



COMMUNITY ASSOCIATION

Finance Committee Meeting – Tuesday, July 21, 2020

945 W. Vistoso Highlands Drive

Committee members present: Gayle Lopez, Treasurer/Chairperson, Members: Norm Bogen, David Light, Rob Quiri and Matt Wood

Board members present: Secretary, Joe Affinati, Director, Tracy Phillips

Guests: None

Committee member attending via conference call: All members meeting via Zoom due to Covid 19 Pandemic

FirstService Residential staff present: Colleen Holland, General Manager, Veronica Alvarez, Team Lead Accounting, Susan Rodriguez, Vice President

ONGOING REFERENCE NOTE: For clarification purposes when looking at the financials: **347** in the heading indicates just VCA activity, **347A** is Sienna and **347Z** is the consolidation of the two.

The meeting was called to order at approximately 3:01pm.

Meeting Minutes – June 2020

Motion made by David Light to approve the June 16, 2020 minutes with one revision, seconded by Gayle Lopez, motion carried unanimously.

Review of Financials – June 2020

-Treasurer Lopez provided an overview of the Profit & Loss Report. Discussion ensued regarding flagged line items that correspond to unusual variances.

-Water is underbudget. Hanna addressed the reasons she feels we are saving water (smart meters and heavy Winter and Spring rains). Currently the Siena sub is not paying their water bill. We will be isolating the meter so we can expense to Siena accordingly.

-Colleen announced that the 2021 Budget templates have been dispersed to the respective manager to begin the budget process.

Motion made by Matt Wood to accept the June 2020 Financials, seconded by Rob Quiri, motion carried unanimously.

Old Business

1. **Facelift Painting** - Approved by BOD as supplier to do common wall painting project. Anticipated will start early August.
2. **Arizona Department of Real Estate (ADRE) Complaint** - The ADRE complaint was filed in 2019 against the VCA, identified that both Vistoso Highlands/Richmond America and Pulte assessments were invoiced incorrectly dating back to 2009. In past BOD meetings members of the community have requested an update on what actions the VCA/FSR has taken to ensure proper invoicing of developers and what steps have been taken to recoup the ~\$240,000 in assessments that was due the VCA.
 - **FSR Process to Ensure Developers Invoiced Correctly** – Colleen shared that John Boggs of FSR proactively tracks all developer projects in a spreadsheet, noting when they are to

advance from 25% to 40% to 100% assessment fee. He will provide the FC with projected cash flows from developers for budgeting purposes.

- **Actions Taken to Recoup Assessments from Vistoso Highlands/Richmond America & Pulte** - Colleen shared that some assessments were collected from Pulte, but that they were now contesting it. No action has been taken with Vistoso Highlands/Richmond America. The prior BOD voted that they did not want to pursue legal action.
- **Path Forward with Vistoso Highlands/Richmond America & Pulte** – The FC would like to propose to the BOD that they attempt to recoup assessment fees that were improperly invoiced. The recommendation is
 1. The VCA invoice the developers the amount that they think they should have been invoiced.
 2. Ask developers to justify/provide proof that they were invoiced properly.
 3. It is recommended that failure to pay additional assessments will result in these developers losing their voting rights.
 4. The FC is not recommending taking legal action (e.g. placing a lien against the properties) against the builders. (Colleen commented that in her experience it is not likely the developers will offer to pay additional assessment fees nor reply to our request to justify. She also thought that they might sue the VCA for voting rights.)
 5. The FC will present this recommendation at the July BOD meeting “as brought forth”.

There was a lot of confusion during this long discussion. To clarify, all developers are current on paying assessments. For privacy issues the VCA cannot disclose to the FC members of the community who are delinquent in their assessments. What is in question is the difference between the amount paid vs. what Vistoso Highlands/Richmond America & Pulte should have paid in assessments. In this case, it is documented in the ADRE complaint that these builders were not invoiced correctly, and therefore, did not pay the full assessments due to the VCA. It is also states in our CC&Rs that the obligation of paying unpaid assessment transfers to any buyer of the property. The only exception would be if the new property owner can prove they were granted declarant rights.

New Business

1. **FC Approved:**
 - AAA Landscape Proposal - Sunset Part Excavation (approved by ALRC on 7/15/20), \$29.9k to GL 5845 Park Maintenance – ***Motion by Rob Quiri to approve the proposal for Sunset Park Excavation to be applied to GL 5845 Park Maintenance, seconded by David Light, motion passed unanimously***
 - AAA Landscape Proposal – Oracle Monument North Irrigation (approved by ALRC on 7/15/20), \$2203 to GL 5220 Irrigation Repairs - ***Motion by Rob Quiri to approve the proposal for Sunset Park Excavation, seconded by David Light, motion passed unanimously***
2. **FC Tabled for Future Discussion** – want ALRC to determine amount covered by reserves, operating budget, and unbudgeted ***Motion by Treasurer Lopez to table the AAA Landscape monument enhancement projects, seconded by Matt Wood, motion passed unanimously***
 - AAA Landscape Proposal – Rancho Vistoso/Oracle Monument (approved by ALRC on 7/15/20), ~\$82K

- AAA Landscape Proposal –Rancho Vistoso/Tangerine Monument (approved by ALRC on 7/15/20), ~\$93K.
3. **Recommendations from FC to BOD** – Gayle to review with Colleen after meeting to determine bet way to present. ***Motion by Treasurer Lopez to adopt the list of Board Recommendation devised by the committee with possible deletions of items that may be addressed and resolved after the FirstService meeting tomorrow, July 22, 2020, seconded by David Light, motion passed unanimously***
 4. **Investment Policy** – Gayle will send out draft of Investment Policy for FC to review and comment. FC will vote on final version for approval at August 4 FC meeting. Goal to get the BOD to approve Investment Policy (in special meeting) prior to the FC developing the annual investment plan.
 5. **Identify and Interview 3rd Investment Company** – This item was on agenda, but not really discussed. We have interviewed RBC and Morgan Stanley/FSF. Need to identify and interview 3rd possible supplier. ***Looking for a FC member to take lead on this.***
 6. **Reallocation of Operating Funds** - David Light led a discussion on whether the FC should recommend to the BOD that a portion of operating funds be transferred to reserve or short-term interest-bearing account. FC to discuss and possibly vote on August 4 FC meeting so that the BOD can vote on it at the August 27 BOD meeting.
 7. **2020-21 Action Plan** – Attached is the latest version for your review. We now have 8 of the 29 projects completed. More to close by July and August BOD meeting. ***Project 29 is to identify and interview a 3rd Investment Company.***

Homeowner Forum – No questions or comments

Meeting ended at 5:27pm - The next Financial Committee is scheduled for Tuesday, July 21, 2020.

As Brought Forth - -Colleen Holland announced that the 2021 Budget templates and timelines have been dispersed to the respective manager to begin the budget process.

Respectfully Submitted,
Colleen Holland, General Manager
For Vistoso Community Association Board of Directors

Accepted by: _____

Date: _____