



DC Ranch Association – Board of Directors

Meeting Minutes: August 6, 2019

Date/Time: Tuesday, August 6, 2019 Started: 6:04PM Ended: 8:00PM
Location: The Homestead Community Center
Purpose: Regularly scheduled meeting

Chaired By: Elizabeth Kepuraitis
Minutes Rec: Terri Raimondi
Status: Draft of Minutes
Attendance

Present: Elizabeth Kepuraitis, Susan Grace, Philip Geiger, Mike Esparza, Stephen Koven, Vince Durocher and Geoff Wilner

Invited Guests: Executive Director Darren Shaw, Communications Manager Terri Raimondi, Director of Finance Dee Nortman and Community Standards Manager Mike Wells

1. Call to Order/Establish Quorum/Roll Call

A quorum was achieved and all board members were present.

1.1 Member Comment Period/Open Forum

Nan Dinu of the Park and Manor neighborhood conveyed her concerns to the Board relating to her neighbor's use of a meat smoker. Several other Park and Manor residents spoke on the Dinu's behalf, including: David Williams, Douglas Chang, Sime Aiden and Valentine Dinu. Desert Haciendas resident Craig Cherney also spoke for the Dinu family about the negative effects of the smoker and suggested that it be added to the DCR Community Standards under the heading "Nuisance".

Mr. Geiger made a motion asking staff to contact the owners to ask that the tenants cease using the smoker while the matter is further investigated and decided. Mr. Durocher seconded. Mr. Esparza suggested checking with legal counsel first to see if the cease order is within the Board's legal right. The motion did not pass; the vote was 2-5. Ms. Kepuraitis commented that the matter will be handled expeditiously by the Executive Director with hopes of reaching the owner as early as the next morning.

On another matter concerning the City of Scottsdale upcoming Bond Election, Susan Grace spoke as a resident of the Pioneer neighborhood. Her prepared statement is attached, and made part of these minutes.

1.2 Approval of the June 5, 2019 Executive Session Minutes and the June 10, 2019 Regular Meeting Minutes

Mr. Durocher made a motion to approve the executive session and regular meeting minutes. Mr. Koven seconded. Both motions passed unanimously.

2. Reports

2.1 Presidents Report

Matters discussed at the July 24 Governance Committee included the Scottsdale Bond election as well as various other items, many topics of which will be discussed during this meeting.

The annual Board Planning Workshop was held Monday, Aug. 5. High-level strategic initiatives were discussed. An executive session was also held that day to discuss an owner's speeding violation appeal.

2.2 Executive Director's Report

- Second Photo Speed Camera has been moved to the Desert Parks neighborhoods
- Contracted with Civil Engineer for wash inspection and design recommendations re: three wash redesign projects
- Most all employees were CPR and AED certified (May-July)
- Security's six-month review
- Road replacement projects to start August 19: Parcel 4.2 (Lariat, Lasso and Bridle) and Trails End to DC Ranch Country Club (\$250,000)
- Re-plastering Windgate Gatehouse (August)
- Palo Brea culverts cleaned
- Desert Park signage replacement project (37)
- Horseshoe signage inspection in August
- August 9 team outing
- Irrigation system audit ongoing – completion by end of year (11 water meters suspended...30 targeted)
- 501(c)4 status granted by IRS
- Market Street Villas Roof Tune-up (900 tiles replaced)
- All bridges on Thompson Peak and Legacy painted
- Evaluating fire fuel work in Desert Parks
- Wash repairs at lot 1871 and Cross Canyon (\$30,000 estimated)
- 2020 operating budget and reserve plan work underway
- During the meeting, Mr. Shaw received word that the Kitchell Yard agreement was renewed for five years allowing Ranch Association to continue to use the SUSD-owned two-acre parcel located just south of Copper Ridge School.

2.3 Second Quarter 2019 Financial Report

Ms. Nortman presented 2019's second quarter financial report which is attached, and made part of these minutes.

2.4 Special Presentation:

Mr. Wells provided a presentation on the Community Standards department. He reported on the department's recent reorganization, training and education for staff, transfers and disclosures and current statistics on canvassing for violations.

