

**SUN CITY MESQUITE HOMEOWNERS ASSOCIATION  
BOARD OF DIRECTORS MEETING**

**Minutes  
July 16, 2019**

**CALL TO ORDER**

The Sun City Mesquite Homeowners Association Board of Directors meeting was called to order by President John Schippert, President, on July 16, 2019 at 1:34 pm Pacific time. The meeting was recorded.

**ESTABLISHMENT OF A QUORUM**

John Schippert	President	Phil Crapo	Community Manager
Donna Eads	Secretary	Lorraine Deshayes	Director of Compliance & Standards
Jim Karras	Treasurer	Ellen Rosenbaum	Seabreeze Vice President Nevada
		Deborah Demos	Lifestyle Director

**MEMBER COMMENT PERIOD**

Sandy Johnson was concerned about an article in the July newsletter addressing bad behavior at the pool on June 15, 2019 during the extended pool hours. He felt the article seemed to apply to everyone when only a few were involved and he did not want the actions of one small group to impact the Board's decision to continue to have extended pool hours.

Dave Harvilak agreed with Sandy Johnson's assessment. He felt that the offenders should be specifically addressed and that residents should know exactly who is responsible for this type of behavior. He also added that he fully supported suspending privileges to these homeowners, if necessary, to prevent further occurrences.

George Michnik was concerned about the company that would be awarded the painting contract for the fences and the quality of the work.

Fred Babb asked if all houses were going to be covered regarding the painting contract. Regarding the pool issue – he too felt that notification should be sent to only the people who were involved. He would also like to see information disseminated in a more positive way while keeping people informed.

Jon Amundson requested shades in the Library.

George Michnik expressed his concern about villages being turned over that were incomplete. This included incomplete landscaping.

**APPROVAL OF CONSENT AGENDA**

The Consent Agenda includes

- Letters or Notes to the Board
- Committees & Staff Reports, and the following Ratifications
  - Heritage Electric, Inc – Power Controllers \$18,200.00
  - Increase Umbrella Coverage to 25M
  - Architectural Design for exterior of Pioneer Center \$2,500
- Minutes of the April 16, 2019 Meeting.

Secretary Eads made a motion to accept the Consent Agenda as presented. Treasurer Karras seconded. The vote was unanimous.

## TREASURER'S REPORT

Jim Karras thanked the Finance Committee for the excellent work they had done throughout the year and presented the Treasurer's Report ending May 31, 2019. The report noted that as of that date, there are no member accounts currently in collection, no pending civil actions or claims submitted to arbitration or mediation in which the association is a party

Treasurer Karras made a motion to accept the May 2019 Treasurer's report. Secretary Eads seconded. The vote was unanimous.

## OLD BUSINESS

None

## NEW BUSINESS

### A. Finance Committee Recommendations for Reserve and Project Expenditures

1) Pickle Ball Court Windscreens

Treasurer Karras made a motion to approve \$7,650.00 (reserve account). Secretary Eads seconded. Vote was unanimous.

2) Warming Cabinet

Treasurer Karras made a motion to approve \$2,495.00 (reserve account). Secretary Eads seconded. Vote was unanimous.

3) Resident Tracking System

Treasurer Karras made a motion to approve \$5,577.50 (reserve account). John Schippert seconded. Vote was unanimous.

4) Tree Replacement

The Board decided to **postpone** this request in the amount of \$7,950.00 in order to review the plan more thoroughly.

5) Striping Bids

Treasurer Karras made a motion to approve \$1,415.00 (reserve account). Secretary Eads seconded. Vote was unanimous.

6) Umbrella Canvas

Treasurer Karras made a motion to approve \$8,595.00 (reserve account). Secretary Eads seconded. Vote was unanimous.

7) Purchase Tennis Ball Machine

Secretary Eads made a motion to approve the machine in the amount of \$1,823.00 (capital expenditure). Treasurer Karras seconded. Vote was unanimous.

