

# anthem community council

Meeting of the Board of Directors  
February 27, 2019  
Anthem Civic Building  
3701 W. Anthem Way  
Community Room

6:30 p.m.  
Open Session

*The Board of Directors will be meeting in executive (closed) session starting at 4:15 p.m.  
pursuant to A.R.S. Section 33-1804 (A) (1) (4).*

## **ANNOTATED AGENDA**

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ESTABLISH QUORUM**
4. **ADOPT AGENDA**
5. **APPROVE MEETING MINUTES**
  - A. January 23, 2019 Open Session Minutes **Approved**
6. **PRESENTATIONS/AWARDS/ANNOUNCEMENTS**
  - A. Anthem Youth Advisory Council Announcements \*
  - B. [Water Rate Case Update](#)
  - C. BrightView Landscaping Update \*
7. **STAFF REPORTS/[FINANCIALS](#)**
8. **CLOSED SESSION REPORT**
9. **OPEN DISCUSSION**

(Persons interested in speaking or submitting a question or comment to the Board, are asked to complete a Question/Comment form and submit to the Recording Secretary.)
10. **CONSENT AGENDA/APPROVAL**

All items listed under Consent Agenda are considered to be routine by the Board and may be approved/accepted by one motion with a voice vote.

  - A. **ACCEPT COMMITTEE REPORTS**
    - 1) Fiscal and Resource Management Committee
      - a. [January 16, 2019 Meeting Minutes](#) **Approved**
    - B. [Approve Anthem Country Club Community Association's Revised Design Guidelines](#) **Approved**
11. **DISCUSSION OF ITEMS REMOVED FROM THE CONSENT AGENDA**
12. **ADJOURNMENT**

\*Oral

*The Arizona Corporation Commission met February 20-21 in order for EPCOR ("the company") and all parties involved in the Interim Rate Case to present their positions to the Administrative Law Judge, Belinda Martin. On February 20, Anthem Community Council Director of Public Affairs Kristi Northcutt, who represented Anthem in this interim case, delivered the following opening statement to Martin, and to Commissioner Boyd Dunn, who also was in attendance.*

## **OPENING STATEMENT - Feb. 20, 2019**

Judge Martin, Commissioner Dunn – good afternoon. I am Kristi Northcutt, Director of Public Affairs for the Anthem Community Council, intervening on behalf of our approximately 9,000 EPCOR ratepayers in the Anthem district.

I'd like to begin by noting that Council does not express an opinion regarding the appropriateness and/or legality of setting interim rates for EPCOR.

Regardless of the outcome of this debate, Council **IS** seeking **fair and reasonable water rates for our roughly 9,000 customers.**

In my role in Public Affairs, the decisions that I make – that our Council and executive staff make – are based on what's best for the *majority* of the people in our community. In this case, we share Commissioner Tobin's opinion that protecting the consumer is the deciding factor. The interim rates that EPCOR has presented in this application protect the company, not the consumer. Council's focus has been and will continue to be the rates paid by Anthem customers in relation to similar classes of customers in the other ten EPCOR districts for this basic necessity of life, and the overall bigger picture of what is best for the majority of customers.

Anthem customers have been paying more than the statewide average and EPCOR average for *many* years.

The gap between Anthem bill amounts and those of the district with the lowest bills has been growing. For the typical Anthem residential customer (5/8" x3/4" meter, 7,000 gallons):

The standalone rates recommended in the 17-0257 ROO **increased the total bill** by an amount (\$30.10) that **exceeds the proposed total bill for Sun City** customer (\$29.25). While that was rejected, please note that...

The proposed *interim* rates in THIS CASE **increase the bill amount by \$18.56**, the second highest increase of EPCOR's eleven districts. It puts us at \$42.30 HIGHER than Sun City (currently we are \$31.23 higher). The gap that this INCREASE creates is itself more than the RATES of five of the districts. Let me repeat that. The INCREASE creates a gap that is more than the RATES of five of the districts. And the gap continues to widen.

Staff's recommendation for a flat surcharge, rather than per gallon as the company proposes, reduces the gap only by a minimal amount, and therefore also is rate shock for our residents and not acceptable in our opinion.

Council's strong preference for our district under 17-0257 was full consolidation. Absent *that* decision by the Commission, we supported partial or regional consolidation, which we hope will still come forward by the Company as an option in the next case. **Today**, however, we ask that you consider a proposed compromise alternative to interim rates, which we brought forward both in our response to EPCOR's application in 19-0011 and previously in our objections to 17-0257.

We ask that you take to heart the statement from Commissioner Tobin from the January 25, 2019 Open Meeting that it is time to "protect the consumer."

Thank you.