3. Unfinished Business

3.1 Proposed Policy 208 Collections: Ms. Kepuraitis made a motion to conditionally approve the proposed policy for the 30-day member comment period per Policy 102. Mr. Esparza seconded the motion. It passed unanimously.

3.2 Proposed Policy 109 Owner Appeals to the Board: Mr. Durocher made a motion to approve the proposed policy. Mr. Wilner seconded the motion. It passed unanimously.

3.3 Proposed Policy 207 Operating Fund Cash Management: Mr. Esparza made a motion to approve the proposed policy. Mr. Durocher seconded the motion. It passed unanimously.

4. New Business

4.1 Proposed Revisions to Community Standards DCR-27 Trespassing/Solicitation: Ms. Grace asked for additional discussion on the proposed revisions. The Board agreed by consensus. The matter was tabled.

4.2 Proposed Revisions to Community Standards DCR 23 Real Estate Signs: Mr. Geiger made a motion and Mr. Esparza seconded the motion, to conditionally approve per Policy 102 for the 30-day member comment period. From the audience, Mr. Matheson commented to add the A.R.S. number and clarify the depth and width of the signs. The motion passed unanimously.

5. Committee Reports: None.

5.1 Adjournment: The meeting adjourned at 8:00 p.m.

Susan L. Grace, Public Comments, Ranch Association BOD Meeting 8/6/2019

I am concerned about the Community Council's public support for the 2019 Bond, which provides for the construction of 3-lighted multi-athletic fields south of Desert Parks. In making this decision the Council disregarded their responsibility under their own Framework for Engagement in Public Policy and they misrepresented information to residents. You might ask why I am commenting here and not at a CC meeting: CC made a presentation at this meeting in June and I was unable to attend; I was also out of town for their July meeting; and, the RA board has an important relationship with the CC. I will send my comments to Ron and Jenna tonight.

The framework for engagement states that that the process for taking a position will undertake a reasonable effort to understand and consider stakeholder positions. By their own description, one location would contain 7 lighted soccer fields. Yet, I am unaware of any organized effort to gather feedback from residents directly impacted by the fields and there was no evaluation offered about impact: light, traffic, noise, etc.

The framework for engagement also states the CC will consider criteria including traffic impact, view shed, noise, and light pollution. To my knowledge, there has been no consideration or analysis of these impact items on Desert Parks' residents.

The council has stated that the fields would be used "occasionally" for parking without any explanation as to what that means, how often, how many cars, attendees, etc. Furthermore, they provided no assessment as to the use of the multiple fields for sports, e.g. number of events, night or day, or number of additional cars expected in the area.

Council has also stated that it is unlikely all 3 fields will be built – to be clear, if the bond measure were approved as endorsed by the CC there would be funds for all 3 fields.

Finally, the council states that the improvements will have many positive impacts on DC Ranch with emphasis on the Thompson Peak bridge expansion and a dog park at Hayden and Thompson Peak. What the council didn't report is that projects will likely not start construction in less than 2-5 years and if the cost at that time exceeds the funds approved, which are based on current costs, additional funds will first have to be found before they would be able to move forward. So in spite of how described by CC there is no guarantee that the bridge or dog park – their primary reasons for endorsing the bond, will ever see the light of day.

I have publically praised the CC for acting with integrity and in the interest of the Community. In this situation it appears to me that they have not.

Statement of Revenue and Expense For the Period Ending June 30, 2019 (000's)



	Month Ending June, 2019			Six Months Ending June, 2019		
	Actual	Budget	Difference	Actual	Budget	Difference
Revenue:						
Assessments	595.9	596.3	(0.4)	3,570.8	3,573.1	(2.3)
Non-Assessments	152.0	104.6	47.4	574.0	495.8	78.2
Total Revenue	747.9	700.9	47.0	4,144.8	4,068.9	75.9
Costs:						
Operating Cash Costs	512.9	573.2	60.3	2,919.0	3,259.0	340.0
Reserve Funding	118.8	118.8	-	713.1	713.1	-
Operating Non-Cash Costs:						
Bad Debt & Depreciation	3.7	1.4	(2.3)	16.9	7.6	(9.3)
Total Costs	635.4	693.4	58.0	3,649.0	3,979.7	330.7
Net Income (Loss)	112.5	7.5	105.0	495.8	89.2	406.6

