

**STONEGATE COMMUNITY ASSOCIATION
11551 E. MOUNTAIN VIEW ROAD, SCOTTSDALE, ARIZONA
BOARD OF DIRECTORS MEETING
JULY 27, 2011**

PRESENT: Mike Flamer, President
Doug Schoenfeld, Treasurer
Ed Katz, Secretary
Lori Condon, Director
Gary Friedman, Director

ABSENT: Chuck Murphy, Director
Jim Murphy, Director

STAFF: Larry Paprocki, Director
Nora Walker, Staff

CALL TO ORDER

President Flamer called the meeting of the Stonegate Community Association Board of Directors to order at 6:03 p.m., noting the presence of a quorum.

RESIDENTS FORUM

No residents were present.

President Flamer noted that homeowners are permitted to speak once for up to three minutes on each topic being considered, as the meeting progresses. They may participate only until the motion is made.

MINUTES

June 23, 2011

Mr. Friedman moved that the board approve the June 23, 2011 meeting minutes as presented. Seconded by Mr. Katz. *The motion passed unanimously by a vote of five (5) to zero (0).*

TREASURER'S REPORT

Mr. Schoenfeld presented the Treasurer's Report as per the directors' packet. He reviewed the association financial statements, as prepared by association staff, for the periods ending June 30, 2011. He responded to questions and comments from the board members.

Mr. Schoenfeld reported that the finance committee discussed the following: current investment policy, homeowner delinquencies, reserve funding, employee medical benefits, 2011 reserve projects, and the APS proposal to replace Stonegate's old landscape lighting with LED technology.

Mr. Paprocki provided an update on the homeowner delinquencies and efforts to collect on past due assessments and bank fees. He responded to questions and comments from the board members regarding delinquencies.

In response to a question from Mr. Friedman, Mr. Paprocki reported that the bad debt write-offs are minimal.

Ms. Condon moved to accept the financials as presented and the Treasurer's Report as submitted. Seconded by Mr. Katz. *The motion passed unanimously by a vote of five (5) to zero (0).*

Mr. Paprocki provided an overview of the Stonegate Community Association 2011 Reserve Projects. He provided estimates on individual project costs, and asked that the board approve the 2011 Reserve Projects List.

Mr. Schoenfeld moved to accept the 2011 Reserve Projects List. Seconded by Mr. Friedman. *The motion passed unanimously by a vote of five (5) to zero (0).*

EXECUTIVE DIRECTOR'S REPORT

Accounting Department

Mr. Paprocki reported that Joan Cheng is Stonegate's new full-charge bookkeeper. She has a degree in Administrative Accounting.

Saddleback Lot 8

Mr. Paprocki reported that Saddleback Lot 8 has experienced sewer back-ups over the years. The owner had the line scoped and found that the lateral to her house was disconnected from the main line.

Several years ago, the City of Scottsdale changed its ordinance regarding sewer repairs. The city now maintains only the main sewer line, not the laterals. They are the responsibility of the property owner. A condominium association could be seen as responsible, but a planned community should not be, since the lateral is for the exclusive use of one property and is not a common element.

The Saddleback homeowner contracted the repair of the lateral line and discovered that a section was never installed. The question was, then, one of responsibility. Mr. Paprocki advised the owner that the city was responsible for the line inspection. She will contact them.

Her attorney is reviewing the Plat and Stonegate's documents. Mr. Paprocki does not believe the Community Association has liability in the matter.

Equestrian Trail Update

Mr. Paprocki reported that the city is now salvaging selected native trees growing in the trail by boxing them. The remaining trees will be cut down. Due to the size of the boxes, the trail is completely impassable in several areas.

Scanner Update

Mr. Paprocki reported that a new check scanner is now in use in accounting, to deposit checks more efficiently. Scanned checks will be destroyed after 45 days. Images of the checks are placed in the homeowners' accounts. Past problems with the lock box required many staff hours to correct.

Money Market Account

Mr. Paprocki reported that high balances have occurred in our checking account. Opening a money market account would allow the transfer of operating money so interest can be earned.

APS Lighting Project

Mr. Paprocki provided an update on the APS lighting project. LED light bulbs were provided for use on a trial basis. The contractor is willing to provide bulbs at a reduced rate. He has spoken with commercial managers who have used the APS program and the same contractor. They indicated a very favorable outcome. The contractor was efficient in completing their retro-fit. He also spoke with APS, who acknowledged David Hayes, Accel Electric as a top contractor in their program with no complaints received.

