

# Esperanza Estates HOA

## Minutes of Board Meeting

October 17<sup>th</sup>, 2022

The meeting was called to order at 1.00 pm by Dave Sielken.

### **QUORUM DETERMINATION**

A quorum was confirmed by Ken Lindeman:

Dave Sielken, Tom Cooke, Ken Lindeman, Kevin Welsh, Cyndie Alto, Gary Rautio, and Debbie Ries were present in person. Sharon Falor joined the meeting by phone.

Dean Lockwood was excused.

### **APPROVAL OF MINUTES**

The minutes of the Board Meeting held on September 19<sup>th</sup>, 2022 were accepted as written.

### **TREASURER'S REPORT** – Dean Lockwood

In Dean's absence, the report was read by Kevin Welsh

#### **Treasurer's Report – 10/17/22**

##### **1. August Financial Reports (as of 9/30/22)**

##### **a. Balance Sheet**

- i. Our cash and money market accounts are sitting at \$58.0K. This basically represents the cash needed to fund the 2022 operating budget.
- ii. The reserve account investments have had a rough year and we're all ready to see the markets bounce back. September was particularly bad. The Edward Jones Reserve account investment is valued at \$89.5 on an investment of \$110.5 Currently, we have \$132.4k in Edward Jones compared to \$143.8k last year at this time. Our investment is down roughly \$28,600 from where we ended 2021.
- iii. The GGVCF (Greater Green Valley Community Foundation) fund is currently valued at \$75,045 on an investment of \$75,000. The investment is down roughly \$22,250 from where we ended 2021.
- iv. Total checking and savings of \$222.5K is down by just over \$30.8 from last year. Our balance sheet had taken a pretty big hit so far this year. Let's hope for better economic news soon.

- v. Accounts receivable is \$956. That represents 1 - 2022 dues with late fees plus 1 remaining dues plus late fees and interest from 2021. The accounts receivable balance should be taken care of soon with the closing of several houses.
- vi. The major changes in fixed assets include:
  - 1. New spa pump in 2021 for \$5,100
  - 2. Deck repair in pool area for \$3,750
  - 3. New pool cover for \$3,412

**b. P&L Statement**

- i. Total income so far this year is \$77,426 with budgeted income at this point of \$130.0. Dues revenue of \$122,500 represents 350 houses at \$350 each. We collected \$490 late fees compared to \$350 last year. Transfer fees of \$2,600 are above plan by \$727. The biggest variance is the paper loss for both Edward Jones and Greater Green Valley Community Foundation Funds of \$53.2K.
- ii. Administration expenses of \$14.3k are \$1.0K unfavorable to plan. Our directory expense and insurance policy expenses are favorable variances for the year. With last year's favorable interest and dividend revenues, we did have a larger than planned income tax expense for 2021. We paid \$2,618 to the Fed's and \$555 to the State for an unfavorable variance to plan of \$2,900.
- iii. Common Area expenses of \$39.5k are \$14.3k favorable to plan. We trimmed 101 palm trees this summer for a little over \$8k. We invested \$2.6K in rocks for the Del Sur project in May. Otherwise, our spending in this area overall is very favorable to plan.
- iv. Recreation expenses of \$23.2k are \$2.6k unfavorable to plan so far this year. Our biggest variance to plan is Natural Gas which is \$4.0K unfavorable. Natural Gas cost per therm used have increased over 40% from last year (\$.74 to \$1.06).
- v. Overall, after nine months, our revenue is unfavorable to plan by \$52.6K and our expenses are favorable to plan by \$10.7K for a total negative variance of just over \$41.7K.

The Treasurer's Report was accepted.

Note: On the day following the meeting Dean emailed information clarifying that Natural Gas had risen from an average of \$0.713 per Therm in 2020 to \$0.881 in 2021 and now averages \$1.018 in 2022. He noted also that the average Therms used per day had risen to almost 32 this year from an average of 21.4 in 2018, 23.4 in 2019, 22.7 in 2020 and 26 in 2021.

**COMMITTEE REPORTS**

Finance Review – Kevin Welsh: Kevin stated that the committee had reviewed the month's accounts, and all was in order. He added that expenditures of \$869 for weed control spray and \$400 for street lamp heads had been verified.

Architectural Control – Debbie Ries: Debbie reported that there had been one pre-sale inspection and one inspection approval.

Capital Projects – Kevin Welsh:

Kevin had nothing to report

Common Area Maintenance – Cyndie Alto: Cyndie said a plan was in hand to replace trees in common areas with like trees as necessary. Bird of Paradise and Oleander bushes will be trimmed shortly. Kevin asked if the \$14.3k showing as favorable to plan will be used this year. Cyndie said that some would be used in tree replacement and clean up behind Regalo. Cyndie asked homeowners to email her if there is a matter needing attention.

Gardeners – Rod Harp:

Rod noted that the weekly start time of 7.30am will be put back soon in view of the colder mornings. He noted that the work that volunteers had carried out in the summer was obvious. Cyndie again thanked all volunteers. It was noted that if a homeowner of a quad wishes to add a planting, they should ask first. If the homeowner adds an unapproved planting in the common area outside the quad's walls, the homeowner is responsible for that planting.

