

Audit And Finance Committee
Regular Meeting Minutes March 1, 2018

A&F Members Present:

Doug Berk, Vice Chair
Dave Mattson
Glenna Reeves, Secretary
Michael Rufert
Ed Schauble, Chair
Holly Unck
Gene Wagner

Board Members Present:

Anne Montgomery, Vice President
Woody Neiman, Treasurer, Absent

Administration Present:

Brian Shaw, Controller
Steve Nolan, General Manager

Guests Present:

Bob Neuer, late arrival

Honorary Members Absent:

Bob Tull
Wally Gammel

Call To Order: Meeting called to order at 3:00 pm in the Phoenix Room by the Chair. Welcome to Anne replacing Woody this month.

Guest Comments: Bob Neuer arrived late, but was just observing at this time.

Meeting Minutes Approved: The Minutes of the Committee's February 2, 2018 meeting were approved as submitted.

Meeting Agenda Approved: The Agenda was amended by the Chair.

Financial Reports: Controller Brian Shaw's summary worksheet and printouts for September were distributed prior to the meeting. Since it is only one month and beginning of the year there was minimal discussion. The audit has been completed, no exceptions for six years in a row. Congratulations to Controller Shaw and his staff from the Chair. All managers and staff work hard on this outcome all year. For the month of January, a couple of reporting Divisions are above or below budget, but it is way to early to be significant and a leveling out is expected.

A&F member comments from the Financial Reports:

Gene Wagner and Doug Berk submitted a report outlining their meeting with Brian Shaw and Karen Lease regarding the financial procedures followed by the Accounting Department.

Board Liaison Comments: Board representative Anne Montgomery reported recent actions by the Board at its regular meeting on March 1, 2018. A number of expenditures were approved and she outlined the activity regarding the fitness center vote coming up later this month. This has been a personal involvement of hers for at least three years beginning in 2014 as well as a number of people

in the community. The first group prepared an extensive report at their own expense which was a thorough study of the need for a fitness center. We have placed posters out in the community that gives a brief overview of the vote coming up along with pictures. The March 5 workshops will be moderated by the Election Committee.

Chair Comments: the Committee needs to know some of the facts that you will learn about at the fitness center workshops. The final assessment for each homeowner will be \$618 and the project has grown to \$4 million, originally it was \$3 million. There is good reason for these increases. First of all the original estimates do not include any contingency amounts. There should be a contingency amount of 10% for any new construction and a contingency of 25% for a re-build. The contingency amount has been included now. Secondly the new facility will have a spa, that was not in the original conceptual plans. There was a petition filed by 300 homeowners requesting that a spa be included. The \$1 million original contribution by the HOA has been increased to \$1.650 million from the reserve funds. This includes additions from home sales (the one year dues required by each home) and a pay back of \$659,00 expected over 18 months at normal home sales in CWPV. It is expected there will be approximately 475 homes sold during that time. There will be no user fees to use the facility, however any classes offered will have a fee. All doors and entries will be secured and there will be constant security around the building.

The Chair also commented that at the BOD meeting Woody outlined that all capital costs for amenities will be from Capital Reserve Funds. He clarified the golf operations are paid by their green fees and Pro Shop purchases. Food and Beverage income and costs are partially offset by restaurant prices. Per Board Policy, capital costs are financed from the capital reserve and replacement fund for ALL AMENITIES.

General Manager Comments: General Manager Steve Nolan reported that his computer has died and he is communicating basically via his phone and text messages. The fitness center has resulted in a busy exchange of emails that burnt out his computer. The architect and Fitness Center equipment specialist, Bethany Garrity, worked constantly every day of the week with emails all days and all hours of the day. A number of the Canadian homeowners have been concerned about the position of the Board as they want the Board to be neutral with no position. However, the Board fully supports this new fitness center.

Comments from the Committee members: The new meetings with the General Manager are getting very positive reports from homeowners.

Old Business:

1. The Chair reports that he attended ad-hoc meetings Controller Brian, Treasurer Woody and General Manager Steve to design the Hardship Assessment application documents that will

be used in the event the fitness center proposal passes and some homeowners wish to apply for a Hardship Exemption.

2. Comptroller Shaw has arranged a meeting for March 29, at 9 am, for all committee members to meet with Karen Lease and Brian for a review of the financial systems. Meeting will be in the Administration Building meeting room. Call Brian to confirm.
3. The 2018 goals were reviewed and nothing was added at this time, but an item to have an annual review of the goals will be added soon.
4. Fitness Center Workshops coming up March 5 at 10 am and 6 pm. It is expected that all Audit and Finance members will attend at least one of these workshops.
5. The Fitness Center vote counting procedure occurs on March 22. The Election Committee is to arrive at 7:30 am to begin sorting ballots. They could use additional volunteers. You will notice the controversial envelope is gone. The Audit and Finance Committee is expected to attend and assist in whatever way possible. Arrive at 9 am.

New Business:

- a. Thanks to Holly Unck for her service to the Committee. Since we have a policy that does not permit a spouse to serve on a committee when the other spouse is on the BOD, she is no longer allowed to be on our committee. We now have an opening and need another person to fill her spot. This will be advertized in the Flyer soon. A&F members were urged to be on the lookout for qualified potential members.
- b. Controller Shaw is hoping to have representatives from Chase Bank at our next meeting to provide a presentation on our reserve funds and how they are invested.
- c. We need to begin thinking about preparation of a manual to provide guidance to any new members of our committee. Due to time constraints this idea is being tabled until our next meeting.
- d. There was some discussion about the county bus service. Why does it end around the Queen Creek and Alma School Roads? Can we get it extended to the Sun Lakes area? A further study of this should be considered.
- e. A&F Members are urged to attend the Agenda and Regular Board Meetings.

Recommendations To The Board Of Directors: None

Recommendations To Management: None.

Next Meeting: Thursday, April 4, 2018 at 3:00 p.m. in the Phoenix Room.

Adjournment: The meeting was adjourned at 4:30 pm.

Respectfully submitted, Glenna Reeves, Secretary.