*The Arizona Corporation Commission met February 20-21 in order for EPCOR ("the company") and all parties involved in the Interim Rate Case to present their positions to the Administrative Law Judge, Belinda Martin. On February 21, Anthem Community Council Director of Public Affairs Kristi Northcutt, who represented Anthem in this interim case, delivered the following closing argument to Martin, and to Commissioner Andy Tobin, who also was in attendance.*

### **Closing Argument - Feb. 21, 2019**

Judge Martin, Commissioner Tobin – good morning.

For the sake of Commissioner Tobin, I will introduce myself since I am a relatively new face to these proceedings. I am Kristi Northcutt, the Director of Public Affairs for the Anthem Community Council. I'm here today on behalf of the Anthem community.

The community of Anthem has been paying among the highest rates of any of EPCOR's water districts for a very long time. Since the 09-0343 case, Anthem has advocated for consistent, consolidated rates for water, but to no avail. We are very concerned that there is no hope for any meaningful rate relief without some form of consolidation, only the prospect of more and more rate shock.

When it comes to our rates, our ratepayers feel like we've been dragged through the mud, with the threat of a 50% increase in our rates under 17-0257, and then the indecision of that case leading us down the path of interim rates, which the company filed showing a 36% increase to the "typical" Anthem customer.

The dollar amount of the INCREASE to our ratepayers in the company's interim application is almost equal to the rate that Sun City ratepayers currently pay in total. The increase is second only to what Willow Valley will experience. The gap of \$42.30 that it creates between Anthem and Sun City is *more* than five of the districts' total rates. The company's proposed increase for Anthem is double that of the increase of six of the districts. Commission staff's recommendation of a flat, fixed surcharge reduces the gap minimally, and RUCO's floor to ceiling methodology reduces the gap yet a little further. But at the end of the day, the question remains as to whether interim rates are necessary at all.

The company has stated that they intend to wait and use 2019 as a test year for their next permanent case, putting the case well into 2021. That means that if approved by the Commission, interim rates *could* be in effect for more than two years. That's two *more* years of fear for our residents of how high their rates will spike without any hope of relief.

We ask that you take to heart the comment from Commissioner Tobin from the January 25, 2019 Open Meeting that it is time to "protect the consumer."

These interim rate designs as presented do NOT protect the Anthem consumer; in fact they make the situation **worse** for the Anthem consumer and several other districts, with no light at the end of the tunnel for a permanent rate case or relief for Anthem's shocking and always-climbing rates.

In our response to EPCOR's Application for interim rates, we offered a compromise interim solution, based on evidence in the case and the calculations in the Recommended Opinion and Order for 17-0257. We respectfully ask that the Commission seriously consider this compromise as it does much more to "protect our consumers" than any of the alternatives that have been offered.

Please consider what is best for our ratepayers. The health of EPCOR is strong, and there is no emergency that necessitates such an outrageous increase to our district. Transferring the burden of this case's indecision to ratepayers on an interim basis – especially at rates that are this high and that produce rate shock for our residents – is not in the best interest of the consumer.

Thank you.



## COMMUNICATION BRIEFING

**February 27, 2019**

### **MARK YOUR CALENDARS**

**March 5:** Public Safety Roundtable, 2 p.m., Civic Building

**March 8:** Representative Town Hall, 9 a.m., Civic Building (Speaker: Reid Spaulding)

**March 9:** Java & Jammin', 9:30 a.m., Civic Building; HDLL Opening Ceremonies, 8 a.m.-9 p.m., Community Park

**March 15:** Election ballots due, 5 p.m. (in person)/midnight (online)

**March 21:** Village Board of Directors meeting, 6 p.m., Civic Building; Anthem Days Carnival opens in Community Park, 5-9 p.m.

**March 23-24:** 20th Annual Anthem Days, 10 a.m.-4 p.m., Community Park

**March 27:** ACC Board of Directors meeting, 6:30 p.m., Civic Building

*Please visit [OnlineAtAnthem.com](http://OnlineAtAnthem.com) for a full list of events and complete holiday hours.*

### **CEO/CFOO OUTREACH AND GENERAL INFORMATION**

*Board Elections:* There are two open seats on the ACC Board—one representing Anthem Country Club Community Association (seat being vacated by Director Kesselman; candidates are Carolynn Hiron and Barb Patterson) and one representing the Anthem Parkside Community Association (Darrin Francom, incumbent; running unopposed). All three HOAs have open seats on their Boards, as well. Meet the Candidates Nights took place earlier this month; voting began Feb. 20 and concludes March 15. Winners will be announced March 20. Seating of the new ACC Board member will take place at the April meeting. The ACC extends our gratitude to Director Kesselman for his longtime service to the community on multiple Anthem Boards and committees.

