

**COTTONWOOD PALO VERDE AT SUN LAKES  
BOARD OF DIRECTORS  
MEETING MINUTES  
May 31, 2023**

**DIRECTORS PRESENT:** Leonard Horst, Tami Ronnfeldt, Frank Gould, Bud Jenssen, Glenn Martinsen

**DIRECTORS PRESENT VIA 'ZOOM':** Marty Neilson

**DIRECTORS NOT PRESENT:** Cheryl Ravenscroft

**ALSO PRESENT:** General Manager, Steve Hardesty

**INVITED GUESTS:** None

**CALL TO ORDER:**

President Leonard Horst called the meeting to order at 3:00 PM in the CLC Lecture Hall. He stated the meeting was being recorded for the accuracy of the minutes.

**PLEDGE OF ALLEGIANCE:**

Treasurer, Frank Gould led the audience in the Pledge of Allegiance.

**INTRODUCTION OF MANAGERS:**

President Leonard Horst introduced the managers present at the meeting.

**APPROVAL OF THE APRIL 26, 2023 BOARD MEETING MINUTES:**

President Horst called for the approval of the April 26, 2023 Board Meeting Minutes. ***Bud Jenssen made a motion, seconded by Frank Gould, to approve the April 26, 2023 Board Meeting Minutes.*** The floor was opened to Board & homeowner comments. There was no discussion. ***Motion carried unanimously.***

**PRESIDENT'S MESSAGE:**

President Horst announced an article will be coming out in our various publications over the next few weeks regarding the roles of the Board, General Manager and Managers.

**EMPLOYEE OF THE MONTH:**

Jared Morse is our May Employee of the Month. Jared is a kind, caring and hardworking individual. He goes out of his way to be helpful. He has consistently demonstrated very good performance in his role as a Cottonwood Palo Verde Patrol Officer. His hard work, dedication and positive attitude have made a significant impact on the team, and he has contributed to the HOA's overall success.

**TREASURER'S REPORT:**

Treasurer Frank Gould presented the April 30, 2023, Financial Summary. Mr. Gould noted Revenue for Recreation is below budget in part due to aggressive projections, Food & Beverage was below budget due to lower-than-expected banquet sales (year to date variance is only 2.6%). Expenses: Administration expenses were higher than projected due to higher payroll and related expenses and higher consulting costs. We are changing payroll vendors in July and our costs will have a noticeable reduction. Overall Association results are positive. 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 April 30, 2023 pre-audited Financial Report was accepted as presented.***

## SUN LAKES HOMEOWNERS ASSOCIATION #2

### INCOME AND EXPENSE SUMMARY

April 30, 2023

(Unaudited)