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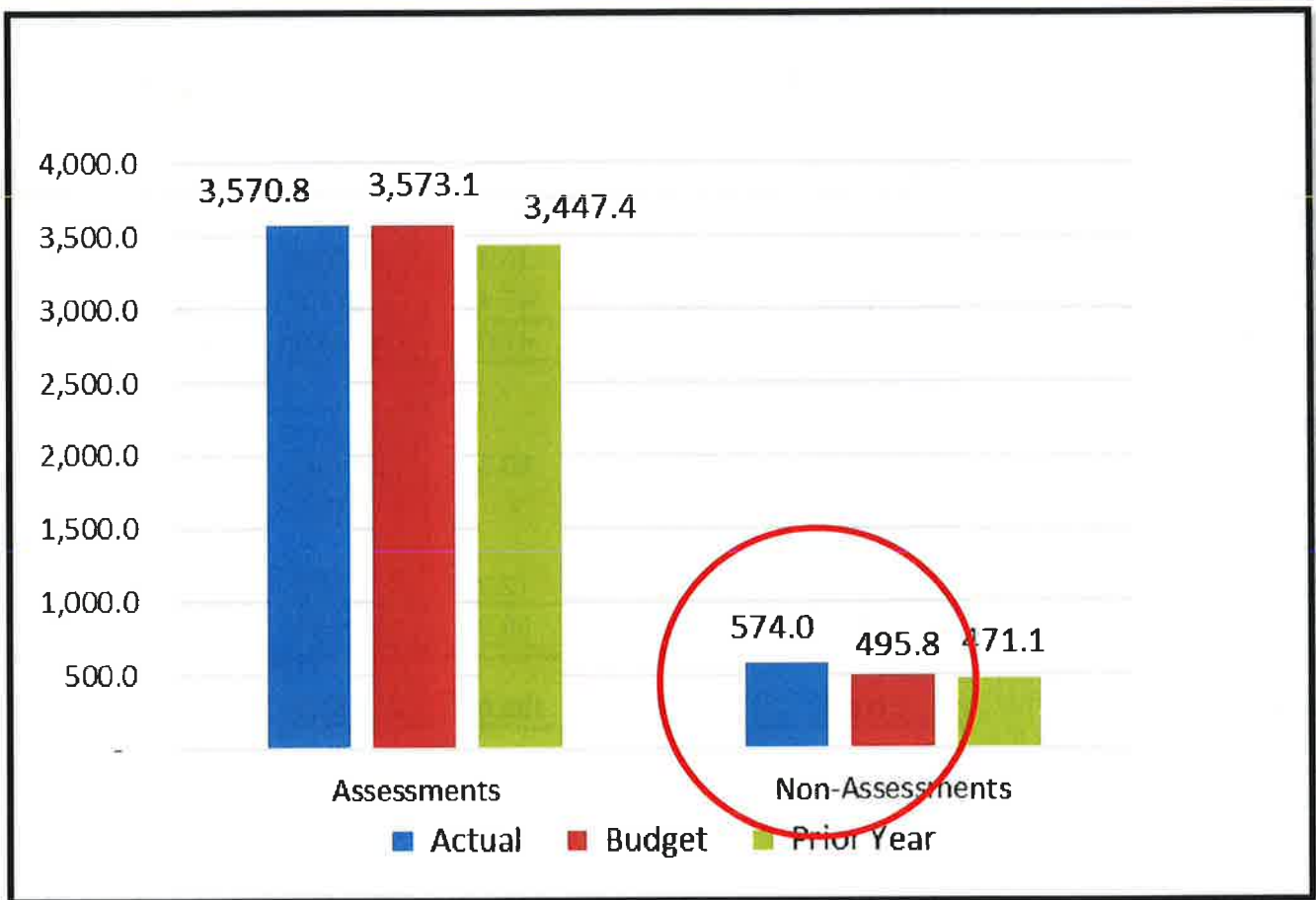