*BrightView:* Executive staff and Facilities Maintenance Director Brian Duncan met with BrightView leadership earlier this month. The discussion was direct and pointed as to current and historical areas of deficiencies, lack of advance planning, appropriate levels of manpower, and reaction time to escalating issues (weeds). The ACC team was impressed with the depth of the BrightView leadership team, and appreciative of their strong commitment to make necessary improvements in both the short- and longer-term. ACC staff will continue to closely monitor BrightView's progress in these areas.

*Republic Services:* Executive staff and department directors met with Republic Services' new General Manager for the Anthem area, as well as the municipal contracts manager to discuss solid waste services, Go Green, recycling programs, sponsorship opportunities, etc.

*Arizona District 8:* Staff and Board leadership met with Outreach Director Lynndy Smith of Congresswoman Debbie Lesko's office. Congresswoman Lesko will continue to offer a mobile office and a veterans exchange in Anthem on a recurring basis.

*MCSO:* Executive staff and department directors met with MCSO Commander Dan Whelan to discuss how the operational side of the new public substation is working since its opening on Dec. 8. Staff also discussed areas of concern in Anthem, including traffic enforcement and graffiti/tagging. Staff also received an update from Desert Foothills Posse regarding the status of their unit following the widespread Posse suspension issued by Sheriff Penzone.

*Dog Park Update:* Maricopa County plan review comments were received Jan. 28. Items for response are being addressed by the design/build team and scheduled for re-submittal by the end of this month. Staff and legal counsel continue to work with the Army Corp. of Engineers to address NAOS mitigation requirements.

*Staff Updates:* Scott Newell, Aquatics Manager, and Brandon Haile, Facilities Maintenance Supervisor, recently completed Supervisor's Training Academy through AGTS. Paul Rangel, Sports Manager, and Jennifer Chappelle, Accounts Payable Specialist, will attend the next Academy. Marc Malinoski, Technician, will attend the Aquatics Facilities Operator course to become certified in working with public pools and water parks.

## **COMMUNICATIONS**

*Anthem Way/Activities Guide:* Delivery of the March guide is expected the last week of February, and will include detailed information about Anthem Days. The next issue is scheduled for late April/early May.

*20th Anniversary:* Pole banners will be installed very soon in ACC facility parking lots (there was an unfortunate production delay), and a custom flag will fly at the Community Center; special giveaways are planned for Anthem Days. Special features will continue on social media and in *The Anthem Way* throughout the year. Staff have incorporated the logo into their email signatures, as well.

*Water Rate Case:* At the Jan. 25 special meeting, a decision on the rate case could not be reached, and the Commission directed EPCOR to file an application for interim rates. Kristi Northcutt and Board President Willis serve as interveners in the case. A procedural conference was held Feb. 1 and the hearing commenced Feb. 20. A decision on the interim rates is expected by the Commission in March, based on the 60-day procedural timeclock. *EPCOR's meeting that was previously scheduled for March 7 at the Civic Building will be rescheduled until after the final decision is rendered and new interim rates take effect.*

*Anthem Days:* Staff is preparing for the 20th annual Anthem Days. We will host a booth at the event, as well as have special trivia opportunities, giveaways and prizes in celebration of the anniversary year. There will be a video booth opportunity for residents to share memories of their time in Anthem.

*Memorial Day:* Communications and Special Events staff met with Daisy Mountain Veterans to discuss Memorial Day Ceremony plans. The event will take place Monday, May 27 at the Anthem Veterans Memorial beginning at 9 a.m.

*Other:* Staff assists with Anthem Days preparation (ads, promotional materials, FB event page, printed materials, etc.); HOA communications/election; Community Center and Civic Building programs promotion; NR/DHCA Town Hall; website maintenance/updates; visit with U.S. Army Career Center/New Battalion Commander; Go Green planning; staff website training; MCDOT projects; and signage projects.

## **COMMUNITY CENTER**

### *Sports/Rec Leagues:*

- Winter youth sports are underway; basketball has over 160 participants. The first offering of youth sand volleyball has 9 teams and 23 participants. Due to the overwhelming response for sand volleyball, residents have asked our Sports Manager to begin to offer a Skills & Drills program this spring.
- Pickleball guided play (staff-led) has been running M-Th, 4-6 p.m., and has been a huge success. Skills & Drills classes will begin in March. 120 residents in the past three weeks have signed out pickleball equipment offered by the Community Center.
- Starting in March, residents will also be able to sign out Bocce sets to be used at the court in the Community Park.

*Youth Programs:* Forty pairs attended the annual Father/Daughter Dance and evaluations have been positive about the event. Spring Break day camp registration opened this month and enrollment already exceeds 50%. Summer Camp counselor recruitment started in January; three of last year's lead instructors are returning for this summer. The Community Center's summer camp was named the North Valley's "Most Loved All-Around Camp" by local publication HulaFrog.