	CURRENT MONTH	YEAR TO DATE	YEAR TO DATE	VARIANCE	YEAR TO DATE	YTD Var to	YTD Var to
	ACTUAL	ACTUAL	BUDGET	\$\$\$	PRIOR YEAR	Budget %%%	PY %%%
<b>REVENUES:</b>							
HOA DUES	\$ 408,060	\$ 1,640,187	\$ 1,640,116	\$ 71	\$ 1,655,405	0.0%	-0.9%
RECREATION	27,037	136,555	167,738	(31,183)	88,021	-18.6%	55.1%
FOOD & BEVERAGE	502,006	2,030,337	2,085,068	(54,731)	1,944,217	-2.6%	4.4%
GOLF	318,892	1,294,363	1,257,489	36,874	1,165,876	2.9%	11.0%
MISCELLANEOUS (CARRY FORWARD FUND, TRANSFER FEES, INTEREST, ETC)	62,413	253,003	229,152	23,851	156,622	10.4%	61.5%
<b>TOTAL REVENUES</b>	<b>\$ 1,318,408</b>	<b>\$ 5,354,445</b>	<b>\$ 5,379,563</b>	<b>\$ (25,118)</b>	<b>\$ 5,010,141</b>	<b>-0.5%</b>	<b>6.9%</b>
<b>EXPENSES:</b>							
ADMINISTRATION	\$ 167,424	\$ 707,553	\$ 672,319	\$ (35,234)	\$ 637,126	-5.2%	-11.1%
RECREATION	35,202	141,582	143,790	2,208	105,219	1.5%	-34.6%
PATROL	36,761	141,506	137,536	(3,970)	133,144	-2.9%	-6.3%
LANDSCAPING	100,457	346,930	368,243	21,313	329,849	5.8%	-5.2%
CUSTODIAL	63,825	241,352	237,668	(3,684)	200,202	-1.6%	-20.6%
FACILITIES	53,521	226,660	228,880	2,220	181,107	1.0%	-25.2%
POOLS	33,109	149,470	143,720	(5,750)	124,566	-4.0%	-20.0%
FOOD & BEVERAGE	455,232	1,830,307	1,849,332	19,025	1,814,566	1.0%	-0.9%
GOLF PROSHOPS & MAINTENANCE	313,903	1,049,482	1,069,003	19,521	981,035	1.8%	-7.0%
<b>TOTAL EXPENSES</b>	<b>\$ 1,259,434</b>	<b>\$ 4,834,842</b>	<b>\$ 4,850,491</b>	<b>\$ 15,649</b>	<b>\$ 4,506,814</b>	<b>0.3%</b>	<b>-7.3%</b>
<b>NET INCOME</b>	<b>\$ 58,974</b>	<b>\$ 519,603</b>	<b>\$ 529,072</b>	<b>\$ (9,469)</b>	<b>\$ 503,327</b>	<b>-1.8%</b>	<b>3.2%</b>
<b>PALO VERDE GATE (2)</b>							
Revenues	\$ 20,764	\$ 83,321	\$ 83,548	\$ (227)	\$ 79,987	-0.3%	4.2%
Expenses	21,096	83,656	83,721	65	80,126	0.1%	4.4%
<b>NET</b>	<b>\$ (332)</b>	<b>\$ (335)</b>	<b>\$ (173)</b>	<b>\$ (162)</b>	<b>\$ (139)</b>	<b>-93.6%</b>	<b>-141.0%</b>

**Note:**

- (1) Homeowners Services includes Administration, Patrol, Facilities, Custodial, Pools and Landscapng.
- (2) Palo Verde Gate expenses are paid only by the Palo Verde Residents.

**Special Funds**

April 30, 2023

	Capital Reserve Fund (1)	Capital Improvement Fund (2)	Palo Verde Gate Fund (3)
Fund Balance January 1, 2023	\$ 6,397,600	\$ 965,888	\$ 3,482
Additions from Dues, Fees, etc	117,257		-
Interest Earned	37,854	5,377	
Expenditures for:			
Golf Courses & Equipment	(69,971)	(42,770)	
HOA-Several Items	(196,939)	(118,724)	-
<b>Fund Balance April 30, 2023</b>	<b>\$ 6,285,801</b>	<b>\$ 809,771</b>	<b>\$ 3,482</b>

**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 April 2023 is 28, 78 April YTD is resulting in revenue of \$168,000 YTD 2023 (\$2,154 Ave)

Number of homes sold in April 2022 was 36, 117 April 2022 YTD is resulting in revenue of \$190,414 YTD (\$1,627 Ave)

### COMMITTEE AND TASK FORCE REPORTS:

**Architectural Compliance Committee:** The report was given of their meetings held on May 9 and 23. Among the subjects discussed at the meetings were: 135 permits approved, 7 permit denied, 4 permits past due. Their next meetings are September 12 and 26 at 8:30 AM in the CLC Phoenix Room.

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 meetings are available for viewing online and at Homeowner Services.

**Audit & Finance Committee:** The report was given of their meeting held on May 4. Among the subjects discussed at the meeting were: monthly reports were given. Their next meeting is September 7 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.

**Communications Committee:** The report was given of their meetings held on May 1 and 24. Among the subjects discussed at the meetings were: monthly reports were given, analyzing the Community Survey data. Their next meeting is October 9 at 9:30 AM in CLC Meeting Room #1.

They have no recommendations for the Board.  
They have one (1) recommendation for Management: to entertain the possibility of hiring a Communications Specialist in 2024.  
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:** No Meeting in May. Their next meeting is currently scheduled for September 6 at 3:00 PM in CLC Meeting Room #1.

**Facilities & Grounds Committee:** Committee met on May 2, but no report was given. Their next meeting is September 5 at 10:00AM in the CLC Phoenix Room.  
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 May 4. Among the subjects discussed at the meeting were: monthly reports were given. Their next meeting is September 7 at 9:00 AM in the Palo Verde Restaurant.

