

DRAFT Minutes from Thursday, May 23st, 2013 HLR BOD Meeting
Tombstone American Legion, Tombstone, AZ

The next meeting is scheduled for:

Thursday, June 20th at 5:00 pm at the American Legion in Tombstone, AZ

Board Members present: Greg Briner – President, Bob Hritz – Vice President, Phyllis Cavanaugh – Secretary, creating a quorum of the board.

David Vlasic – Treasurer and Jo Green – Member-At-Large were not in attendance.

- Property Owner's present: Adele Crouch, Doug Crouch, Wolf Holt, Eileen Ahearn, Whitney Malone, JB, Dave Kelly, and Joe Alberti.

Call to Order at 3:06 pm by President Briner.

Officer's Reports

President's Report (Greg Briner)

President Briner thanked those in attendance and thanked Adele Crouch for her time and energy in putting together this presentation. He then laid down some ground rules for the meeting which included:

- Allow Adele Crouch to complete her presentation in full before expressing comments or questions.
- There should be no discussion among property owners, all comments should be directed to the board.
- Each property owner should limit their comments to approximately 5 minutes each.

Secretary's Report (Phyllis Cavanaugh)

Secretary Cavanaugh reported on two events that occurred since the last meeting that related to the issue of Cadden Management.

First, she wanted to let the property owners know that an unknown person had solicited requests for proposals from a group of property management companies and had given Greg Briner's e-mail, address and phone number as the person to contact. Greg then explained that he had been inundated with unsolicited e-mails and phone calls and that those people had spent their time and energy putting together proposals. He contacted the company and they are researching the ISP of the person who generated the original e-mail.

The second event concerned an unannounced e-mail discussion of a quorum of the board that Cavanaugh felt constituted a meeting. She explained that a property owner had written directly to the board's lawyer expressing concerns about the upcoming recall and the Cadden issue and had asked the lawyer to consult with the board about these issues. This e-mail was copied to all board members.

Jo Green then responded to the lawyer as well, discussing her concerns and copying all board members. Two board members responded before Cavanaugh asked that the

discussion be terminated since she felt it violated AZ Open Meeting Laws.

Secretary Cavanaugh passed out a copy of the board e-mail correspondence for members to review.

(This e-mail correspondence is available upon request)

Adele Crouch then read her presentation on the possibility of eliminating Cadden Management and outlined 17 steps on how to begin the process. (see attached for the complete presentation and look on the website.)

After Adele's presentation, members of the board commented and asked questions:

Greg Briner asked if anyone on the board knew if we could take possession of our check book at any time; as now all checks are written by Cadden, including checks to Cadden. There was some discussion around the lack of information that Cadden supplies to the board though board members did acknowledge that they do not always thoroughly review the monthly report.

He commented that we could provide support to the treasurer initially as we start to set up procedures for the financials. He suggested that volunteers could research on-line accounting programs and Adele explained that Gail Gander (a property owner) is a corporate accountant and a CPA and that she has offered to review the Cadden books for a reasonable fee and help with setting up the financials.

Concerning the storage of files, Briner asked Crouch if the Tombstone Realty office could absorb all of the prior files and he asked how many files there were. Crouch explained that she contacted Cadden with that question and that only the recent files are in Sierra Vista with the majority being in storage in Tucson. She suggested that we could gradually scan the old files and maintain them virtually while shredding the paper files. The Tombstone office can only provide space for current files, so archived files would have to be stored or scanned. She said she could not get a definite answer as to how many files are in storage.

Bob Hritz asked if there was a limit to how long we needed to maintain items. Crouch provided him a list of the items that need to be stored indefinitely but explained that not all items need to be.

Hritz also wanted research on the possibility of having a discussion with Cadden regarding a re-negotiation of our contract or a more limited role for them. He felt there were advantages to an outside party having control of the checking account as he had belonged to another HOA where two members had absconded with a sum of money. He felt we would need have a bond to protect the check book from fraud if we move forward with becoming self-managed.

Hritz felt that the trainings on board procedures the board received from Cadden have been "invaluable". He also appreciated that they provide information about any revisions to state law that affect HOAs.

He wanted someone to look into alternative companies and provide a comparison and also to look into trainings for the board.