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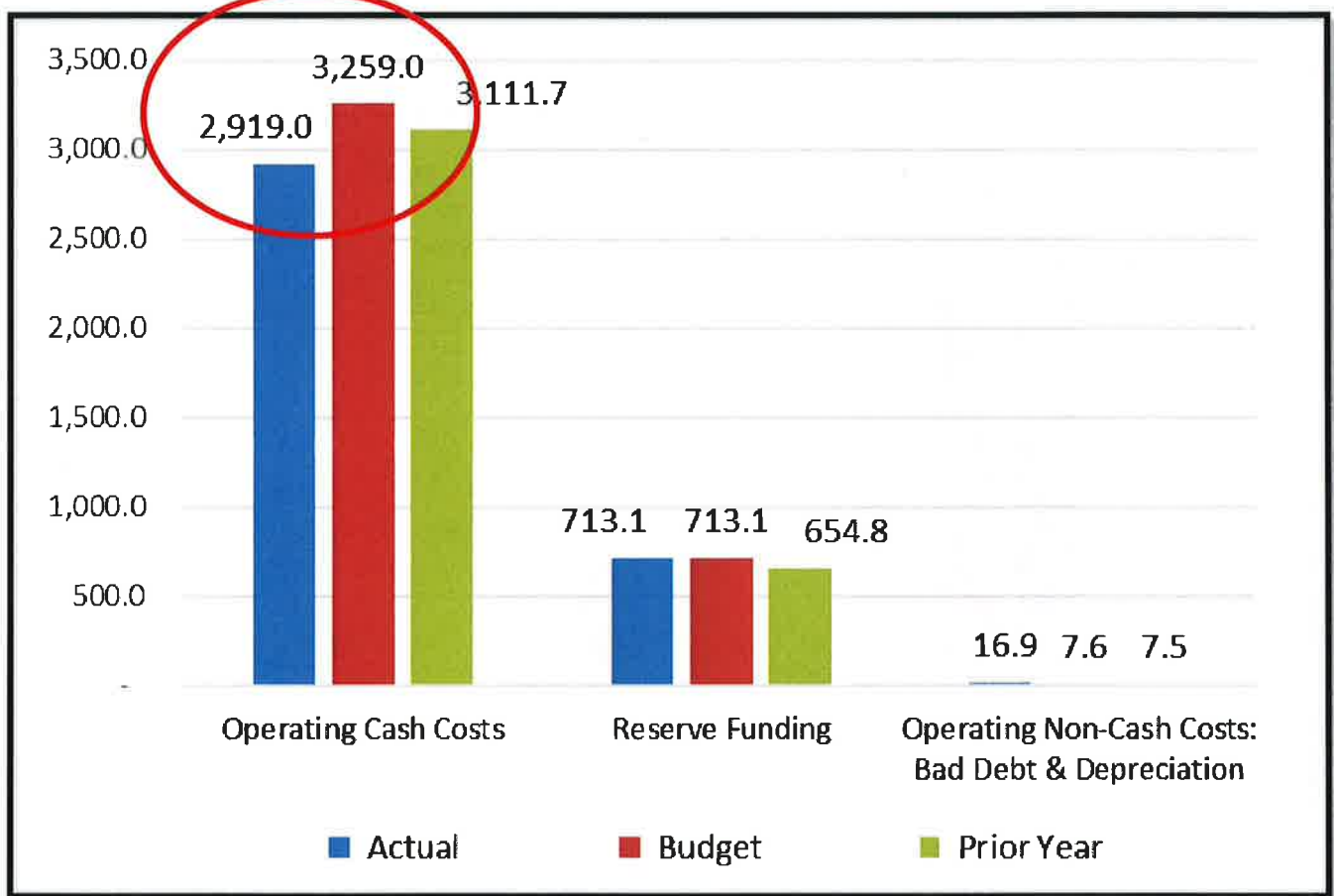


