

COTTONWOOD PALO VERDE AT SUN LAKES
BOARD OF DIRECTORS
MEETING MINUTES
January 29, 2025 - *Unapproved*

DIRECTORS PRESENT: Leonard Horst, Marty Neilson, Tami Ronnfeldt, Bud Jenssen, Glenn Martinsen, Maryann Sinerius

DIRECTORS NOT PRESENT: Frank Gould

ALSO PRESENT: General Manager, Steve Hardesty

INVITED GUESTS: *NONE*

CALL TO ORDER:

President Len Horst called the meeting to order at 3:00 PM in the San Tan Ballroom. He stated the meeting was being recorded for the accuracy of the minutes.

PLEDGE OF ALLEGIANCE:

Secretary Tami Ronnfeldt led the audience in the Pledge of Allegiance.

INTRODUCTION OF MANAGERS:

General Manager Steve Hardesty introduced the managers present at the meeting.

APPROVAL OF THE DECEMBER 30, 2024 BOARD MEETING MINUTES:

President Horst called for the approval of the December 30, 2024 Board Meeting Minutes. ***Bud Jenssen made a motion, seconded by Tami Ronnfeldt, to approve the December 30, 2024 Board Meeting Minutes.*** The floor was opened to Board & homeowner comments. There was no discussion. ***Motion carried unanimously.***

EMPLOYEE OF THE YEAR:

President Horst congratulated and thanked our 2024 Employee of the Year Esteban Figueroa, Foreman at Cottonwood Golf Maintenance and gave a summary of Esteban's achievements and contributions to the HOA.

EMPLOYEE OF THE MONTH:

President Horst congratulated and thanked our January Employee of the Month David Green, Lead Pool Technician and gave a summary of David's achievements and contributions to the HOA.

TREASURER'S REPORT:

Treasurer Marty Neilson noted there was a Reserve Workshop held in January, the HOA Reserve levels are favorable as related to similar Active Adult Communities, Capital Contribution fees have been very helpful in this area, 2024 has been a very successful year for controlling our budget.

CONTROLLER'S REPORT:

Controller Brian Sage gave a detailed Report of the December 31, 2024 Financial Summary, we are not completely done with the P&Ls, working through questions with our Auditors, utilized tax depreciation in 2023 and working to convert back to GAAP depreciation method. The floor was opened to Board & homeowner comments. There was no discussion. A detailed report will be available for viewing at Homeowner Services, by appointment. ***The December 31, 2024 pre-audited Financial Report was accepted as presented.***

SUN LAKES HOMEOWNERS ASSOCIATION #2
INCOME AND EXPENSE SUMMARY
 December 31, 2024
 (Unaudited)