It was noted that political signs must be removed within a month of an election. No commercial signs are permitted. Tasteful decorative signs are acceptable.

A question was raised about quad plantings that had disappeared due to weather and/or other events – would the previous items be replaced? It was suggested that if previous conditions were demonstrated by photograph (or similar means), restoration would be entertained.

Green Valley Council – Hugh Rhine: Hugh had not been at a recent meeting but planned to be at the meeting scheduled for Thursday 20<sup>th</sup> at 8.30 and would report on matters of interest.

Recreational Facilities – Tom Cooke / Gary Rautio: Tom noted the need for users of the Ramada to leave it clean with furniture correctly positioned.

The Pool area was in good condition.

Neighborhood Relations – Gary Rautio: Gary had nothing to report. There had been an incident with a resident having more than two dogs in a property. It was reported that the resident was unaware of this EEHOA restriction. John Nesavich had addressed this incident and the resident was cooperating in correcting the issue. It was noted that animal issues may be reported to Pima County.

Hospitality – Robin Lockwood: Hospitality will host a Halloween Pot Luck on October 31<sup>st</sup>.

Block Watch – Sharon Falor: Sharon reinforced that the dog incident above had been resolved amicably. She said a welcome luncheon is planned for the week of November 14<sup>th</sup> and another will be held in the Spring. Sharon said that these luncheons are an opportunity for new homeowners to learn of the HOA's activities and of opportunities to join volunteer groups.

Enhancement Team – Jackie Rautio: Jackie said that the Team will meet in Mid-November to get activities under way. She noted that between 1999 and 2022 Enhancement had raised some \$108,000 in Ramada Sales and Other fundraisers. She emphasized that the Team is a “Fun” group and asked for new members to join.

## **OLD BUSINESS**

A, A question was raised regarding the promised Road Resurfacing – Dave agreed to chase a reliable update.

### **B. TRASH COLLECTION**

Kevin summarized the advantages of having a single Trash Collection service:

- 1) Fewer Trucks
- 2) Smaller Trucks if Titan is selected
- 3) Titan offers the least expensive Trash Service presently and would reduce the cost per property to \$15 per month if all properties were included.
- 4) Titan would carry out Trash and Recycling pick-up on a single day of the week
- 5) About half of EEHOA homeowners already use Titan
- 6) A contract had been negotiated to hold fixed pricing for three years
- 7) There would only be one billing to the HOA rather than 350 every quarter

Questions asked by the attendees included:

Could homeowners opt out of this service? Kevin said this would not be allowed.

Could pricing change after three years? At the end of the contract period, renegotiating will be necessary.

Will in ground trash containers be permitted? Kevin said this would be allowed.

Will the Titan crew assist homeowners to take trash out to the trucks? Kevin said this would continue to be in place.

Will Titan provide containers? Kevin said Titan will provide three sizes of containers for Trash and for Recycling.

Can individuals call Titan if there is a problem with pick-up? Kevin said this will be allowed.

A number of homeowners then raised concerns as follows:

The C.C.& Rs permit Annual Dues to be raised 20% per annum by the Board without input from the HOA as a whole. Will the cost of Trash Service be added to Annual Dues

and thus raise the permitted Dues increase in the future? Dave answered Yes while pointing out that Dues have been held steady for over 10 years with the help of prudent Board decisions and the cost-saving activities of the many volunteers in the HOA.

A homeowner pointed out that those homeowners who live in EEHOA for only part of the year are being asked to pay for a whole year if there is no opportunity to start and stop service. Dave said that the advantages listed by Kevin above outweighed this concern. The question was then raised as to how this was a saving to homeowners who had more than one property but only one Trash Service. Also, it was pointed out that there are some homeowners who share Trash Service with their neighbors and thus would see a severe increase in costs.

The Board stated that the number of Full-Time versus Part-Time residents was not known.

Notwithstanding the above concerns, the Board felt that the proposed plan would benefit the majority of homeowners. It was stated that the annual dues are derived from an understanding of past expenses and the trends which can be identified, and it would not be possible to have a vote on every budget item on an ongoing basis. The Board assured the meeting that it will continue to find the best deals for the HOA. An attendee thanked the Board for their excellent work in managing the HOA's finances.

A motion was made by Kevin and seconded by Dave that the Proposal in hand from Titan be accepted pending approval from the Homeowners. This was passed without dissent.

This proposal will be put to a ballot which will need to approve a Special Assessment for 2023 and an Annual Dues Increase starting in 2024 by a simple majority of Homeowners. Thus 176 Yes votes will be needed. Kevin proposed a motion that a Ballot be circulated to all Homeowners to approve such a Special Assessment of \$180 for 2023 and, in the same Ballot, to approve a Dues Increase of \$180 starting in 2024. The motion was seconded by Sharon. The Board voted unanimously to approve the motion.

C. Board Elections. The terms of Dave, Tom and Cyndie will expire this year. Nominations are invited for those willing to serve the Board in the coming three years. Ballots will be sent with the annual paperwork for Dues and residency status. Dave pointed out that the Board will meet after the Annual HOA Meeting in January to agree the Assignments of the Board Members for the coming year.

### **ADJOURNMENT:**

On a motion made by Kevin and seconded by Ken, the board agreed to adjourn the meeting.

Respectfully submitted,

*Doug Syme*