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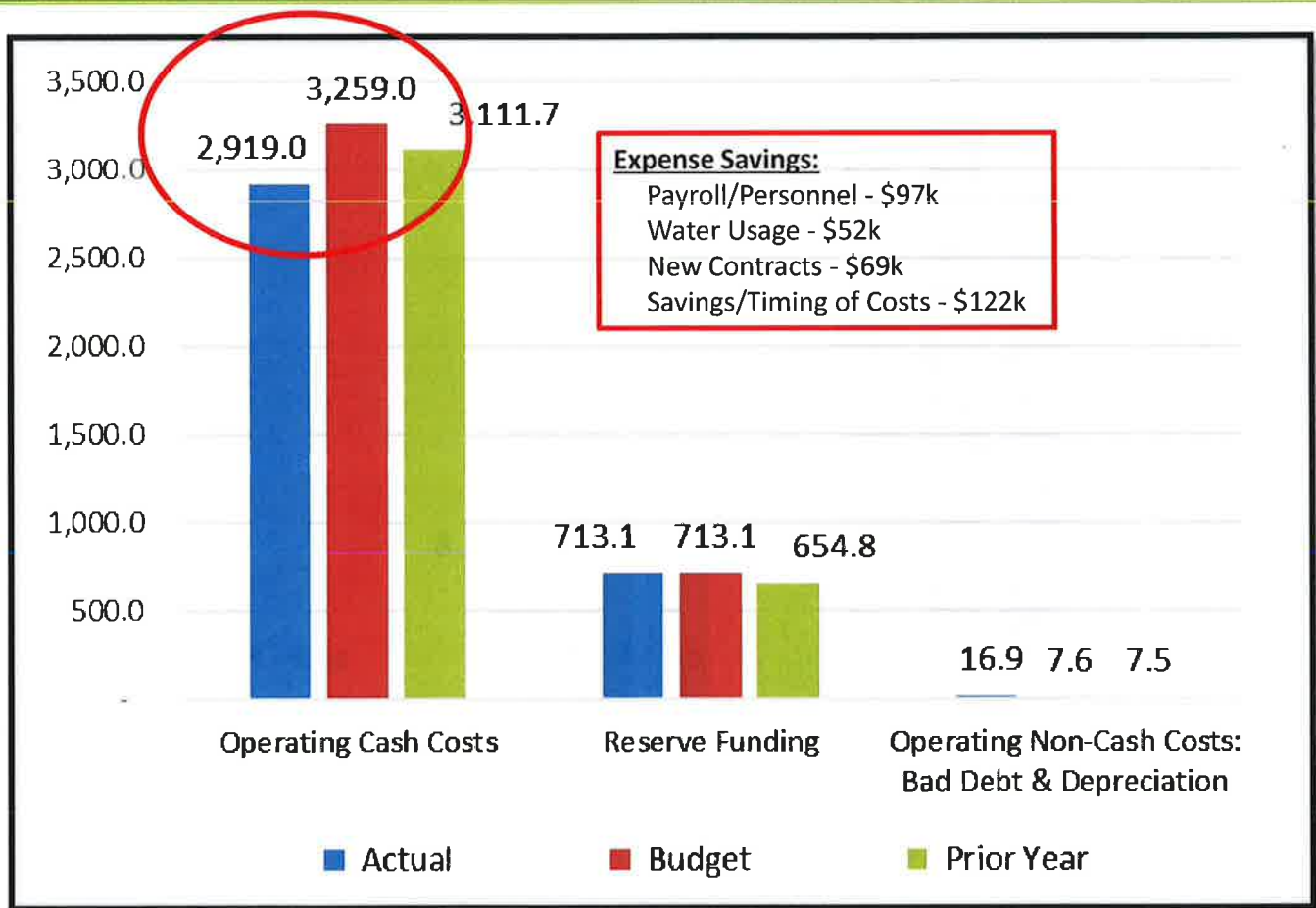
Revenue For the Period Ending June 30, 2019 (000's)