*Aquatics:* The lifeguard program will kick off this month with the first of three recertification classes being offered to returning lifeguards. Two of three pool managers are returning from last year; 45 returning commitment letters from last year's lifeguards are filed. Once returning guards are on board, the hiring process will open to new guards who are training in March.

*Rock Wall Repair:* Staff is receiving bids to replace the entire safety belay system at the Rock Wall. The current safety system has been discontinued and is no longer being used at any indoor Rock Wall facility. Bids should be reviewed and a new system chosen by the end of February.

*Facilities:* Operations Manager Jay Cochran is working with Parks & Facilities on bids for retrofitting LED lighting at the tennis courts; purchasing 32 ceiling fans for the second floor fitness area; and preventive maintenance projects on Water Park and pool equipment.

## **CIVIC BUILDING**

*Public Art:* The new rotation of Art in Public Places officially opened on Saturday, Feb. 9. All displayed items are available for purchase by visiting the Sonoran Arts League online store through May 16. A few items sold at the rotation opening and in the weeks since.

*AARP Tax Service:* To date, the AARP Free Tax Prep service has been very popular with a large turnout each Wednesday, 8:30 a.m.-1 p.m. Walk-ins only; no age restrictions.

### *Upcoming Programs*

- *Planting Parties:* Plant Bar AZ will offer planting parties in February and March where residents can create their own personalized mini terrariums.
- *Drum Circle:* The first event, held Feb. 6, was so popular that it is back by popular demand on March 6!
- *Java & Jammin':* The March 9 event will feature Nicki Park, and is sponsored by Alan & Candy Muller.

## **SPECIAL EVENTS**

*Anthem Days:* Exhibitor registration is open through March 1. New this year, one well-deserving exhibitor will receive the *Best in Show Booth Display Award*. The carnival will arrive March 18 with opening night on Thursday, March 21. There is a traffic control plan in effect for March 21-24, with various road restrictions surrounding Community Park; on-street parking will be

available for Gavilan Peak Pkwy. and Whitman Dr. during specified periods of time only. Thank you to sponsors ProSkill Services (title sponsor); Brightview Landscapes, Anthem Law, and Merrill Gardens (event level sponsors); and Rise Above Remodeling, Affiliated Dermatology, Sylvan Learning, and Phantom Realty (business sponsors).

*Little League Opening Day Ceremonies:* High Desert Little League will host Opening Day Ceremonies March 9, 8 a.m.-9 p.m. in Community Park. The event will start in the Amphitheater and then move to Softball, Soccer and Little League fields for the remainder of the day. There will be entertainment, team photos, food trucks and vendors, practices and games.

*Music in the Park:* Church of Jesus Christ of LDS will host a Music in the Park event March 30, 4-6 p.m. in the Amphitheater. The event is free and open to the public with light refreshments.

## **PARKS & FACILITIES**



### *Welcome Sign Refinishing:*

Staff disassembled and refinished the “Welcome to Anthem” sign on Anthem Way (west of I-17); the sign had faded from direct sun and wear. Staff doing this project in-house saved the ACC nearly \$1,000.

*Special Projects:* Staff has been working on a number of special projects:

- Mike Krask, Electrical Technician, has been helping to install the Variable Frequency Drives at the Community Center, to help reduce energy costs and prolong the life of the Water Park motors.
- Mike also located the last 10 light bulbs in the country for the outdated style fixtures to get Softball Field #1 lighting completely operational again.
- A site plan is underway to convert Softball Field #1 and the Community Center tennis courts to LED light fixtures under Mike’s leadership.
- New energy management software called “Lightcloud” is being implemented for all sports field and Community Center lighting. This will allow lights to be controlled by the touch of a button from any computer or cell phone, which will greatly reduce staff time by not having to open each electrical panel on site.
- Brandon Haile, Facilities Maintenance Supervisor, has been working with a contractor that utilizes scuba divers to inspect the condition of the lakes, and to make repairs to the aerators that maintain the life of the fish.
- Tyler Driscoll, Technician, headed up the renovation of Little League Fields #2 and #3 to restore the batter boxes and the pitching mounds, and the overall condition of the infields. Softball Fields #2, 3 and 4 will be on the next schedule for infield renovation (right).



*Landscaping Updates:* All of the sod repairs were completed for Soccer Fields #1 and 2, and they are now open for play. Two new trees will be added to the south end of the Opportunity Way Park picnic area. Additional sod repairs will take place throughout Community Park. Paseo will receive 100 new plants and additional granite. BrightView has added 10 crewmembers for removal of weeds throughout the community.

