Jack Confirmed   | \$ 5,000          |                                       |
| 942-623                          | Irrigation repairs                  | \$30,500         | \$14,046       | (area to balance budget)   | \$ 2,888          |                                       |
| 942-624                          | Janitorial Contract                 | \$33,735         | \$34,500       | Jack Confirmed   | \$34,500          | Changed at Mtg 11/10/08 from \$33,750 |
| 942-626                          | Janitorial Supplies                 | \$6,042          | \$6,735        | Jack Confirmed   | \$6,735           | Changed at Mtg 11/10/08 from \$6,200  |
| 942-628                          | Lake Maintenance                    | \$15,322         | \$15,800       |  | \$ 14,700         |                                       |
| 942-630                          | Lake Chemicals                      | \$5,562          | \$5,800        |  | \$ 6,300          |                                       |
| 942-631                          | Lake Equip Repairs - Minor          | \$3,282          | \$3,300        |  | \$ 3,300          |                                       |
| 942-632                          | Landscape Conversion/Granite        | \$0              | \$11,000       | Reserve item   | \$6,000           | Changed at Mtg 11/10/08 from \$6,000  |
| 942-634                          | Landscaping Contract (Masters ONLY) | \$273,500        | \$273,500      | Gardens Resolution added Common Areas                              | \$ 273,500        |                                       |
| 942-636                          | Exterminating                       | \$4,958          | \$3,225        | Jack Confirmed   | \$3,225           | Changed at Mtg 11/10/08 from \$4,800  |
| 942-637                          | Welding                             | \$1,967          | \$1,000        |  | \$ 1,000          | Changed at Mtg 11/10/08 from \$4,000  |
| 942-638                          | Plant/Shrub Replacement             | \$1,967          | \$3,500        | Includes 50% increase as a result of Gardens Resolution<br>REMOVED | \$ 3,500          |                                       |
| 942-640                          | Pool/Spa Maint. Contract            | \$32,000         | \$32,000       | Jack Confirmed   | \$ 31,400         |                                       |
| 942-641                          | Pool Chemicals                      | \$8,953          | \$9,200        |  | \$ 9,500          |                                       |
| 942-642                          | Pool Area Furniture Repair          | \$0              | \$2,400        |  | \$ 2,000          |                                       |
| 942-644                          | Pool/Spa Repairs                    | \$19,334         | \$21,000       | \$10,000 for 5 Variable Speed Pumps - Reserve Expense 2008         | \$ 21,000         | Changed at Mtg 11/10/08 from \$15,000 |
| 942-646                          | Security - Brink's                  | \$1,022          | \$900          | Jack Confirmed   | \$ 850            |                                       |
| 942-648                          | Seed/Sod                            | \$3,301          | \$4,200        |  | \$ 4,200          | Changed at Mtg 11/10/08 from \$2,500  |
| 942-649                          | Tree Trimming/Removal/Replacement   | \$15,169         | \$34,000       | Includes 50% increase as a result of Gardens Resolution<br>REMOVED | \$ 34,000         |                                       |
| 942-671                          | Electric supplies                   | \$936            | \$1,000        |  | \$ 1,000          |                                       |
| 942-672                          | Sound & Lighting Upgrade/Repair     | \$444            | \$1,000        | Increase specific to Yacht Club sound system & Mics                | \$ 1,000          |                                       |
| 942-673                          | Flag Replacement/Repairs            | \$400            | \$800          |  | \$ 500            |                                       |
|                                  |                                     |                  |                |  |                   |                                       |
| 942-683                          | Activity Expenses                   | \$22,556         | \$25,000       |  | \$ 26,000         |                                       |
| <b>Total Expenses</b>            |                                     |                  | \$1,304,435    |  | \$1,292,805       |                                       |
| Recommended Reserve Contribution |                                     |                  | \$174,000      | Recommended 2007 Reserve Study                                     |                   |                                       |
| 942-910                          | Less: Reserve Interest              | \$35,000         | (\$30,000)     |  |                   |                                       |

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|                                      |                       |             |                    |  |                    |  |
|--------------------------------------|-----------------------|-------------|--------------------|--|--------------------|--|
| 942-905                              | Allocated to Reserves | \$60,000    | \$144,000          |  | \$ 144,000         |  |
| <b>TOTAL EXPENSES &amp; RESERVES</b> |                       | \$1,421,656 | <u>\$1,448,435</u> |  | <u>\$1,436,805</u> |  |
|                                      | Projected Surplus     |             | \$19,669           |  | \$23,964           |  |

Secretary Norris, Gardens Reimbursement is a new item. This figure is strictly for administrative staff services that are provided specific to the Gardens.

