

# anthem

community council

Meeting of the Board of Directors  
October 15, 2019  
Work Session at 6:00 p.m.  
Anthem Civic Building  
3701 W. Anthem Way  
Meeting Room 3

## MEETING MINUTES

### **Members Present:**

Terry Mullarkey, President  
Bob McKenzie, Vice  
President  
Carolynn Hiron, Treasurer  
Darrin Francom, Secretary  
Dino Cotton, Director

### **Members Absent:**

Roger Willis

### **Others Present:**

Neal Shearer, Community Executive Officer  
Kristi Northcutt, Communications & Public Affairs Director  
Michele DeMichele, Special Events & ACB Operations Director  
Brian Duncan, Parks & Facilities Director  
Dave Fermoile, Community Center Director  
Robin DePetro, Controller  
Lauren Cameron, Financial & Business Analyst  
Mark Senn, FaRM Committee  
Sam Crump, FaRM Committee  
William Bobbitt, FaRM Committee  
Tim Donnelly, FaRM Committee  
Kim Bodary, Recording Secretary

### **CALL TO ORDER**

President Mullarkey called the meeting to order at 6:00 p.m. and recognized those in attendance.

### **ESTABLISH QUORUM**

President Mullarkey established a quorum with five Board members present.

### **ADOPT AGENDA**

**Vice President McKenzie made a motion to adopt the agenda. Secretary Francom seconded. Voting took place; the motion passed unanimously.**

### **NEW BUSINESS**

Mr. Shearer presented the Anthem Community Council draft Operating Budget for 2020, with budget component highlights, and thanked all those involved who successfully worked on this budget proposal.

Mr. Shearer walked through the specific details of the 2020 draft Operating Budget.

President Mullarkey stated that the ACC would be reimplementing the three-person executive team structure (CEO/CFO/COO) that existed from 2011-2018, due to the continuously high workload, a steady stream of external issues that require strategic attention, the importance of leadership continuity, and the need for separation of duties in finance and operations. Currently, the ACC is in the process of hiring a new Community Financial Officer (CFO) and soon will be recruiting internally for a Community Operations Officer (COO). Additionally, after more than ten years with the ACC, Mr. Shearer will retire as CEO in mid-2020, and the Board intends to provide for a smooth transition of leadership by recruiting for and hiring a new CEO before his departure.

President Mullarkey stated that the ACC is looking to reconstitute the FaRM Committee, and asked that if anyone had any suggestions, to please let Treasurer Hiron know.

Secretary Francom inquired about revenue increases to some Community Center programs, and Mr. Fermoile stated that some youth sports programs have experienced increased participation. He also explained the reason for the recommended fee increases outlined in the staff memo.

Mr. Donnelly inquired about the daily pass increase at the Community Center and if impact on attendance was considered; Mr. Fermoile stated yes.

Mr. Donnelly inquired about insurance reimbursement from the HOAs. President Mullarkey stated that we use the same insurance vendor as the HOAs, and they participate in the Request for Proposal (RFP) process. President Mullarkey further stated that the ACC pays the insurance bill from the Operating Fund and then receives a reimbursement from the HOAs, which is formula based.

Mr. Donnelly recommended changes in how the ACC presents the budget to the residents and offered to work with staff on this. President Mullarkey stated that when a new CFO is hired, he/she will lead this process.

There was a discussion on reserve funds and President Mullarkey stated that the ACC tries try to repair assets rather than replace when possible.

Mr. Bobbitt asked if the reserve study gets updated when an item is added, deleted or repaired; President Mullarkey stated yes.

Mr. Senn inquired about the year-end annual surplus and Mr. Shearer anticipates a \$900,000 surplus or more.

Mr. Crump asked that the Board keep an eye on the long-term trendline for Paseo assessments, as increases could potentially make homes less attractive to buyers. President Mullarkey stated they went as low as they could go without over subsidizing Paseo from the rest of the budget. The reserve consultant informed the ACC that we were under-reserving Paseo and should increase the reserve, but the ACC declined until there is a better understanding of the reserve asset list for Paseo.

Mr. Bobbitt asked about the Paseo reserves and President Mullarkey stated that the biggest single expense item is pavers, as they can be uplifted by root systems and need to be releveled and reset.

Mr. Crump stated that he was concerned on the \$20,000 decrease in security and infrastructure. Mr. Shearer stated the ACC is increasing security hours in the park during peak times but we are more selective about the hours devoted to higher cost security services. The ACC will continue to keep a strong focus on safety and security.

#### **OPEN DISCUSSION**

Scott McVay, resident, inquired why the Paseo reserve study is a twenty-eight year, not a five- or ten-year study, and stated that he doesn't see any disturbed pavers in Paseo. He thanked the Board and staff for building the pickleball courts. Mr. Duncan stated that Parks & Facilities staff has seen some areas of concerns in Paseo with tree roots, etc., which is why pavers may need to be releveled. Mr. Shearer stated that our reserve consultant, Criterium-Kessler Engineers, suggested that some communities are moving to a twenty-year reserve study with updates every three to four years.

Ron Jerich, resident, also commented on the paver conditions at Paseo and inquired about the assessment increase to Paseo. Mr. Shearer stated that the assessment increase for Paseo residents is a direct result of the landscape bid, which came in \$21,000 per year higher than current pricing which has not increased for several years. Staff trimmed line item expenses in the Paseo budget and shifted some maintenance items to the ACC, resulting in an overall cost increase of only \$9,000, which will be charged to Paseo homeowners via the increased benefited assessment.

Chad Briggs, High Desert Little League (HDLL) Vice President, thanked Dave Fermoile and Community Center staff for improved relations, and stated that the league would like to hold state tournaments in Anthem. He asked what

the process is for installing batting cages in the park funded by HDLL. Mr. Shearer thanked Mr. Briggs and asked that the league put their request in writing and to send that request to Mr. Fermoile. The staff would then consider the request, and maintenance and operational impacts to park users. Mr. Shearer further stated that batting cages or other amenities added to the park could not be for the exclusive use of one organization, as the park is for all Anthem residents.

Ron Jerich, resident, stated that the ACC should consider hiring Mr. Shearer's replacement (CEO) first, followed by the CFO and COO, as he feels this would be better for the organization.

Ron Jerich, resident, inquired where the EPCOR water hauling station payments show in the budget, and Mr. Shearer stated that they are posted under "Other Non-Classified Incomes."

Ron Jerich, resident, inquired about the balance in the Enhancement Fund, and President Mullarkey stated that the Enhancement Fund owes approximately \$1.3 million to the Operating Fund, which would be paid back over time. President Mullarkey further stated the Board and staff would look at the timing of using enhancement funds to finish the fourth Master Plan project, the expansion of the skate park.

Ron Jerich, resident, stated that he feels the \$60,000 for legal fees in the EPCOR water rate case is too high. Vice President McKenzie stated that he feels the figure is too low. Barbara Birdseye, resident and ACCCA Vice President, stated that years ago in this case, legal fees were approximately \$125,000.

Mr. Shearer thanked the Staff, Finance Committee and Board for their work in putting together the 2020 draft Operating Budget.

Mr. Shearer stated that the final budget proposal will come before the Board at the Oct. 23, 2019 Board meeting.

There being no further business to discuss, the meeting adjourned at 7:17 p.m.

Respectfully Submitted,  
Kim Bodary  
On Behalf of the Anthem Community Council Board of Directors