*Staff Updates:* Kellie Noller accepted the full-time Office Administrator position, replacing Christine McClymonds. Current open positions are for a part-time Office Assistant, and two full-time Maintenance Techs.

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## Financial Summary of Operations – January 2019

### Summary:

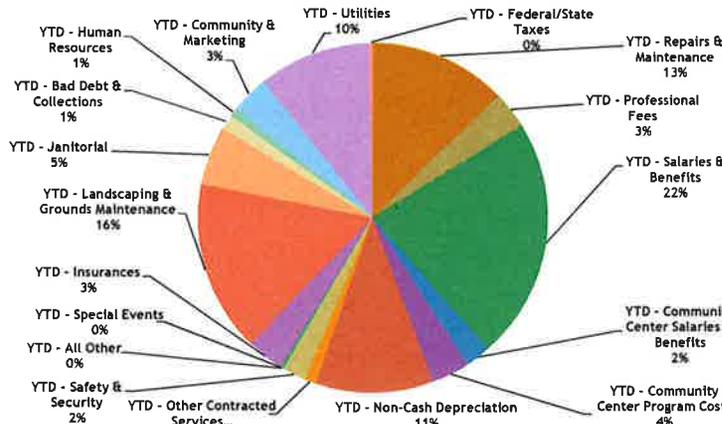
- Anthem Community Council's financial performance for the first month of 2019 was favorable against January 2018 and favorable against the approved 2019 Budget.
  
- **Balance Sheet Review:**
  - Net of cash balances due to our HOA partners, the ACC has \$4.8 million in operating cash. The Operating Fund has currently advanced \$510,000 to the Enhancement Fund for interim Master Plan Project funding.
  - Our adjusted Reserve Fund balances at \$15.95 million, and is fully funded against the 2018 Reserve Study. The 2019 Budget calls for Reserve contributions of \$2.2 million (\$185,000 per month) against an anticipated spend of \$1.5 million.
  - Our net Enhancement Fund balances are \$933,000, which is net of obligations due to the Operating Fund for recent advances against Master Plan projects. The Enhancement account generated \$60,000 in January revenues, a \$5,000 decline from January 2018.
  - Collections and Accounts Receivable balances continue to trend positively. As of the close of January, total community open receivables are at \$1,293,000, which is \$120,000 above January 2018 but \$150,000 below January 2017.
  - Community Equity is the combination of results for all three Funds, Operating, Reserve and Enhancement. In 2018, the overall increase in community equity was approximately \$1.9 million.
  
- **Income Statement Review:**
  - Net January revenues were level with both the 2019 budget and January 2018 results.
  - Utilities expenditures were level with January 2018 costs and \$15,000 favorable against Budget.
  - Professional fees for legal, accounting and insurances were level with both the 2019 budget and January 2018 results.
  - Financials costs, which include bank fees, bad debt, and related costs, were level with January 2018 results and were \$15,000 below budget.
  - Overall administrative compensation costs were \$9,000 below January 2018 and \$43,000 below the 2019 Budget. There are currently three open full-time positions and two open part-time positions that are being recruited.
  - Contracted services, which includes landscaping, janitorial and security costs, were level with both January 2018 and 2019 Budget.
  - Overall, bottom line performance was \$41,000 improved over January 2018.
  
- During Q1, the ACC will join with Parkside and Country Club to select an insurance brokerage to place the community's business insurances for 2019-2020, which renew on May 15. We are anticipating a slightly harder market for D&O, property coverages and general liability coverages, and the overall premium increase, year-over-year, should be approximately 4%. Recently, the ACC's Workers Comp insurances decreased again, as a result of continued emphasis on worker safety and no claims. The Comp policy will renew again in July.
  
- As always, our full disclosure financial statements are posted on *OnlineAtAnthem.com* as part of the documents supporting this open meeting. We encourage all property owners to take the time to become familiar with our financial standing and results. Please send us your questions at *accounting@anthemcouncil.com*.

This YTD	Last YTD	This YTD
January	January	January
ACTUAL	ACTUAL	BUDGET

### BALANCE SHEET SUMMARY

Operating Cash	4,865,942	4,729,119
Reserve Fund	15,952,771	14,555,198
Enhancement Fund	933,886	1,883,397
Receivables - ACC	678,994	641,707
Receivables - Other	49,648	38,120
Receivables - Allowance	(390,791)	(424,519)
Other Current Assets	146,755	146,627
Net Fixed Assets	16,087,080	15,025,061
<b>TOTAL ASSETS</b>	<b>38,324,284</b>	<b>36,593,712</b>