### B. Finance Committee Recommendations for Merrill Lynch Investments

Jim Karras, Treasurer made a motion to transfer funds and reinvest the expired CD's, based upon Merrill Lynch's recommendations. The distribution is as follows: \$100,000 in a 12-month CD, \$100,000 in a 24-month CD and \$100,000 in a 36-month CD. Included is a \$45,000 24-month CD and a \$50,000 24-month CD (Branding Iron) in this motion. Secretary Eads seconded the motion. Vote was unanimous.

### C. Finance Committee recommendation of Erick Johnson with Hester Heitel Company

Treasurer Karras made a motion that Hester Heitel become the risk broker and management authority for Sun City Mesquite based on their proposal to the Finance Committee. The Finance Committee interviewed Erick Johnson prior to accepting his proposal and felt that having a broker is to our best advantage. Secretary Eads seconded. Vote was unanimous.

D. Acceptance of Annual Audit for 2018 – Phil Bateman CPA

Mr. Bateman (Audit partner for Hilbert & Lane CPA's) conducted annual audits for Sun City Mesquite and Anthem Mesquite for 2018. The Sun City Mesquite Association received an "unqualified audit opinion" - the highest opinion that can be given on the financial statement audit.

SCM maintains four types of funds – Operating, Reserve, Branding Iron Operating and Branding Iron Reserve funds. As of December 31, 2018, the Association had total revenues of \$3.2 million and \$271,000 liabilities for a net fund balance of \$2.9 million. The funds are all FDIC covered. The main Association brought in revenues of \$20,000 more than budgeted and spent \$91,000 less than budgeted for a positive variance of \$112,000. Branding Iron brought in revenues of \$227 more than budgeted and spent \$2,400 more than budgeted for a negative variance of \$2,200.

A question arose as to why a 6-month extension was requested on the audit. If audit was done in April, then an amended return would have to be filed. There is no penalty for filing a 6-month extension and, since neither association owed money, the extension was filed. This ensures that final figures are accurate.

Secretary Eads made a motion to accept the annual audit report from 2018 as presented. Treasurer Karras seconded. The vote was unanimous.

E. Acceptance of Reserve Study for 2020 Budget

Secretary Eads and Jim Karras thanked Greg Harmon and Dennis Regan for their work in this area. Secretary Eads made a motion to accept the Reserve Study for the 2020 budget. Treasurer Karras seconded. Vote was unanimous.

F. Approval to give away kiln to Mesquite Art Association.

Secretary Eads made a motion to donate a used kiln to the Mesquite Art Association. A letter of disclaimer would accompany the kiln. Treasurer Karras seconded. Vote was unanimous.

G. Acceptance of Interior Design Contract by Suzanne Urban \$10,000

Treasurer Karras made a motion to approve the interior design contract to refurbish the interior of the Pioneer Center in the amount of \$10,000. To be completed by the summer of 2020. Secretary Eads seconded. Vote was unanimous.

H. Extending the Pioneer Center Hours of Operation on weekends.

Secretary Eads made a motion to extend the Pioneer Center hours to 8:00 pm to include the outdoor pool until the end of the pool season. Treasurer Karras seconded the motion. Vote was unanimous.

I. Appointment of Ad Hoc Election Committee if necessary (resolution 15-03)

Treasurer Karras made a motion to activate the election committee. Secretary Eads seconded the motion. Vote was unanimous.

J. Award of painting contract

The recommendation was to go with Unforgettable as the painting company due to their warranty and service. Amount: \$218,759.

There were questions and concerns regarding the process and preparation, assurance of better workmanship and responsibility should a failure occur. The basic process is that gloss and minor rust will be removed, primer will be applied then paint. Sherwin Williams will supply the paint.

Phil Crapo detailed the following process. Over a 3-month period, Phil and John will meet with the vendor. SCM personnel will walk the areas with the vendor, village by village, to inspect the areas in need of paint and repair. This is the time for a homeowner to call to the attention of the HOA any specific areas of concern.