Mr. Friedman noted that according to the APS website, the rebate expires on August 14. He questioned whether Stonegate needed to use the list of APS approved contractors as long as the contractor meets the minimum standards. There could be significant price differences.

Mr. Paprocki reported the rebate application has already been submitted to APS and we are eligible to get all new lighting in the Community Center.

Ms. Condon commented regarding the color of the lights: she prefers the warm glow of the incandescent lights, particularly for the street lighting in the communities. She inquired when the LED lights would be cost effective. President Flamer replied that the return on investment should be four years or less.

Mr. Paprocki responded to questions and comments from the board members about the proposed APS project. The cost of the bulbs is expected to increase due to increased demand and materials costs.

The board directed Mr. Paprocki to inquire about the rebate program, get a list of vendors, and a new quote on the LED lights.

ACTION ITEMS

Group Medical Benefits

President Flamer introduced the Executive Director's request for approval of the Medical Benefits proposal supplied by The Cambria Group, for The Premium Saver Plan from Health Net and Monitor Life.

Mr. Paprocki explained that under our current coverage, the out of pocket potential is \$2500. This plan brings that figure down to \$1400 including the deductible, with 90 percent coinsurance. He responded to questions regarding the medical benefits.

Mr. Schoenfeld moved to approve Medical Benefits proposal supplied by The Cambria Group, for The Premium Saver Plan from HealthNet and Monitor Life. Seconded by Mr. Katz. *The motion passed unanimously by a vote of five (5) to zero (0).*

Ice Maker Replacement

President Flamer introduced the Executive Director's request for the purchase of a commercial-type ice maker with a large storage bin, for use in the maintenance facility where it will make ice for the water jugs used by our crews. This replacement for our 8-year-old ice machine is an unbudgeted reserve item.

Mr. Paprocki explained that we need an icemaker which can make and store more than 300 lbs of ice per day. The cost with tax should be approximately \$3200.00.

Ms. Condon moved to approve the purchase of a commercial type ice as described above. Seconded by Mr. Friedman. *The motion passed unanimously by a vote of five (5) to zero (0).*

Reserve Project Authorizations:

Three Replacement Pool Heaters

President Flamer introduced the Executive Director's request for purchase and installation of three new heaters. The heaters have a two-year warranty.

Mr. Katz moved to approve for the purchase and installation of three new heaters. *The motion passed unanimously by a vote of five (5) to zero (0).*

Another Kawasaki Mule

President Flamer introduced the Executive Director's request for purchase of another Kawasaki mule similar to the one we now use. This utility vehicle has enough power and tow

capacity to get in and out of the washes. It can carry four men, but has a bed extension feature which allows it to carry two men and a lot more cargo. The cost is about \$11,000 new. However, we will look for a lightly-used Mule.

Mr. Schoenfeld moved to approve purchase of a Kawasaki Mule. Seconded by Mr. Katz. *The motion passed unanimously by a vote of five (5) to zero (0).*

Mid-size 4- or 6-Cylinder Truck

President Flamer introduced the Executive Director's request for purchase of a mid-size 6-cylinder truck, such as the Ford Ranger or Chevy Colorado. The truck would be new or lightly used.

Mr. Paprocki felt that the truck we need should be available for about \$20,000, based on internet pricing information.

Ms. Condon moved to approve to purchase a mid-size 6-cylinder truck, such as the Ford Ranger or Chevy Colorado. Seconded by Mr. Katz. *The motion passed unanimously by a vote of five (5) to zero (0).*

COMMITTEE REPORTS

President Flamer noted that the committee reports were included in the board packet for board member review and comment.

DISCUSSION/NEW BUSINESS

Mr. Friedman discussed the cost of water for green grass, and Architectural Guideline Section 4.2 requiring 25% front-yard turf or green groundcover on each property. He sees this as generally unpopular. (A revision of Section 4.2, clarify desert landscaping requirements, was introduced in June and tabled for August consideration.)

Mr. Katz asked that the board revise the tabling decision on the Architectural Guidelines Section 4.2 revision. He would like to reschedule it for the September meeting, since he will be out of town in August. President Flamer advised Mr. Katz that he could participate by telephone.

ADJOURNMENT

It being duly moved and seconded, the board meeting adjourned at approximately 8:07 p.m.

The next meeting will be Wednesday, August 24 instead of the regular Thursday meeting.