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.

**Golf Committee:** The report was given of their meeting held on May 3. Among the subjects discussed at the meeting were: monthly reports were given. Their next meeting is September 6 at 2:00 PM in the CLC Phoenix Room.

They have one (1) recommendation for the Board: to modify Board Policy 7-06; Golf Cart Regulations.  
They have one (1) recommendation for Management: to approve the pilot program for the summer and evaluate water conservation results and the impact on the golf courses.  
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 May 2. Among the subjects discussed at the meeting were: monthly reports were given. Their next meeting is June 6 at 9:00 AM in the CLC Lecture Hall.

They have no recommendations for the Board.  
They have three (3) recommendations for Management: 1) resolve Community Theater storage issues 2) investigate outdoor concert possibilities 3) cover the Pickleball court poles.  
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.

**Safety & Security Committee:** The report was given of their meetings held on May 3 and 15. Among the subjects discussed at the meetings were: monthly reports were given, Safety Day was discussed. Their next meeting is September 6 at 10:00 AM in CLC Meeting Room #1.

They have no recommendations for the Board.  
They have three (3) recommendations for Management: 1) set money aside for the pickleball courts 2) investigate new equipment with cameras to monitor speeders 3) investigate increasing the brightness of streetlights.  
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:**

Mr. Hardesty noted 16 requests for Capital purchases are on today's agenda. There are several reasons for the large number of items: 1) staff is extremely busy during the winter months making preparations for Capital purchases difficult. There were only 5 items in the first 4 months of the year. 2) Facilities & Grounds Committee creates a list of projects for consideration during the winter which are approved by the Board early in the calendar year. Due to timing most of these projects are completed in the summer causing the least disruption to homeowners. Items on today's agenda will complete the F&G list of projects. 3) We could delay the purchase of items; however, this could result in items needing to be rebid and most likely have similar or higher pricing. 4) We typically spend around \$1.2 to \$1.5 million per year on Capital Reserve items. Today's list is \$508,000 for Capital Reserve and \$120,000 for Capital Improvements. The total Capital Expenditure items, if all are approved today, is \$666,000. These expenditures are needed and well within our typical budget, leaving capacity for additional equipment replacement throughout the remainder of the year.

Maricopa County Department of Transportation is planning a major project to replace all the roads in Cottonwood and the Cotton Verde sections of the community. The far east side of Cottonwood around Unit 10 was done last summer. The remaining sections of Cottonwood will take place beginning July 5. If homeowners are planning major renovations, they should check with the Administration office for a map and timeline of the work. There will be times when access to certain parts of the community will be extremely difficult.

**DIRECTORS COMMENTS: NONE**

**CAPITAL RESERVE REPLACEMENT FUND:**

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

***Glenn Martinsen made a motion, seconded by Bud Jenssen, to approve the wood floor repair project at the San Tan Ballroom from Artisan Wood Floor for a cost of \$3,493.*** (Asset #138/YTBR: 2023 (2021)). The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

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

***Tami Ronnfeldt made a motion, seconded by Marty Neilson, to approve the wood floor refinish project at the Dance Room from Artisan Wood Floor for a cost of \$3,954.*** (Asset #139-1/YTBR: 2023 (2022)). The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

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

***Tami Ronnfeldt made a motion, seconded by Glenn Martinsen, to approve the replacement of 23 chairs for the Administration Building conference rooms from US Markerboard for a cost of \$3,932.*** (Asset #23/YTBR: 2023 (as needed)). The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

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

***Frank Gould made a motion, seconded by Bud Jenssen, to approve the purchase of (1) Toro Pro-Force Blower from Simpson Norton Company for a cost of \$11,632.*** (Asset #319/YTBR: 2023 (2022)). The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

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

***Tami Ronnfeldt made a motion, seconded by Frank Gould, to approve the replacement of (1) Toro Pro-Force Blower from Simpson Norton Company for a cost of \$11,632.*** (Asset #321/YTBR: 2023 (2020)). The floor was opened to Board & homeowner discussion. Mr. Hardesty noted equipment is repurposed where possible. **Motion carried unanimously.**

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

***Glenn Martinsen made a motion, seconded by Bud Jenssen, to approve the replacement of pool furniture at the Palo Verde Pool with 36 Lounge Chairs and 40 Dining Chairs from Resort***