President Alandar, The Gardens has the master assessment like all of us. They also have a second assessment for landscaping, insurance, painting and roofs. The second assessment is a separate account. Moe has been charging an accounting fee of 8.11%. The way he arrived at that 8.11% was by taking the amount of that account, dividing the Master Account into that, and coming up with that percentage, the 8.11%.

The Gardens has a second assessment, part of which goes into landscaping, paintings, roofs and insurance and part goes into the reserves. They do have a separate account that is a cost to the Association for staff, in particular, for handling this separate account. I know a good part of Irene's and Mr. Donovan's time is spent on handling matters relating to the Gardens. So, I do think there is logic to charging some of their salary toward that. I also think there is some logic to charging some of the accounting toward that. I do not, however, see charging that second assessment account for legal fees. That doesn't make sense to me. So, I'm asking the Board to think about it.

Is there anyone on the Board that feels, since we all pay into the Ventana Lakes Property Association's Master Account, that the people in the Gardens should be charged legal fees when they pay into the same Master Account that we do; considering that their second assessment is going to a specific purpose, landscaping, painting, insurance, and roofs.

After discussion between the Board members and residents, the following motion was proposed:

McCord moved, Fiore seconded, **MOVE THAT THE ENTIRE COMMUNITY ABSORB THE LEGAL FEES FOR ALL SUBDIVISIONS.**

**Motion passed (3-YES / 1-NO / 1-ABSTAIN)**

President Alandar, The next item on the agenda is the accounting fees. As I understand it, that's been based on that 8.11%. We have checked with three different firms to see what it would cost to have separate accounting for the Gardens to avoid some of the controversy that surrounds the second assessment.

Manager Donovan, We have requested three bids on the Gardens' bookkeeping. The first one came in at \$200, next one at \$315 and the last at \$375. Our recommendation was to accept the bid for \$200, and that bid was given to us by Colby Management.

President Alandar, That's per month. The 8.11% actually comes out lower than that. Colby Management handles everything in one pot of money. Right now, we pay about \$27,000 a year for them to handle our accounting. They would charge us \$200 to set up a separate account and then another \$200 a month would be charged to the Gardens to handle their second assessment

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separately. This would not save our Master Account one penny. It would just cost the people of the Gardens an additional \$200. So, in other words, we would be charging the people in the Gardens \$200 for absolutely nothing.

(Completely inaudible chatter about how the 8.11% was figured and how someone (from the audience) came up with 6.349 percentage figure based on dividing the 1701 Master residents by 108 Garden residents)

President Alandar, Okay, we need a motion to charge them to a 6.349% accounting fee. That will come out of their account, the second assessment, to be reimbursed to the Master Account.

Director McCord, If this motion passes, will it benefit the Gardens in any way; will it benefit the Master in any way?

President Alandar, It will benefit the Gardens in that it will lower their account. It will be fewer dollars for them, and I think that's fair because there really isn't a big charge anyway. But the next item I want to bring up, if and when this motion passes, is the administrative costs, which have not been charged in the past.

Director McCord, Yes, I just wanted to clarify in my mind what we are doing if we pass this particular motion. The Gardens have been paying more?

President Alandar, Yes, they have been paying 8.11%.

Director McCord, So, they should be happy.

President Alandar, I don't know.

Director Fiore, The 8.11 that the Gardens is charged, I'd like to see the minutes from the Board where that was passed charging those fees for the year 2008, because I think they were charged illegally. There was never a motion, it was never brought out at a meeting, it was never voted on, and it was taken on by one individual that decided, on his own, to charge the Gardens these particular numbers. You are talking about opening a can of worms. The fees that are in question, there was never a motion. There was never a motion. The fees that were charged to the Gardens are not in any minutes that I could see that this Board approved. This Board did not approve that, not since I've been sitting on it. I don't know if a previous Board did, but I'd like to see the minutes before we take a vote on it, because we may have a problem with illegally charging the Gardens some monies.

President Alandar, Tony, if you remember, on our agenda for the last meeting for the Gardens, the third item on the agenda was reversing some charges that we were making to the Gardens. That's part of what we are doing right now because that's exactly true, the Board had not made a decision on this, there was no policy decision by the Board, the decision was made by the Treasurer.

Director Fiore, He cannot do that.

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President Alandar, Okay, can we finish what we're doing now? This was just so can we make a decision now.

