

LAKES COMMUNITY ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
February 27, 2013

CALL TO ORDER: President Kindgren called the February 27, 2013 Regular meeting of the Board of Directors to order at 7:00 pm.

BOARD MEMBERS PRESENT: President N. Kindgren, Vice-President M. Harrison, Secretary D. Smith, Treasurer M. Hill, and Directors S. Calvert, M. Lentino, D. Kemper, G. Recker, and J. Williams.

BOARD MEMBERS ABSENT: None were absent

ANNOUNCEMENTS: President Kindgren announced that the LCA Attorney is present. Scott Carpenter, attorney, introduced himself and stated to the membership that his role is to represent his client, which is the non-profit Lakes Community Association Corporation. The goal is to have a Regular Board meeting and as such, he has advised the Board regarding how the Board members should respond during this meeting.

GUEST SPEAKER: The pool vendor, Five Star Luxury Builders, represented by Alan Stillwill, gave the Board an update on the status of the pool repairs. He stated that the pool is 40+years old and there has been deterioration and decay of the pool wall. There is a viable plan in place and the end result will be a state-of-the-art pool.

Motion #1: Approve the agenda.

Motion made by Director Harrison

Seconded by Director Smith

Motion Passed.

Motion #2: Approve the minutes of the January 23, 2013 Regular Meeting of the Board of Directors.

Motion by Director Harrison

Seconded by Director Smith

Motion Passed.

Motion #3: Approve the minutes of the February 12, 2013 Meeting of the Board of Directors.

Motion by Director Harrison

Seconded by Director Smith

Motion Passed.

PRESIDENTS REPORT

Nils Kindgren

President Kindgren introduced the new members of the Board. Kindgren reminded the members that member comments will be limited to three minutes. He announced that The Lakes' Community Manager, Christine Baldanza has resigned as of February 12th, giving 30 days' notice. President Kindgren stated that he has no interest in that position whatsoever. He announced that he has asked Greg Recker to research the formation of an Audit committee.

TREASURER’S REPORT

Marcia Hill

Marcia shared her background in accounting. She reported the internal controls report is being looked into. All bank account balances have been verified except for CDs. The accountant has eliminated \$6,000 and eliminated erroneous late fees. Director Hill reported that she has reviewed Redwood Landscaping: they have a D- rating by the BBB. After looking at the landscape financials and background it was noted that The Association has paid over \$100,000 for each of the last 2 years over our standard contract. It appears the Association has not been obtaining or using the 3-bid process. We could have saved \$10,000 in one month alone if the competitive bidding process was done for the tree-trimming. It appears we're paying retail prices instead of wholesale. There have been 5-6 invoices on the same day to the same vendor, each invoice less than \$2,000; no Board oversight. Recommends that the invoices include the documentation of the area of work performed. The Treasurer will look at our other vendors in the coming months. See attached report.

COMMUNITY MANAGER’S REPORT

Christine Baldanza

Written Report. Community Manager Baldanza reported in the last few weeks, we've had a much larger amount of graffiti. This past week Eastshore wall was hit heavily. Officer came out, said south Tempe area has been hit more. They will continue to document it and increase the patrol in our area. Redwood has been working on clearing flowers. The RFA in Board Packet includes 3 bids. Had numerous phone calls regarding cormorants on the lake and called Dr. Amalfi. The lake continues to be healthy. Dr. Amalfi said algae at this time is good for the overall health of the lake.

COMMITTEE REPORTS

Activity Committee

Alecia Kindgren

Verbal Report. Committee hosted the History Party with the Lakes Women's Club. The Poker Regatta is coming up on March 23rd. It's \$5 a hand whether you just come to lunch or play poker and have lunch. We have the Easter Egg Hunt and Family Breakfast at the end of March and the Concert in Park on April 14th. There is a new program available which is Music Story time on 2nd Wednesday of each month for toddlers. Pickle Ball is going strong.

Architectural Committee

Stella Calvert

No Written Report.

Budget & Finance Committee

Marcia Hill

Written Report. Chairperson Marcia Hill reported that the Budget & Finance Committee recommends all check signers have background checks. Our investments are either long term (a year) otherwise they are in liquid funds to pay for the pool and other upcoming projects.

Election Committee

Bill Haber

Verbal Report. The Association used an outside election firm. They got job done in record time. The results include Marcia Hill: 402 votes, Greg Recker 354, and Michael Lentino 249. Out of a total 480 total ballots, 6 were over voted; 35 were not in good standing. Committee recommends using the same vendor next year.