Letters of notices will be sent to homeowners notifying them if there is shrubbery growth or rocks that need to be moved prior to painting, damage to their fence that needs to be repaired, and what the homeowner will be charged for the repair. If the homeowner does not take care of the shrubs and rocks, then the HOA will charge the homeowner to get this done.

Once the first village is completed, the HOA will reinspect it to make sure there are no problems, then they will move on to the next village. Lori will put weekly reminders into the newsletter regarding the shrubbery, rocks and repairs to ensure homeowners are ready for painting. Please note, you may have the vendor repair your fence if you do not wish to do it yourself.

Each village will be notified when the painting will take place, the homeowner's separate cost for repair (if needed) and expense. If you would like to have the vendor repair your fence, you will have time to make a decision while the common areas are being worked on.

The cost for a 3-foot fence and a 5-foot fence are the same based on the upper and lower railings, not the height of the fence. Jim Karras suggested taking pictures of the work as it is being done in order to verify that the correct process is being followed and standards are being adhered to.

George Michnik asked about the warranty. There will be a 2-year warranty on the workmanship. The work will be inspected once a year after the work is completed. They will walk the area looking for scaling, rust and improperly prepared areas, or where the paint has peeled off. The warranty will not cover over sprinkling damage as moisture does deteriorate paint. Plants also need to be kept away from the fence. There is a warranty for material and one for labor. George also expressed the need to take the issue of temperature into consideration when the fence is being painted. Phil stated that we would not paint if the weather conditions did not allow us to do that.

Fred Babb also noted that Unforgettable did house painting. They did an excellent job and warrantied their work.

Shared fences will be painted at a higher cost than the HOA fences because the vendor will have to invoice the homeowner on an individual basis.

Jim Karras made a motion to approve Unforgettable at the price of \$218,759 for the painting work as well as the management work (walk throughs, reviews, etc.) that will be done to ensure this project is completed properly.

Secretary Eads seconded. Vote was unanimous.

- K. Acceptance of turnover from Declarant to Homeowners Association: Crescent Moon and Phase A & B of Settlers Canyon

Secretary Eads made a motion to accept the turn over to the Sun City Mesquite Homeowners Association.

#### **BOARD DISCUSSION / COMMENTS**

None

#### **MEMBER COMMENT PERIOD**

Bill Heiter: Expressed increase in growth causing a problem getting out of Split Rail, which will increase as more homes are built. He asked about eventually having an alternative entrance as well as checking landscaping to ensure it does not impede a driver's field of vision.

Dave Harvilak asked for clarification of reserve accounts. There is a separate reserve account for Sun City Mesquite, Branding Iron and Anthem. These funds are not commingled. Decisions are made in October where the reserves go.

He also felt we need to be more conscious of water usage regarding tree replacement,

Fred Babb expressed his concern with contract and workmanship regarding Bocce. There should be a maintenance program in place, but he hasn't seen evidence of it, i.e. trash remains in containers. He also stated that all other clubs are partially financed and that the Bocce Ball club would like to be as well. He noted that edges of the bocce ball court are loosening and screws popping loose. This could be due to people standing on the edges of the court, but Kokopelli will review the work to make sure there are no issues. He also questioned the warranty on the grass.

Two submittals have been given to the HOA regarding additional handicap spaces. Two additional will be marked when the striping of the parking lot is done.

John Schippert noted that all propane gas appliances in the Pioneer Center will have to be converted to natural gas. They are currently checking into rebates, etc. Gas air conditioners wouldn't fit our application.

**Next Meeting is scheduled for October 15, 2019.**

**ADJOURNMENT**

Secretary Eads motioned to adjourn the meeting at 3:30 pm. Treasurer Karras seconded. Vote was unanimous

**THESE MINUTES ARE HEREBY ACCEPTED AND APPROVED ON THIS 16<sup>TH</sup> DAY OF APRIL, 2019.**

**Board Member** \_\_\_\_\_