Resident Rudy Simon, I have a last question. Does this Board not know what's going on with this Treasurer?

President Alandar, Sir, I had a discussion with Mr. Frenette, that's why it was on the agenda the last time around.

Resident Rudy Simon, I'm saying this has been going on since January of 08.

Director Fiore, It was before March because that's when the elections were, in March.

President Alandar, Mr. Simon, we are trying to get through the budget today. We have been trying to sort out some issues with the Gardens since the beginning of January 2008 when Mr. Horton brought a petition to the Board. We went to the attorney at that time and had to wait sometime for a legal answer. We have been sorting through some issues ever since and have finally come to some conclusions. So, I brought it to the Board to get it resolved last weekend when Mr. Frenette decided to just resign and walk away from it.

Resident Rudy Simon (inaudible) changing the financials independently?

President Alandar And I absolutely agree. I absolutely agree. This is what we are trying to fix. I can't go back and undo what has been done. I can't go back to January, but I can try to fix it now and that is what we are trying to do. I absolutely agree with you.

VP Matsuishi, Sue, on the charges that were being made to the Gardens based on the 8.11, did that include administrative charges? I don't know what was included in that 8.11% charge.

President Alandar, There was no administrative charges that I was able to find. No, it was for accounting charges, legal fees and income tax. Okay, I have a motion on the 6.349.

McCord moved, Matsuishi seconded, MOVE THAT WE CHARGE THE GARDENS 6.349% FOR ALL ACCOUNTING FEES AND THAT SAID SUM SHALL BE TRANSFERRED FROM THE GARDENS' ACCOUNT TO THE MASTER ACCOUNT ON AN ANNUAL BASIS.

**Motion passed (4-YES / 1-ABSTAIN)**

President Alandar, Regarding the reversal of accounting costs from 8.11% to 6.35% for this year's budget. We can adjust that retroactively for this year. Do I have a motion?

McCord moved, Matsuishi seconded, MOVE TO RETROACTIVELY CHARGE 6.35% FOR ACCOUNTING FEES TO CORRECT THE 8.11% THAT WAS CHARGED IN 2008.

**Motion passed (4-YES / 1-NO)**

**Motion clarified at January 21, 2009 Open Meeting.**

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President Alandar, I believe it was to go back and return the fees to the Gardens - the difference between 6.35% and 8.11% that was charged in the prior year - to return that amount to the Gardens budget. Is that clear? And for the year of 2009 that amount would be taken out monthly. It should be two separate motions.

McCord moved, Fiore seconded, THAT WE CALCULATE THE TOTAL SUM BETWEEN 6.349% AND 8.11% FOR THE YEAR 2008 AND THAT SUM WILL BE RETURNED TO THE GARDENS ACCOUNT FOR THAT YEAR.

**Motion Passed (4-YES / 1-ABSTAIN)**

President Alandar, The second motion is regarding how it will be paid in 2009 and onwards. Jack, I believe it's being paid monthly now, right?

Manager Donovan, Right.

McCord moved, Matsuishi seconded, THAT FROM JANUARY 2009 HENCE THAT THE CHARGE TO THE GARDENS WILL BE 6.35% MONTHLY.

**Motion passed (4-YES / 1-ABSTAIN)**

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Secretary Norris, In summary, the Master Income Budget is around 1.4 million. We are pretty close to what Joe Broschka is recommending; it's about a \$22,000 difference.

The Gardens Budget was not reviewed in detail, the following areas had comments:

|            | <b>Gardens</b>       | <b>2008</b>    | <b>2009</b>   |   | <b>Broschka</b> | <b>Broschka</b>    |
|------------|----------------------|----------------|---------------|---|-----------------|--------------------|
| <b>GL#</b> | <b>INCOME</b>        | <b>EST YTD</b> | <b>Budget</b> | <b>COMMENTS</b>                                       | <b>0%</b>       | <b>8% Decrease</b> |
| 802        | Assessments-Gardens  | \$116,640      | \$116,640     | Potential \$7.20 decrease in Gardens Assessments ONLY | \$ 116,640      | \$ 108,000         |
| 804        | Interest Bank Acct   | \$1,581        | \$1,700       |   | \$ 1,400        | \$ 1,400           |
|            |                      | \$118,221      | \$118,340     |   | \$ 118,040      | \$ 109,400         |
|            | <b>EXPENSES</b>      |                |               |   |                 |                    |
| 812        | Electric             | \$594          | \$451         | Decrease by 25% result of Gardens Resolution          | \$ 300          | \$ 300             |
| 813        | Accounting           | \$1,932        | \$1,932       |   | \$ 1,932        | \$ 1,932           |
| 814        | Income Tax           | \$1,927        | \$1,950       |   | \$ 1,950        | \$ 1,950           |
| 815        | Legal                | \$2,136        | \$2,200       |   | \$ 2,200        | \$ 2,200           |
| 817        | Irrigation Labor     | \$1,456        | \$1,600       |   | \$ 1,600        | \$ 1,600           |
| 820        | Water                | \$4,952        | \$3,714       | Decrease by 25% result of Gardens Resolution          | \$ 2,000        | \$ 2,000           |
| 831        | Misc Maint           | \$2,040        | \$2,200       |   | \$ 1,400        | \$ 1,400           |
| 833        | Irrigation Supplies  | \$223          | \$1,000       |   | \$ 500          | \$ 500             |
| 834        | Landscaping Contract | \$24,000       | \$24,000      |   | \$ 24,000       | \$ 24,000          |