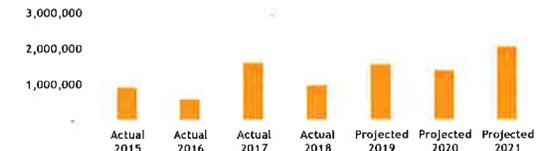
Trade & Supplier Payables	310,568	479,339
Payroll & Benefits	258,945	173,567
Prepaid Assessments	289,069	295,995
Deferred Assessments	1,251,968	1,297,510
Other Current	188,533	192,868
Funds Due HOAs	283,462	477,705
Retained Equity	35,412,446	33,523,646
Current Year Surplus	329,295	153,081
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>38,324,284</b>	<b>36,593,712</b>



HOW ASSESSMENT DOLLARS HAVE BEEN SPENT - CURRENT YTD

TOTAL ANTHEM A/R	TOTAL	Due Now	31 - 60	61 - 90	91 - 180	Over 181
Country Club	88,700	48,499	1,809	1,118	12,602	26,674
ACC	678,994	287,050	7,318	18,634	85,207	280,585
Parkside Villages	511,071	78,158	32,792	52,182	37,363	310,576
<b>TOTAL</b>	<b>1,292,687</b>	<b>418,962</b>	<b>41,919</b>	<b>72,134</b>	<b>138,081</b>	<b>621,592</b>
		32.4%	3.2%	5.6%	10.7%	48.1%

TOTAL ANTHEM A/R	TOTAL DUE	Owner Type		TYPE OF OPEN RECEIVABLE		
		Current	Previous	Assessmnt	Legal	CC&Rs
Country Club	88,700	80,954	7,746	66,305	2,188	20,207
ACC	678,994	609,680	69,314	422,168	256,826	-
Parkside	511,071	454,205	56,866	109,956	49,417	350,865
Villages	13,922	13,922	-	13,622	-	300
<b>TOTAL</b>	<b>1,292,687</b>	<b>1,158,761</b>	<b>133,927</b>	<b>612,061</b>	<b>308,430</b>	<b>371,372</b>



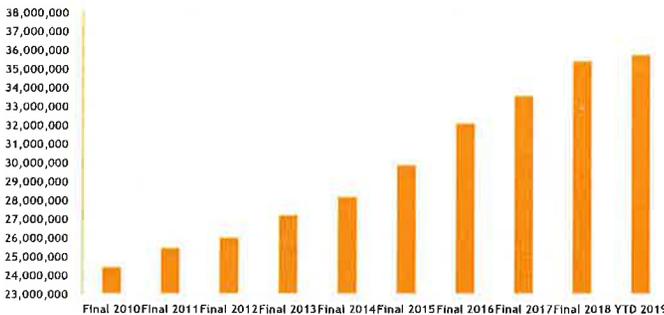
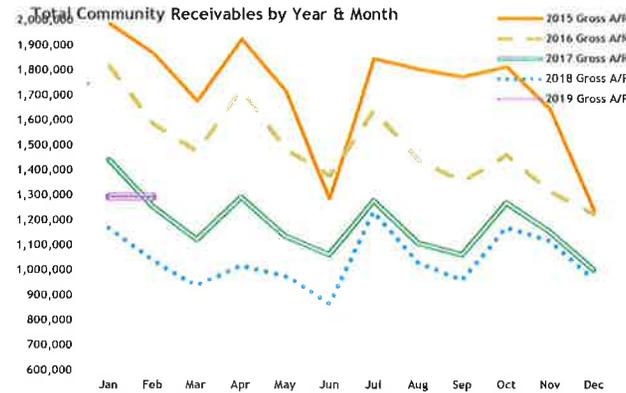
ACTUAL & SCHEDULED RESERVE FUND SPENDING 2015 - 2021

### PROFIT & LOSS SUMMARY

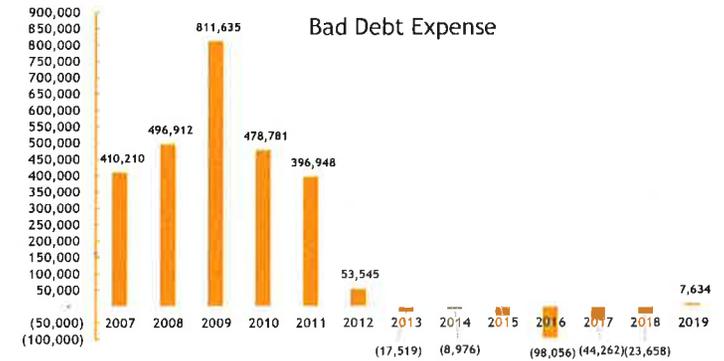
Assessments	770,295	763,717	746,128
Community Center	98,792	109,236	100,606
Events	475	60	-
Other Revenues (Net)	66,754	78,923	46,469
Transfer to Reserve Fund	(185,000)	(170,000)	(175,000)
<b>TOTAL REVENUES</b>	<b>761,316</b>	<b>781,926</b>	<b>718,203</b>