**Contract Furnishings for a cost of \$24,489.** (Asset #257/YTBR: 2023 (2022)). The floor was opened to Board & homeowner discussion. Mr. Horst noted the viable current furniture will be placed throughout the community. Marty Neilson asked if we are getting the expected life out of the current furniture. Steve responded yes; the exact current furniture is unavailable as the company has gone out of business. Homeowner Maryann Sinerius asked if we are comparing similar items since there is such a large price difference. Steve noted there is a slight discrepancy in material and finish. **Motion carried unanimously.**

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

**Tami Ronnfeldt made a motion, seconded by Glenn Martinsen, to approve the replacement of (1) Toro Reelmaster Fairway Mower from Simpson Norton Company for a cost of \$87,945.** (Asset #326-1/YTBR: 2023 (2020)). The floor was opened to Board & homeowner discussion. Steve noted the 3 mowers (Request 12. G, H, and I) were originally purchased in 2010/2010/2013 respectively, have 5,000-10,000 hours (equates to 300,000-600,000 car miles), and are used daily. **Motion carried unanimously.**

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

**Frank Gould made a motion, seconded by Tami Ronnfeldt, to approve the replacement of (1) Toro Reelmaster Fairway Mower from Simpson Norton Company for a cost of \$87,945.** (Asset #326-2/YTBR: 2023 (2020)). The floor was opened to Board & homeowner discussion. **Motion carried unanimously.**

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

**Frank Gould made a motion, seconded by Glenn Martinsen, to approve the replacement of (1) Toro Reelmaster Fairway Mower from Simpson Norton Company for a cost of \$87,945.** (Asset #326-3/YTBR: 2023 (2023)). The floor was opened to Board & homeowner discussion. Frank Gould noted leasing the equipment was evaluated but wasn't feasible as an option. Scott Anderson hopes for delivery of the 3 mowers by the middle of September. **Motion carried unanimously.**

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

**Bud Jossen made a motion, seconded by Frank Gould, to approve the replacement of the current Golf Cart and Driving Range Picker at the CW Golf Course with a new Cushman Hauler 1200 equipped with the safety cage and other necessary accessories to collect driving range balls from A-1 Golf Carts for a cost of \$16,122.** (Asset #99/YTBR: 2023 (2016)). The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

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

**Glenn Martinsen made a motion, seconded by Tami Ronnfeldt, to approve resurfacing the pool deck at the Kids Pool in Cottonwood from Imagine Architectural Concrete for a cost of \$32,000 plus a 10% contingency for a total of \$35,000.** (Asset #249/YTBR: 2023 (2022)). The floor was opened to Board & homeowner discussion. Mr. Hardesty stated that the HOA typically doesn't recommend the highest bid; however, this bid came with excellent references, includes maintenance, warranties, and better quality, where the low bids were not the best option. **Motion carried unanimously.**

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

**Frank Gould made a motion, seconded by Marty Neilson, to approve resurfacing the pool deck at the Michigan Pool from Imagine Architectural Concrete for a cost of \$62,000 plus a 10% contingency for a total of \$68,000.** (Asset #251/YTBR: 2023 (2022)). The floor was opened to Board & homeowner discussion. There was no discussion. **Motion carried unanimously.**

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

**Tami Ronnfeldt made a motion, seconded by Frank Gould, to approve resurfacing the pool deck at the Palo Verde Pool from Imagine Architectural Concrete for a cost of \$60,000 plus a 10% contingency for a total of \$66,000.** (Asset #252/YTBR: 2023 (2022)). The floor was opened to Board & homeowner discussion. Steve explained the three pools would be closed on a rotating basis over the summer starting with the Michigan Pool. Homeowners will be notified of closures. The contingency is for unknown factors that may arise during construction. **Motion carried unanimously.**

**PV GATE RESERVE FUND: NONE**

## **CAPITAL IMPROVEMENT FUND:**

President Horst introduced Capital Improvement Fund request #14, Item A.

***Bud Jenssen made a motion, seconded by Tami Ronnfeldt, to approve the purchase of a Street Sweeping Unit from Power Boss for a total budget authority of \$69,170.*** The floor was opened to Board & homeowner discussion. Scott hopes for delivery around the end of July. Steve expects the sweeper to be one of the most popular pieces of equipment. ***Motion carried unanimously.***

President Horst introduced Capital Improvement Fund request #14, Item B.