Expenses For the Period Ending June 30, 2019 (000's)



Expenses For the Period Ending June 30, 2019 (000's)



Balance Sheet – Assets at 6/30/19



	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>Change</u>
Cash	\$ 1,253,461	\$ 898,453	\$ 355,008
Reserve Funds - Wells Fargo	7,980,399	7,935,894	44,504
Reserves-Accrued Interest Receivable	22,626	21,270	1,356
Accounts Receivable, Net	69,464	39,100	30,364
Covenant Commission Receivables	0	2,362	(2,362)
Other Assets			
Prepaid Insurance	30,332	45,749	(15,417)
Prepaid Corporate Tax	0	3,019	(3,019)
Prepaid Expenses	1,992	14,802	(12,810)
	<u>32,323</u>	<u>63,570</u>	<u>(31,246)</u>
Fixed Assets			
Property & Equipment	354,340	265,685	88,655
Accumulated Depreciation	(224,364)	(213,208)	(11,156)
	<u>129,976</u>	<u>52,477</u>	<u>77,499</u>
Intangible Asset - Lease Gain	<u>9,229</u>	<u>13,247</u>	<u>(4,019)</u>
Total Assets	<u>\$ 9,497,478</u>	<u>\$ 9,026,374</u>	<u>\$ 471,104</u>

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Balance Sheet – Liabilities and Equity at 6/30/19



	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>Change</u>	
Liabilities				
Short Term Liabilities				
Accounts Payable	\$ 271,572	\$ 393,738	\$ (122,165)	
Prepaid Assessments	283,764	231,163	52,600	
Accrued Payroll	56,340	61,999	(5,659)	
Insurance Payable	2,401	2,334	66	
Other Short Term Liabilities	17,461	36,763	(19,301)	
	<u>631,538</u>	<u>725,998</u>	<u>(94,460)</u>	
Intercompany Payables				
Due to Community Council	20,899	102,741	(81,842)	Decrease in liabilities
Equity				
Reserve Contribution	8,003,025	7,815,785	187,240	
Associations Equity	(10,183)	47,739	(57,921)	
Desert Haciendas Equity	24,566	11,514	13,052	
Terrace West Equity	23,225	16,558	6,667	
Park & Manor Equity	24,184	17,402	6,783	
Country Club Equity	29,703	34,958	(5,255)	
The Estates Equity	21,799	14,481	7,318	
Terrace East Equity	12,382	5,041	7,341	
Rosewood Equity	8,586	5,350	3,236	
Camelot Equity	28,727	15,068	13,660	
Haciendas Equity	11,097	4,410	6,686	
Market St Villas Equity	34,362	(8,158)	42,520	
Montelena Equity	11,865	6,965	4,900	
Parks at Silverleaf Equity	41,441	33,037	8,404	
Arcadia at Silverleaf Equity	1,491	(1,041)	2,532	
Horseshoe Canyon/Canyon Villas Equity	69,429	67,275	2,155	
The Sterling Estates at Horseshoe Canyon	13,541	10,294	3,247	
Net Income (Loss)	495,799	100,959	394,840	
	<u>8,845,041</u>	<u>8,197,636</u>	<u>647,405</u>	Increase in equity
Total Liabilities and Equity	<u>\$ 9,497,478</u>	<u>\$ 9,026,374</u>	<u>\$ 471,104</u>	

Statement of Cash Flows for period ending June 30, 2019



	<u>Current Month</u> Month Ended June 30, 2019	<u>Year-to-Date</u> 2nd Quarter Ended June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for period ended June 30, 2019	\$ (21,129)	\$ 683,039
Adjustments to reconcile net income (deficit) to cash provided by operating activities		
Depreciation	1,347	11,156
Amortization of intangible lease gain	670	4,019
(Increase) decrease in		
Accounts receivable	(11,550)	(29,358)
Prepaid expenses	12,229	31,246
Increase (decrease) in		
Accounts payable	24,416	(122,165)
Accrued payroll expenses	-	(5,659)
Prepaid assessments	(50,914)	(5,401)
Prepaid Community Council assessments	(13,020)	58,001
Intercompany payables	(7,947)	(81,842)
Other short term liabilities	(35,634)	(54,869)
NET CASH FROM OPERATING ACTIVITIES	<u>(101,531)</u>	<u>488,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>29,258</u>	<u>(88,655)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(72,274)	399,513
CASH, BEGINNING OF PERIOD	<u>9,306,132</u>	<u>8,834,346</u>
CASH, END OF PERIOD	<u>\$ 9,233,859</u>	<u>\$ 9,233,859</u>

Cash Balance End of Month