Fishing & Boating Committee

Jesse Callen

No Report.

I & M Committee

Dave Smith

Verbal Report. It was reported the Waterfront structure which has restaurant that has recently changed hands. The Lake wall was seriously damaged we believe by previous owner. We had to get into settlement discussion with them to compensate the Association to help pay for necessary repairs. They ended up making a \$35,000 payment to offset costs the Association is going to incur. The Association is obligated to do repairs in 250 calendar days, by October 7th of this year. The planning stage for the project has already started. A topographic survey of area needs to be done before we move on - we have a proposal for survey at \$1400. Also, the Association has incurred some costs with an underwater survey, we wanted to use a diver, but tried a sewer camera. It was discovered that under the water the structure is hardly there. The cost will be \$500 or less for survey when the soil survey is included the total costs is \$4100; once completed, we can proceed with the work. The Community Manager has indicated that the next project we should look into is the Boat Ramp area off Sandpiper; working on quotes now. Community Manager stated she will re-send the information to Harbour Village HOA regarding their grounds at the juncture with the lake wall by the Bridge.

Lakescape Committee

Doris Nicora

Verbal Report: Roses have been pruned and fed; Walter is concerned that there is not enough room to put all the roses that have been requested; 12 rose bushes sold; will be planted after frost. The Committee discussed dog bag on Whaler's Way, 2 on Northshore, suggested 1 on Lamplighter. The Committee asked Christine to look into signs that say "area under surveillance".

Lakes Log

Gloria Hollingsworth

No Report.

Lakes Women's Club

Alecia Kindgren

Verbal Report. There were over 100 people at Italian Night. Home Tours coming up April 13th; Fashion Show is April 27th. The Committee will be doing directory in the Fall -- on a volunteer basis.

Swim Team Committee

Lisa Nelson

Verbal Report. Stella Calvert reported that swim lessons will start in May. The ice-cream social for swim team sign-up will be May 19th, 2:00-5:00pm.

Westshore Study Committee

Steve Koppen

No Report.

Ad-Hoc Internal Controls Committee

Marcia Hill

Written Report: Bob Minniti had prepared a report on internal controls for the LCA and it was presented to the homeowners on Feb. 4th. Several homeowners attended the presentation. Copies of the report are available in the office.

Ad-Hoc Perimeter Landscape Committee

Nils Kindgren

No Written Report. Project is out to bid.

Ad-Hoc Pool Project

Dave Smith

Verbal Report: It was reported at the last meeting the Committee learned about the serious problem with modifying pool because of problem with the pool gutter. They were given figures from Alan - \$146,000 additional. Best estimate for it to be done is April 15th.

MEMBER’S CONCERNS: Many Members were on hand to make comments and express concerns. The topics that were addressed included the resignation of Christine Baldanza, the treatment of staff by board members, changing the work environment at the Association’s office, expressions of support for Christine, and member interest in pickle ball. Board member Stella Calvert suggested that there be a motion to pass the petition as read.

LCA attorney Scott Carpenter advised the Board that it would be improper to adopt this petition. He stated that the petition as he reads it has to do with personnel matters and the Board could adjourn the meeting at this time and go into executive session. Mr. Carpenter stated that he has a corporate client, the LCA, and he takes his direction from the Board of Directors of the Corporation.

NEW BUSINESS:

Motion #4: CONSENT AGENDA:

- **Approve the appointment of Richard Clewis to The lakes Lakescape Committee;**
- **Approve the allocation of 2 drinks for each committee volunteer for the Volunteer Appreciation Social;**
- **Approve an expenditure of \$4,551.75 out of the Fishing and Boating committee’s annual budget to stock 500 lbs. of Bluegill from Brown’s Fish Farm at \$8.50/lbs + tax;**
- **Approve the expenditure of an amount not to exceed \$4,300 to repair, re-stucco and repaint 180 linear feet of block walls on Lakeshore Drive, recommended vendor is Ken Ware;**
- **Approve 4th quarter assessment allocation to capital of \$5,946.20 be deposited to MOB MM capital account;**
- **Approve 1st quarter assessment allocation to reserves of \$87,500 be deposited in BoA checking reserve account asap.**

Motion made by Director Harrison

Seconded by Director Kemper

Approve the allocation of 2 drinks, etc. taken from consent Agenda and debated separately at request of Director Lentino, Motion Passed with Director Lentino opposed. Remainder of consent agenda approved by consent.