	CURRENT MONTH	YEAR TO DATE	YEAR TO DATE	VARIANCE	YEAR TO DATE	YTD Var to Budget	YTD Var to PY
	ACTUAL	ACTUAL	BUDGET	\$\$\$	PRIOR YEAR	%%%	%%%
REVENUES:							
HOA DUES	\$ 471,070	\$ 5,665,589	\$ 5,656,921	\$ 8,668	\$ 4,949,475	0.2%	14.5%
RECREATION	38,055	299,059	301,865	(2,806)	294,909	-0.9%	1.4%
FOOD & BEVERAGE	449,999	4,682,277	5,037,136	(354,859)	4,738,339	-7.0%	-1.2%
GOLF	317,572	3,500,986	3,429,300	71,686	3,167,571	2.1%	10.5%
MISCELLANEOUS (CARRY FORWARD FUND, TRANSFER FEES, INTEREST, ETC)	6,249	184,524	216,000	(31,476)	371,073	-14.6%	-50.3%
				-			
TOTAL REVENUES	\$ 1,282,945	\$ 14,332,435	\$ 14,641,222	\$ (308,787)	\$ 13,521,367	-2.1%	6.0%
EXPENSES:							
ADMINISTRATION (1)	\$ 222,079	\$ 2,250,710	\$ 2,132,052	\$ (118,658)	\$ 2,260,215	-5.6%	0.4%
RECREATION	37,541	303,364	331,790	28,426	333,435	8.6%	9.0%
PATROL	40,300	438,410	438,882	472	435,791	0.1%	-0.6%
LANDSCAPING	90,748	1,123,163	1,215,643	92,480	1,116,138	7.6%	-0.6%
CUSTODIAL	61,070	710,210	747,523	37,313	738,467	5.0%	3.8%
FACILITIES	57,360	668,600	718,909	50,309	668,411	7.0%	0.0%
POOLS	34,525	375,629	382,352	6,723	387,725	1.8%	3.1%
FOOD & BEVERAGE	450,057	4,899,104	5,113,046	213,942	4,973,803	4.2%	1.5%
GOLF PROSHOPS & MAINTENANCE	270,033	3,377,811	3,560,257	182,446	3,440,400	5.1%	1.8%
TOTAL EXPENSES	\$ 1,263,713	\$ 14,147,001	\$ 14,640,454	\$ 493,453	\$ 14,354,385	3.4%	1.4%
NET INCOME	\$ 19,232	\$ 185,434	\$ 768	\$ 184,666	\$ (833,018)	24045.1%	-122.3%
PALO VERDE GATE (2)							
Revenues	\$ 20,349	\$ 260,995	\$ 263,174	\$ (2,179)	\$ 249,634	-0.8%	4.6%
Expenses	21,077	256,816	263,942	7,126	258,778	2.7%	-0.8%
NET INCOME	(728)	4,179	(768)	\$ 4,947	(9,144)	-2.3%	145.7%
DEPRECIATION EXPENSE (3)							
	\$ 1,174,887	\$ 1,954,887	\$ 1,954,887	\$ -	\$ 842,789	0.0%	
CONSOLIDATED NET INCOME	\$ (1,156,383)	\$ (1,765,274)	\$ (1,954,887)	\$ 189,613	\$ (1,684,951)	9.7%	-4.8%

Note:

- (1) Administration includes Fitness Center and Misc Homeowner Services.
- (2) Palo Verde Gate expenses are paid only by the Palo Verde Residents.
- (3) Depreciation had a True up in December to get to GAAP recording vs. the previous Tax Method recording.

Special Funds
 December 31, 2024

	Capital Reserve Fund (1)	Capital Improvement Fund (2)	Palo Verde Gate Fund (3)	Capital Reserve Fund	Capital Reserve Fund
Fund Balance January 1, 2024	\$ 5,962,076	\$ 672,170	\$ 3,482		
Additions from Dues, Fees, etc	1,526,843	150,000			
Cell Tower Income	247,962	-		217	145
Interest Earned	258,636	21,976			
Expenditures for:					
Golf Courses & Equipment	(507,023)	-		3,500	1,500
HOA-Several Items	(239,784)	(147,872)		759,500	217,500
				YTD	APRIL 1ST
Fund Balance December 31, 2024	\$ 7,248,710	\$ 696,274	\$ 3,482		

Notes:

- (1) Funds set aside to replace worn out equipment, building parts, etc.
- (2) Funds set aside to improve and/or add to existing facilities.
- (3) Funds set aside to replace worn out parts and improve the PV gate (funding from PV residents only).

Number of homes sold in December 2024 was 16. December 2024 YTD totaled 217 resulting in revenue of \$998,000 YTD 2024 (\$4,599 Ave)

Number of homes sold in December 2023 was 17. December 2023 YTD totaled 224 resulting in revenue of \$582,250 YTD (\$2,599 Ave)

COMMITTEE AND TASK FORCE REPORTS:

Safety & Security Committee: The report was given of their meeting held on January 8. Among the subjects discussed at the meeting were: monthly reports, Safety Day Planning. Their next meeting is February 5 at 10:00 AM in CLC Meeting Room #1.

They have one recommendation for the Board: to approve the committee's Long-Range Plan.

They have no recommendations for Management.

The floor was opened to Board & homeowner discussion. There was no discussion.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Recreation/Entertainment Committee: The report was given of their meeting held on January 14. Among the subjects discussed at the meeting were: monthly reports. Their next meeting is February 11 at 10:00 AM in CLC Lecture Hall.

They have no recommendations for the Board or Management.