Cavanaugh stated that a newsletter Cadden sent out recently regarding changes to state law had been forwarded from a law office and that Cadden had not prepared it. She felt that we could sign up for that newsletter and others like it to say informed.

There was discussion around a class action law suit that Cadden was involved in but Hritz explained that Cadden had been dismissed from that lawsuit. He said he would forward that information to the rest of the board.

Hritz also wanted to ask Cadden for an itemized statement for the checks that were written to them and offered to contact Cadden for that as well as to discuss the options for a more limited role with them.

Crouch commented that Cadden currently charges a \$350 fee to any property owner that sells a property. She believed that Cadden charged that fee to both the seller and the buyer though another property owner did not believe that was the case. Either way, there is a fee that is paid to Cadden of at least \$350 when a property is sold and that most property owners are unaware of that added expense.

The other major function provided by Cadden involves collection of dues. Cavanaugh felt that, since the statements were recently mailed out, this would be a good time to start transitioning to self-management as we would have 6 months before another statement needed to go out.

Cavanaugh also commented that she had attended the recent member meeting regarding this topic and that there was strong agreement amongst the 22 + members present that we should become self-managed. She also stated that most property owners she surveyed while running for office felt the dues should be lowered.

The meeting was then opened to the membership for comments.

Greg Briner read a statement Alisa Cook sent in since she could not attend in person. Cook thanked Adele Crouch for all of her hard work on this topic and thanked the board for having this meeting. She expressed strong support for the elimination of Cadden as we are a small, rural community with few, full time residents. She also noted that a committee in 2006 had recommended this very action and a current board member had been on that committee.

Whitney Malone expressed that regular review of the bank account on-line and of the bank statements each month would prevent fraud.

Adele Crouch said each property owner would save \$18 to \$25 per year per lot if Cadden was eliminated.

Eileen Ahearn expressed that there needed to be an more research before moving forward. She said that many things go on behind the scenes that Cadden does without our being aware of it. For example, they will automatically send out past due notices. She felt all questions should be answered before proceeding.

Cavanaugh stated that this issue has been researched enough and talked about for years and that there was enough information to start the process.

Ahearn wanted to see more comparison between Cadden and other management companies and hoped someone would take on that task. She also stated that the board is the only one that can write a check from the reserve fund, not Cadden and that the board had been aware of the change of banks, contrary to what was reported in Crouch's information.

Joe Alberti thanked the board for addressing this issue. He expressed frustration that the Treasurer was not in attendance at this meeting. He stated that we need access to our own account, that we are a small community and there are not many checks written each month and, with initial support in setting up a new system, the treasurer should be able to handle the bills and dues. He said that the invoices from Cadden were very confusing and that many property owners have had problems with their invoices.

Alberti also expressed that, in the worst case, if we were unable to manage our business, we would go back to Cadden or another management company.

David Kelly said that he has been involved with many volunteer organizations and that volunteers are good for short-term projects but it would be too time consuming to run the ranch as a volunteer and that we would have trouble finding people to run for the board.

The membership discussion came to an end and the board considered a motion. Briner wanted to go in small steps and take some time but get started in the direction of self-management. He felt that we could take pieces away one at a time.

Hritz said he had no problem with the board taking over small steps but that we needed continued limited management.

Cavanaugh felt that we should agree to a certain period of time to phase out Cadden and initiate the steps that Crouch had outlined. She suggested more frequent, short meetings to accomplish this.

Motion and Vote

Briner then made a motion to start taking over tasks from Cadden with the goal of self management within six months.

Cavanaugh seconded the motion. The vote was two in favor (Cavanaugh, Briner) with Hritz opposing. The motion carried.

Date of Next Meeting Set:

Thursday, June 20th at 5:00 pm at the American Legion in Tombstone, AZ.

Action to begin the process of self-management will be discussed at this meeting as well as other pending issues.

Action Items

Bob Hritz will forward the report about Cadden being released from the class action law suit to all board members.

Bob Hritz will contact Cadden to get information on limited services they could offer us and to review their invoices to us.

Greg Briner will contact other management companies to see what limited services they offer.

Phyllis Cavanaugh offered to find board training on-line.

The meeting was adjourned at 5:10 pm.