Motion #5: Approve the appointment of LCA Corporate Officers Smith, Hill, and Harrison to select and hire a temporary Community Manager for a term of 90-120 days for a cost not to exceed \$7,500 per month. And to prepare and make recommendations to the LCA at the March Board Meeting for proposed members of a Search Committee to

research, interview and recommend to the Board a full-time on-site Community Manager.

Motion made by Director Hill

Seconded by Director Harrison

Motion amended to change the Board members with this task to: Treasurer Hill, Secretary Smith, Director Lentino & Director Calvert.

Motion by Director Kemper

Seconded by Director Calvert

Amended Motion Passed with 3 opposed (Directors Harrison, Hill, Smith),

Motion #6: Establish Lakes Court 1 as the regular home for pickle ball with portable nets and painted lines. Court 1 would continue to retain its tennis lines and be available on a reservation basis for either tennis or pickle ball. A motion to table the decision on pickleball failed.

Motion by Director Calvert

Seconded by Director Lentino

Motion Passed with 2 opposed (Directors Smith and Harrison).

Motion #7: Approve the expenditure of an amount not to exceed \$4,770 to perform frost damage tree trimming. Recommended vendor: Tree Doctors, Inc.

Motion by Director Harrison

Seconded by Director Hill

Motion Amended to Change the vendor to Redwood Landscaping for a cost not to exceed \$5,000 .

Amended motion by Director Calvert

Seconded by Director Williams

Amended Motion Passed with 2 opposed (Directors Hill and Harrison)

Motion #8: Authorize the expenditure of an amount not to exceed \$2,500 to produce the policy and procedure manual as recommended by CPA Bob Minniti in the internal controls report.

Motion by Director Harrison

Seconded by Director Hill

Motion amended for the Board to review the manual prior to implementation.

Amended Motion by Director Lentino

Seconded by Director Recker

Amended Motion Passed.

Motion #9: Allocate additional reserve funds for the pool repair, amount not to exceed \$150,000.

Motion by Director Recker

Seconded by Director Lentino

Motion amended to increase the reserve funds amount to not more than \$175,000.

Amended Motion by Director Lentino

Seconded by Director Smith

Amended Motion Passed.

Motion #10: Appoint Board Members Stella Calvert, Dave Smith, and Marcia Hill to the Personnel and Compensation Committee.

Motion by Director Harrison

Seconded by Director Recker

Motion Passed.

Motion #11: Authorize \$2,000 for postage, stationary, reproduction and wages to send, via first class mail, the attached formal disclosure letter to all LCA owners. Mailed no later than March 1, 2013. Also published in the Lakes Log and the web site.

Motion by Director Williams

Seconded by Director Lentino

Amended motion to not send out a mailing but to put a note on the web and in the Log with a notation that any owner who would like more information regarding this issue and information regarding lots voted in the 2013 annual meeting, that there is a method for owners to access more information.

Amended motion by Director Calvert

Seconded by Director Smith

Amended motion passed.

Motion #12: Remove Director Kindgren as LCA President, Director Harrison as LCA Vice-President, and Director Hill as LCA Treasurer. Appoint Director Kemper as LCA President, Director Lentino as LCA Vice-President, and Director Recker as LCA Treasurer.

Motion made by Director Williams

Seconded by Director Lentino

Director Recker stated that he was not consulted regarding this motion and does not give his consent.

Amendment to strike the appointment of Director Recker as Treasurer.

Amendment made by Director Williams

Seconded by Director Calvert

Amendment passed.

Motion to Table.

Tabled motion made by Director Kemper

Seconded by Director Smith

Motion to table approved with Director Williams opposed.

Motion #13: Recess for 10 minutes - it is 10:30pm.

Motion made, seconded and passed to recess.

Motion #14: Motion to adjourn Board Meeting: 10:45pm.

Motion made by Director Harrison

Seconded by Director Smith

Motion approved unanimously.

NOTE: All Board members remained until 11:30 pm and listened to homeowners.

I, Dave Smith, duly elected Secretary of the Board of Directors of the Lakes Community Association, for the Board, swear that the members of The Lakes Community Association were notified of the Board of Directors' Regular Meeting held on February 27, 2013.

Dave Smith
Board Secretary
Lakes Community Association

Date