The floor was opened to Board & homeowner discussion. There was no discussion.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Reciprocal Task Force: The Task Force met on January 13. Among the subjects discussed at the meeting were: reviewed Reciprocal Agreements between various Phases. Their next meeting is March 10 at 9:00 AM in CLC Room #2.

They have no recommendations for the Board or Management.

The floor was opened to Board & homeowner discussion. Len Horst noted that Glenn Martinsen gave his resignation as Chair of the Reciprocal Task Force. A homeowner asked where the Reciprocal Agreements can be found. Mr. Horst noted they are on the website under Association Documents.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Golf Committee: The report was given of their meeting held on January 8. Among the subjects discussed at the meeting were: monthly reports. Their next meeting is February 5 at 2:00 PM in CLC Phoenix Room.

They have one recommendation for the Board: to approve the Updated Golf Charter.

They have no recommendations for Management.

The floor was opened to Board & homeowner discussion. There was no discussion.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Food & Beverage Committee: The report was given of their meeting held on January 2. Among the subjects discussed at the meeting were: monthly reports. Their next meeting is February 6 at 9:00 AM in CLC Phoenix Room.

They have no recommendations for the Board.

They have one recommendation for Management: to charge \$5 for Friday dances.

The floor was opened to Board & homeowner discussion. There was no discussion.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Facilities & Grounds Committee: The report was given of their meeting held on January 7. Among the subjects discussed at the meeting were: monthly reports. Their next meeting is February 4 at 10:00 AM in CLC Phoenix Room.

They have one recommendation for the Board: to approve Sandra Givens as a committee member.

They have one recommendation for Management: to remove trees around Hidden Lake.

The floor was opened to Board & homeowner discussion. There was no discussion.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Election Committee: The report was given of their meeting held on January 9. Among the subjects discussed at the meeting were: monthly reports. Their next meeting is February 5 at 3:00 PM in CLC Meeting Room #1.

They have one recommendation for the Board: to approve Jim Rumpler as a committee member.

They have no recommendations for Management.

The floor was opened to Board & homeowner discussion. There was no discussion.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Communications Committee: The report was given of their meeting held on January 6. Among the subjects discussed at the meeting were: monthly reports. Their next meeting is February 3 at 9:30 AM in CLC Meeting Room #1.

They have one recommendation for the Board: to approve the Committee's Five-Year Plan.

They have no recommendations for Management.

The floor was opened to Board & homeowner discussion. Moe Morrissey noted the Library is in need of volunteers.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Audit & Finance Committee: The report was given of their meeting held on January 2. Among the subjects discussed at the meeting were: monthly reports. Their next meeting is February 6 at 2:00 PM in CLC Meeting Room #1.

They have no recommendations for the Board or Management.

The floor was opened to Board & homeowner discussion. There was no discussion.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

Architectural Compliance Committee: The report was given of their regular meetings held on January 14 & 28 and the ACC Rules meeting held on 1/21. Among the subjects discussed at the meetings were: 154 permits approved, 4 permits denied, 18 permits past due. Current ACC Rules can be found on the website, Management is working with homeowners to find resolutions to various issues, the committee is homeowner volunteers who are doing their best for our community. Their next meetings are February 11 and 25 at 8:30 AM in CLC Phoenix Room, an ACC Rules meeting will be February 4 at 8:30 AM in CLC Lecture Hall.

They have no recommendations for the Board or Management.

The floor was opened to Board & homeowner discussion. There was no discussion.

Complete minutes of the meeting are available for viewing online and at Homeowner Services.

PROJECT UPDATE: NONE

MANAGEMENT REPORT:

General Manager Steve Hardesty noted the 2024 financial report is positive with a \$600,000 swing from 2023-2024, thank you to all our managers for this great accomplishment. Thank you to the Board of Directors and Committees for their input and support over the past year. Our Finance Department has undertaken a new project where Managers report areas of potential cost savings which are tracked throughout the year. Finance identified over \$500,000 of savings in 2024 including a 6 month freeze of merit increases for employees (\$120,000 savings), repurposing vehicles (\$38,000), working with clubs and organizations for grants and donations (approx. \$10,000), billing homeowners for property damage (\$5,000), in house printing of The Flyer (over \$14,000).