Direct Programs Coat	20,549	29,502	34,895
Events Costs	-	-	125
Community Involvement	20,310	22,206	32,523
Utilities	61,131	64,552	77,957
Professional Fees	20,098	24,198	21,475
Financial Costs	12,850	11,291	34,570
Insurances	20,308	19,066	28,775
Security Costs	12,316	13,835	23,726
Human Resources	4,928	7,003	9,504
Repairs & Maintenance	28,051	40,267	62,509
Landscaping	92,816	92,816	93,917
Contract Services	38,310	39,624	40,677
General & Administrative	458	35,175	24,430
Compensation - Comm Ctr	13,487	21,249	38,124
Compensation - Facilities	46,146	44,830	88,684
Compensation - Admin	130,572	136,296	227,115
Depreciation	63,331	61,794	70,950
All Other Expenses	(1,617)	(462)	4,200
<b>TOTAL EXPENSES</b>	<b>684,043</b>	<b>663,242</b>	<b>893,955</b>

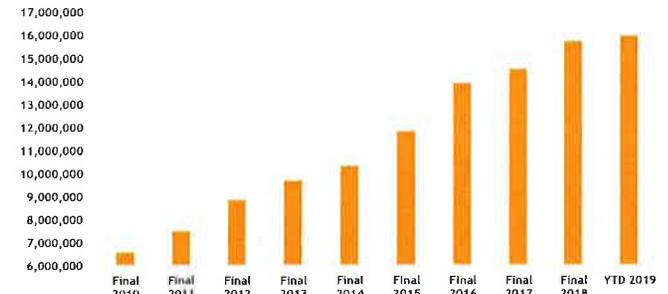
<b>OPERATING SURPLUS</b>	<b>167,273</b>	<b>118,683</b>	<b>(175,752)</b>
<b>RESERVE SURPLUS</b>	<b>235,896</b>		
<b>ENHANCEMENT SURPLUS</b>	<b>(73,876)</b>		
<b>TOTAL SURPLUS (DEFICIT)</b>	<b>329,294</b>		



Growth in Community Net Equity Year Over Year



Growth in Reserve Fund Balances Year over Year



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## Committee Reports

Fiscal and Resource Management  
January 16, 2019  
Civic Building Vision Room  
1 p.m.

### MEETING MINUTES

**Members Present:**

Carolynn Hiron (Chair)  
Lynne Kirkman  
Mark Senn  
William Bobbitt  
Sam Crump

**Members Absent:**

Bonnie Hirschberg

**Others Present:**

Doug Greenstein, CFOO  
Lauren Cameron, ACC Analyst  
Francisco Tort, Morgan Stanley  
Michael DiVenti, Blackrock  
Doug Sutherland, APCA President  
Country Club & Parkside Community  
Managers

**CALL TO ORDER**

The meeting was called to order at 1 p.m. A quorum was achieved.

**ADOPT AGENDA**

The agenda was adopted.

**APPROVE MEETING MINUTES**

- A. Meeting minutes from November were previously approved by E-mail.

**NEW BUSINESS****A. Discussion on ACC Investment Strategy and Economic Overview**

Blackrock Investment Management and Morgan Stanley presented a session on current economic trends and impacts on the fixed income market that focused on two areas: (a) ACC investment performance over the past six months; and (b) what the current market environment means for 2019 fixed income investments. Committee members and guests also engaged Morgan Stanley and Blackrock with a series of market questions. In summary, the relevant discussion points were:

- a) ACC investment performance was strong relative to market conditions, with net investment yields ranging from 2.3 % to 2.8 %.
- b) Blackrock & Morgan Stanley's guidance is to stay short-range with investments, as they anticipate that there may be two (2) increases in the Fed rate during 2019. Towards the latter half of 2019, Blackrock suggested increasing the duration of investments from 1.5 years to 2.0-2.5 years to pick up additional yield.
- c) Blackrock & Morgan Stanley's guidance was that there were no prudent changes to the ACC Investment Policy needed at this time. The current Policy emphasizes investment quality over yield.
- d) While Q4 2018 market turmoil impacted the fixed income markets and the ACC incurred some UNREALIZED LOSSES, since the investments are short duration, those losses will evaporate when the investments mature and are paid out at full face value.
- e) Blackrock will investigate potentially changing the allocation of investments to emphasize higher yielding investments that still meet the profile of the Investment Policy.
- f) Short duration CDs (under 1 year) can be safely added to the portfolio, should investment opportunities present itself.