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|     |  |           |            |  |            |            |
|-----|--|-----------|------------|--|------------|------------|
| 836 | Plant/Shrub Replacement  | \$1,701   | \$1,276    | Decrease by 25% result of Gardens Resolution | \$ 4,000   | \$ 4,000   |
| 838 | Roof Maint/Repr  | \$4,192   | \$4,600    |  | \$ 3,800   | \$ 3,800   |
| 840 | Special Projects   | \$3,200   | \$4,500    |  | \$ 1,600   | \$ 1,600   |
| 842 | Tree Trim./Remove/Replace                                      | \$11,057  | \$8,293    | Decrease by 25% result of Gardens Resolution | \$ 8,000   | \$ 8,000   |
| 852 | Granite Replenishment  | \$4,497   | \$4,558    |  | \$ 5,300   | \$ 5,300   |
| 856 | Collections  | \$360     | \$1,100    |  | \$ 500     | \$ 500     |
| 858 | Insurance  | \$13,605  | \$10,000   |  | \$ 9,235   | \$ 9,235   |
| NEW | Salaries - Jack/Irene ONLY<br>(Jack=\$56,000 / Irene=\$35,360) |           | \$ 5,801   | based on 6.35% calculation which will change | \$ 5,801   | \$ 5,801   |
| NEW | Payroll Taxes<br>941/SUTA/FUTA Taxes                           |           | \$ 580     | based on 6.35% calculation which will change | \$ 580     | \$ 580     |
|     | Total Expenses Before Reserves                                 |           | \$79,755   |  | \$74,698   | \$74,698   |
|     | Recommended Reserve allocation                                 |           | \$37,200   |  |            |            |
| 704 | Less: Gardens Reserve Interest                                 | \$ 2,322  | \$ (4,000) |  |            |            |
| 890 | Reserve Allocation   | \$36,000  | \$33,200   |  | \$ 37,800  | \$ 37,800  |
|     | <b>TOTAL EXPENSES &amp; RESERVES</b>                           | \$116,194 | \$112,955  |  | \$ 112,498 | \$ 112,498 |
|     | Projected Surplus  | \$2,027   | \$5,385    |  | \$ 5,542   | \$ (3,098) |

A decrease in Garden Assessments is not recommended at this time until whether potential offset charges can be ironed out.

Director McCord, The City Council of the City of Peoria on December 2<sup>nd</sup> will consider a proposal for them to use existing wells and drill new wells into the water table pulling up non-potable water. If it goes through we could buy that water at a savings of almost 60% of what we are paying now. Right now we are paying \$3.11 per thousand gallons; if this goes through and we could hook up to it, we could pay \$1.40 per thousand gallons. That's a huge difference in our water costs. We have to budget for this other amount and don't know if the City will do it or if we could hook up to it, but at least it's a possibility.

Joe McCord excuses himself at 2:49 PM

Manager Donovan, Central Paving has given us a bid of \$1,650 to cold seal the management office parking lot. That will be the end of the paving.

Matsuishi moved, Norris seconded, MOVE TO ACCEPT BID OF \$1,650 FROM CENTRAL PAVING TO COLD SEAL THE MANAGEMENT OFFICE PARKING LOT.

**Motion passed (4-YES / 1-ABSENT (McCord))**

President Alandar, We still have some work to do before we make our final decision. If we need to schedule another meeting on the budget, I will notify you and get it posted.

Board Meeting adjourned at 3:10 p.m.

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Lori Norris, VLPOA Secretary

Date: \_\_\_\_\_