DIRECTORS COMMENTS:

Marty Neilson: homeowners need to make it their business to know what is going on in the community.

Tami Ronnfeldt: thanked Steve and Managers for hard work on the budget, Board election packets are available at Homeowner Service and need to be turned in by Feb. 10, encourage homeowners to familiarize themselves with our website to stay aware of decisions made year-round.

CAPITAL RESERVE REPLACEMENT FUND:

President Horst introduced Capital Reserve Replacement Fund request #12, Item A.

Tami Ronnfeldt made a motion, seconded by Marty Neilson, to approve replacing two (2) Toro Workman Utility Vehicles with new Units with the same features from Simpson Norton for a price of \$37,122/unit plus tax and freight plus a 5% contingency for a total budget authority of \$84,000. (Asset#307, Purchased 2016 / Asset #313, Purchased 2007). The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

President Horst introduced Capital Reserve Replacement Fund request #12, Item B.
Maryann Sinerius made a motion, seconded by Glenn Martinsen, to approve the emergency repair to over 160 linear feet of irrigation pipe that connects a water well owned by Pima Water to the irrigation lake on hole #4/5 at Cottonwood Golf Course from Turf Supplies for a price of \$12,940. (Asset#1113, Year in Service 1992). The floor was opened to Board & homeowner discussion. Steve Hardesty noted it is Capital Reserve because it is replacement of the pipe. Motion carried unanimously.

President Horst introduced Capital Reserve Replacement Fund request #12, Item C.
Tami Ronnfeldt made a motion, seconded by Maryann Sinerius, to approve replacing the water heater that serves the Palo Verde Restaurant with a tankless version from ABC Plumbing for a price of \$16,500 plus \$3,500 for a larger gas line and \$1,000 contingency for a total budget authority of \$21,000. (Asset#2355, Purchased 2018, Replaced by Warranty 2021). The floor was opened to Board & homeowner discussion. Steve noted there will be 3 tankless units, if one fails there will still be hot water available, operational savings and better warranty with tankless units, cost of a traditional water heater would be similar. Motion carried unanimously.

PV GATE RESERVE FUND: NONE

VOLUNTARY CONTRIBUTION FUND: NONE

CAPITAL IMPROVEMENT FUND:

President Horst introduced Capital Improvement Fund request #15, Item A.
Glenn Martinsen made a motion, seconded by Tami Ronnfeldt, to approve the installation of a new door featuring panic hardware to secure the Glass Kiln Room from Level Build for a price of \$1,460 plus \$275 for a locksmith and \$219 contingency for a total budget authority of \$1,954. The floor was opened to Board & homeowner discussion. There was no discussion. Motion carried unanimously.

President Horst introduced Capital Improvement Fund request #15, Item B.
Bud Jenson made a motion, seconded by Glenn Martinsen, to approve the removal of eucalyptus trees in common areas that are negatively impacted by the invasion of cormorants for a budget authority Not to Exceed \$50,000. The floor was opened to Board & homeowner discussion. Marty Neilson would like to see a tree replacement program. Steve Hardesty noted more appropriate trees for the area will be reviewed. Maryann Sinerius asked about future plans to address this issue. Steve noted the cormorants destroy the trees and each situation will be evaluated. Gregg Lorimor noted the cormorant's nest in the Eucalyptus trees and kill the trees. Moe Morrissey commented that they will just move to another tree and would like to see a replacement plan for the trees being removed. Len noted homeowners should go to F&G Committee with recommendations. Motion carried unanimously.

OLD BUSINESS:

President Horst introduced Old Business request #16, Item A.
Marty Neilson made a motion, seconded by Tami Ronnfeldt, to consider changes made to Cottonwood Pool Design 3.5 for Approval of the Final Updated Cottonwood Pool Conceptual Design Version 4.0 and authorize a vote go out to the Community. The floor was opened to Board & homeowner discussion. Len Horst noted revisions to Conceptual Design 4.0 incorporated four items homeowners requested: four lap lanes, larger hot tub, deep end, larger general recreation area; the next CW Pool meeting will be Feb. 19 @ 3pm in the San Tan Ballroom, financing will be available. Jack Hahn asked about the designated area for volleyball, Len noted it will be in the general area and outlined at the Feb. 19 meeting. Homeowner would like the pool replaced with the same configuration, expand restrooms, repair and fix underground plumbing and systems. Felix Petrillo asked what the plan is if it is voted down. Len responded we will be back at square one. Mr. Petrillo heard rumors we can fix what we have for not much money and it will last 20years. Mr. Horst responded that is incorrect information, we've spent 3 years working with the Facilities & Grounds Committee, a year with the Task Force, Architects/Engineers, did research requested by Community. Mr. Petrillo asked if this is the only Option. Len responded yes. Marty Neilson noted an incredible amount of thought, numerous meetings with