**B. Update on 2019 Work Plan**

The Committee discussed meeting dates for 2019 and the content of the 2019 Agenda. Chairperson Hiron subsequently polled members of FaRM and provided staff with a final Work Plan, which would be presented to the ACC Board at its January Open Meeting.

**C. Reserve Study Update**

CFOO Greenstein advised that the Reserve Study for the ACC has been completed, and that the recommendation from the engineers was to increase the annual funding from \$2.1 million to \$2.221 million annually. Greenstein also advised that this funding rate was included in the 2019 Budget that was recently approved by the ACC Board. Greenstein also advised that the Reserve Study for Paseo was recently completed and that ramifications of the Paseo Reserve Study and funding requirements would be discussed with the ACC Board at a subsequent date.

**D. Master Plan Projects**

Chairperson Hiron and CFOO Greenstein led a discussion on the recently Board-approved Dog Park, which has, at this time, an estimated build price of \$1.8 million, and spoke to some of the construction issues involved. Member Senn voiced strong concern that the project, while having community support, should have more fully addressed anticipated future annual operating costs, and that without this information, future assessment levels are at risk. He recommended again (as it had been voiced earlier in previous FaRM meetings) that the Board and staff should develop more detailed estimated operating cost projections, to the extent data can be captured, and that such information should be central to any final Board decision on a proposed project and that no project should be approved without such operating cost estimates.

**E. Circle Mountain Ranch**

Chairperson Hiron and CFO Greenstein updated FaRM on the progress of Pulte/Lennar in building Circle Mountain Ranch. Approximately 87 homes have been closed to date, and the project is on track for a closeout and turnover in mid-2021. CFOO Greenstein advised that the ACC was working with Pulte to develop a reimbursement formula for offsetting landscaping costs against assessments collected.

**F. Resales**

CFOO Greenstein updated FaRM on the resale revenues for 2018 YTD and advised that revenues will approach \$900,000 in 2018, which is the largest annualized resale revenue in ACC history. FaRM discussed the impact of resellers such as OpenDoor on this revenue stream, as it essentially “doubles” the Enhancement Fees earned on each property. Also noted was the impact in favor of the Country Club HOA, which had implemented its own version of a Lifestyle Enhancement Fee effective October 1, 2018.

**G. 2018 Financials**

All FaRM members were generally pleased with the financial results and that overall, the ACC is operating favorable to budget and favorably against the 2017 Actuals. Concern continued to center on results for the Community Center as to the continuing decline in overall revenues, and what the implications of that decline would mean on resident services, staffing levels, and related out-of-pocket expenses. FaRM also discussed the impending financial impact of new contracts on landscaping and janitorial services, as well as impacts from AZ Prop 2016, which would create cost and assessment pressures on 2020 and forward budgets.

**H. Insurance RFP**

CFOO Greenstein spoke to the impending release of the Insurance RFP, wherein the combination of ACC, APCA and ACCCA collectively bid out their business insurances. Historically, the RFP is issued every two years with the intention of selecting a brokerage representative on a fee basis (as opposed to building the fee into the policy premiums). Once selected, the brokerage would then work to obtain appropriate policy quotes. Greenstein noted that five (5) brokerages were bidding for the renewal, including: WellsFargo/USI; Brown & Brown; Hays Company; Levitt & Touche'; and HesterHeitel. All bidders have extensive experience with the HOA marketplace and experience with the risks associated with Large Scale Communities. Representatives from ACC, Parkside and Country Club would act as the Selection Committee. It is the intention of the parties to select a brokerage by the early part of March for a renewal period which begins on May 15.

**OLD BUSINESS**

- NONE

**ADJOURNMENT**

- There being no further business to discuss, the meeting adjourned at 3:30 p.m.

Respectfully Submitted,  
Douglas Greenstein, CFOO



**ACCCA**

**Resolution  
of the  
Board of Directors  
of**

**Anthem Country Club Community Association, Inc.**

**Subject: Residential Design Guidelines-Home and Yard Revision:  
Custom Wall Modification**

**Submitted by: Lifestyle Enhancement Committee (LEC)**

The following resolution was duly adopted by the Board of Directors of the Anthem Country Club Community Association, Inc., (ACCCA) at a quarterly meeting of the Board of Directors (Board) held on February 7, 2019:

**WHEREAS:**

- Pursuant to Article IV, Section 4.3 of the CC&RS for the Anthem Country Club Community Association, Inc., the Lifestyle Enhancement Committee (LEC Committee) recommends the ACCCA Board of Directors amend the Residential Design Guidelines-Home and Yard as follows:
  - Section II, Changes to Home Exterior, Walls, Fences, Doors/Walls Fences and Walkways revised to include requirements for custom wall modification.
  - Section III, Walls, