



## MIRABEL

Mirabel Community Association, Inc.  
Annual Meeting  
Monday, March 16, 2009  
Mirabel Golf Club  
3:00 P.M.

### CALL MEETING TO ORDER

The meeting was called to order at 3:07 p.m. by Nick Calise, President.

### ESTABLISH QUOROM

Quorum was met with 121 homeowners represented, either in attendance or by mail in ballot.

### INTRODUCTIONS AND OPENING COMMENTS

Nick introduced the current Board members: Dennis Evans, Stewart Morick, Michaelynn Robinson, Earl Rusnak Jr., John Turner, and John Suppes.

Nick introduced Mody Friedman, Community Manager, and Jeanne Kuisle, Accountant, from City Property Management Company.

### INTRODUCTION OF CANDIDATES

Nick noted that the primary purpose of today's meeting was to elect new directors. There are three openings and three candidates on the ballot. The two candidates with the highest votes will serve on the Board for three years and the third candidate will serve for two years. Nick introduced the candidates: William Beckley, Philip Briggs, and Tammy Ramirez.

### STATUS OF THE COMMUNITY

Nick reported that the Association is in good financial standing, and that the Association has received the settlement from the Developer, Terrabrook Mirabel, LLC. The Association has over \$1,500,000 in cash.

Nick provided a brief history of the negotiations between the Association and the Developer. He noted that control of the Association actually passed to the Homeowners in April 2007, but at the time of transition there were several outstanding items due from the Developer.

As part of the negotiations with the Developer and based on a study by an independent road expert, Mirabel Club Drive was repaired at the Developer's cost in 2007.

Nick reported that in January 2009 the Association received the settlement from the Developer in the amount of \$584,800 for the following items:

- The reserve fund shortfall of \$375,000.00. The reserve shortfall was determined in the Reserve Study completed by an independent company at the time of transition. This is the amount to fully fund the reserves as of May 1, 2007.
- Re-painting of the masonry walls.
- A new fence along Stage Coach Pass Road, which is currently being built. Nick noted that, according to the Developer, the City of Scottsdale would not approve extending the existing masonry fence along Stage Coach Pass Road. As part of the negotiations between the Developer and the Association, the Developer agreed to the new fence that is being built to be made of rusted steel pipe and railroad ties.
- A planned fence along the perimeter of the property at Sierra Norte and Creste Norte is to be built to match the fence being built at Stage Coach Pass Road to replace the existing non-barbed wire fence.
- An additional \$20,000.

Nick noted that Mirabel is being affected by the nationwide economic problems. As of December 2008, Mirabel has had eight properties that have gone into bank foreclosure, and there were four foreclosures in 2009 year to date. Currently the Association is aware of an additional 12 foreclosures scheduled for later in 2009. It is expected that there will be more foreclosures to come. The Association wrote-off approximately \$44,000 of bad debt in 2008. Nick explained that the 2009 budget allowed for \$33,000 in bad debts but currently the Association anticipates a greater amount.

Nick explained that the Association records liens against properties with past due assessments; however, the Association's lien is subordinate to the bank's. Once the bank forecloses and if there aren't any excess funds, the amount of

delinquent assessments is written-off by the Association. The bank is then obligated to pay from the date of foreclosure going forward.

Nick described that the Operating budget was designed to break even at the end of the year. However, because of the economic turmoil, the Association anticipates a negative Operating cash flow throughout the year.

### FINANCIAL REPORT

Stewart Morick, Board Treasurer, provided a summary of the 2008 Audited Financial Statements completed by Randy Kiesel, CPA, PC.

Stewart noted that the Association's financials are reported using fund accounting, and that there are three "buckets" of funds: Operating, Reserves, and Builder Bond. The Builder Bond is refundable; however, the interest from the Builder Bond Fund is transferred to the Operating Fund.

Stewart stated that the Association's budget was impacted by several factors including lower than anticipated Design Review Revenue and Bad Debt Expense.