issues brought by homeowners were evaluated. Jim Gillett would have liked options to vote on. Marty noted the pool is 45 years old, has a 3/4" line that runs 24/7, pool is weeping. Jean Nelson doesn't want to replace it with the same, wants something new and improved. Len noted the pool will be the center of the community, beautiful, and something we will be proud of. **Motion carried unanimously.**

President Horst introduced Old Business request #16, Item B.

Bud Jenssen made a motion, seconded by Maryann Sinerius, to approve the Golf Committee's 5-Year Plan with Updates. The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

President Horst introduced Old Business request #16, Item C.

Bud Jenssen made a motion, seconded by Tami Ronfeldt, to approve the updated language to Board Policy 6-04, Rental Policy. The floor was opened to Board & homeowner discussion. Pam Myers asked if the Amenity Fee includes the Restaurants. Steve noted there is a \$25 processing fee and a \$225 amenity fee. Ms. Myers asked what is considered a short-term rental. Steve noted our CCRs do not define short-term rentals. Kay Hopkins questioned why family members should pay a rental fee when the owner is not present in the house, they should be able to get a guest pass. Jonie Wetzal feels the increase is excessive and detrimental to the community. A Homeowner doesn't feel family should have to pay \$250. Donna Wolmutter doesn't want her children charged when she isn't in the home. Marty Neilson would like this item put in First Readings for 30 day review. **5 Votes In Favor, 1 Vote Against, Majority approval-Motion Carried.**

NEW BUSINESS:

President Horst introduced New Business request #17, Item A.

Tami Ronfeldt made a motion, seconded by Glenn Martinsen, to approve the difference in spending of 2024 Capital Projects. The floor was opened to Board & homeowner discussion. Steve Hardesty reviewed the 3 items that were over the approved amounts: Vacation Watch Golf Cart \$0.49, Deli Slicer \$0.15, Menu Covers \$300.22. **Motion carried unanimously.**

President Horst introduced New Business request #17, Item B.

Bud Jenssen made a motion, seconded by Marty Neilson, to approve the appointment of Jim Rumpler to the Election Committee. The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

President Horst introduced New Business request #17, Item C.

Maryann Sinerius made a motion, seconded by Glenn Martinsen, to approve the appointment of Sandra Givens to the Facilities & Grounds Committee. The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

FIRST READINGS:

The Board of Directors unanimously agreed to place the following into First Readings for 30-day review by the Board and homeowners:

- A. Approve HOA Rules Document (version 3). The floor was opened to Board & homeowner discussion. Steve Hardesty noted the 5.20.4 Palm Tree language will be added. Carl Schwalbach asked why the "for no additional user fee" is stricken. Len noted the CCRs, Bylaws, Board Policies are in conflict, there is no intent by this Board to do anything different with the fees. Joe Byrne stated this leaves it open for fees to change in the future. Len stated it could be changed.
- B. Approve the Golf Committee's Updated Charter.
- C. Approve the Communications Committee's 5-Year Plan.
- D. Approve the Safety & Security Committee's Long-Range Plan.

HOMEOWNER COMMENTS:

- Val Maibaum asked if you have to pay the rental fee and turn in your homeowner cards. Have we always turned in our homeowner cards. Len noted if you want your renters to use the amenities

the fee has to be paid. Yes, cards have always been turned in. Board Policy 6-04 change is only updating language.

PRESIDENT'S MESSAGE:

Deferred to next month's meeting

The meeting adjourned at 4:45pm.

Respectfully submitted,

Tami Ronnfeldt
Board Secretary