***Frank Gould made a motion, seconded by Tami Ronnfeldt, to approve the purchase of two pieces of equipment for the Fitness Activity Center: (1) Hip Abduction/Adduction machine and (1) Loaded Calf Raise machine from Advanced Exercise for a total budget authority of \$10,613.*** The floor was opened to Board & homeowner discussion. Steve explained the two declined bids did not match the current equipment in the Fitness Center and they did not bid commercial grade equipment. ***Motion carried unanimously.***

President Horst introduced Capital Improvement Fund request #14, Item C.

***Tami Ronnfeldt made a motion, seconded by Frank Gould, to approve installation of a new shade awning and pavers near the three newest Pickleball Courts from Sculptured Grounds for a total budget authority of \$35,045 plus a 15% contingency for a total budget authority of \$40,302.*** The floor was opened to Board & homeowner discussion. Len noted this project was on the Facilities and Grounds recommended 2023 Project List. ***Motion carried unanimously.***

## **VOLUNTARY CONTRIBUTION FUND: NONE**

## **OLD BUSINESS:**

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

***Frank Gould made a motion, seconded by Glenn Martinsen, to approve the Amended Changes to Architectural Compliance Guideline; Page 13, Item #9, Evaporative Coolers and Air Conditioners (New or Replacement).*** The floor was opened to Board & homeowner discussion. Marty Neilson stated the Policy should be general. Many changes are occurring with air conditioners and environmental requirements. Details should be in the procedures; Policies should be general. Frank Gould would like the wording changed. Homeowners should visit the office for a permit and follow procedures/details. Len Horst noted we should have simple/limited Policies and strong procedures. ***President Horst read the Amended Policy to read "Any new or replacement air conditioner equipment requires an Architectural Modification Application".*** Ray Overholt asked if the change from Architectural Compliance Permit to Architectural Modification should go into First Readings. Len noted the Guideline was in First Readings and the Permit is the same, but with a different name. Nothing has changed in the permit process. Steve noted homeowners come into the office for an Application and staff walks the homeowner through the process on a case by case basis. ***Motion carried unanimously.***

## **NEW BUSINESS:**

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

***Frank Gould made a motion, seconded by Glenn Martinsen, to recommend the sale of a 99-year easement under and around the communication tower located on the premises at 25437 South Glenburn Drive, Sun Lakes, AZ and all related AT&T assets and improvements, including interests in tenant leases and all other related property owned by Sun Lakes Homeowners Association No. 2 Inc. in exchange for \$260,000 in immediately available funds.*** The floor was opened to Board & homeowner discussion. Len explained this has been in the process for several months, our current lease is half-way through, funding up front made sense, easier to deal with an easement. Steve noted the Board would be signing a Letter of Intent. The final approval is done through a Special Election by the Homeowners. Ed Welsh noted this is the first time he has heard of the communication cell tower. Is this a cell phone tower? Len responded yes. Steve noted there would not be substantial changes to the tower, it is just a change to the lease arrangement. Len noted the future of cell phones and technology are unknown and this is an opportunity. ***Motion carried unanimously.***

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

***Tami Ronnfeldt made a motion, seconded by Glenn Martinsen, to approve the HOA election timetable for the sale of a 99-year easement under and around the communication tower as noted in New Business Request #17.A.*** The floor was opened to Board & homeowner discussion. Len

noted we are following the Bylaws and there will be a workshop and a Special Election on the sale of the easement. Steve noted the voting will be the same procedure as Board Elections. **Motion carried unanimously.**

**FIRST READINGS:**

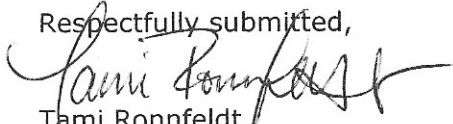
The Board of Directors unanimously agreed to place the following into First Readings for 30-day review by the Board and homeowners:

- A. Changes to Board Policy 7-06; Golf Cart Regulations.

**HOMEOWNER COMMENTS: NONE**

The meeting adjourned at 4:15 PM

Respectfully submitted,



Tami Ronnfeldt  
Board Secretary