As of December 31, 2008:

#### Balance Sheet:

##### Assets

##### Operating Fund:

Cash	\$61,027
Certificates of Deposit	\$32,089

##### Replacement Fund:

Cash	\$80,655
Certificates of Deposit	\$337,875

##### Builder Bond Fund:

Cash	\$64,954
Certificates of Deposit	\$386,046

Total Assets as of 12/31/08 \$1,080,571

##### Liabilities

Builder Bonds Payable \$451,000

Total Liabilities and Fund Balances                      \$1,080,571

Stewart stated that the Board had not yet made the decision on the portion of the Developer Settlement that will be put in the Reserve Fund. In addition, the Board has until 12/31/09 to make a decision on the allocation of this money, which is dependent on the Association's financial standing at that time.

Nick noted that some of the Developer Settlement will be used for various projects throughout the Community. He explained that the Association is obligated by the City of Scottsdale to remove the temporary construction guard house. The temporary structure, that was provided and permitted by the Developer, only had a six month permit which had expired years ago. In addition, the temporary structure is in inconvenient location too far away from the gates making it difficult for Security to properly control traffic.

Nick stated that the Association is planning to build a modest permanent construction guard house that will be located on the island at Standing Stone closer to the gates. The Association is working through the City of Scottsdale review process and anticipates that the cost will be approximately \$120,000 to construct.

Nick noted that the Association is currently building the fence on Stage Coach Pass Road and is planning to build the fence at the perimeter of the Community at Creste Norte and Sierra Norte for the costs of approximately \$160,000.00.

Nick reiterated that at this time the Board has not made a decision on how much of the Developer Settlement will be committed to the Reserve Fund. This allocation is dependent on the financial status of the Association at year end, taking into consideration the bad debt the Association will have to write-off.

Stewart stated that the Association continues to make the Reserve Fund allocation of approximately \$7,000.00 each month. In addition, Stewart stated that last year, the Association made a monthly Reserve Contribution of approximately \$14,000.00 each month.

Stewart noted that the Association had to use approximately \$40,000.00 of Reserve Funds last year to fix the sink holes on Mirabel Club Drive and East Wildcat Trail. In addition, approximately \$24,000.00 of Reserve Funds was spent on painting the perimeter masonry walls.

Stewart noted that the Association Federal Income Taxes had been filed. In addition, he noted that the Association pays taxes on interest earned only since the Association is a non-profit homeowners association.

Nick provided a brief description of the Reserve Study process. Nick stated that the Reserve Study is updated yearly, and it is unusual for a community to have fully funded reserves. Nick stated that the Board intends on continuing to fund the reserves on a monthly basis, and noted that the roads are the Association's largest reserve expense, which need to be replaced every 22 years.

Nick reported that in 2008 the Association purchased an Automatic External Defibrillator that is kept in the Security truck. The Security Staff have all been through CPR and AED Training. However, Nick noted that 911 should be contacted first, then Security.

#### **DESIGN REVIEW UPDATE**

Michaelynn Robinson provided a brief summary for the Design Review Committee.

There are currently 42 lots in the Design Review Process, 45 homes under construction, and 117 homes completed of which there are approximately 33 spec homes.

Michaelynn stated that the Design Guidelines have been re-written and the Board has approved the amendments. In addition, Phil Schmidt, the Committee's architect, has created new templates for the design review process submittals. Mike explained that the amended guidelines and templates will help the Committee set clearer standards to get a better product.

#### **HOMEOWNERS QUESTIONS**

Homeowners wanted to know about raising the builder bond deposit in an effort to stop builders from discontinuing construction and leaving partially built structures in the Community.

Nick advised the homeowners that the Board will look at the options in regard to increasing the builder bond deposit.

A homeowner expressed concerns about a small aircraft that has been flying very low over the community.

Nick advised the homeowners that the Association will research this issue.

**APPOINTMENT OF INSPECTORS**

Jeanne Kuisle counted the ballots.

**ELECTION RESULTS**

<u>Name</u>	<u>Term</u>
William Beckley	3 year (March 16, 2009 to March 2012)
Philip Briggs	3 year (March 16, 2009 to March 2012)
Tammy Ramirez	2 year (March 16, 2009 to March 2011)

**RECOGNITION OF THE RETIRING BOARD MEMBERS**

Nick presented awards and thanked the retiring Board Members (Dennis Evans, John Suppes, and Michaelynn Robinson) for their service to the Community.

**ADJOURNMENT**

Nick thanked the homeowners for attending the meeting. A motion was made and seconded to adjourn the meeting. The 2009 Annual Meeting was adjourned at 4:20 pm.

*Mody Gruenly-Friedman*  
Secretary of the Meeting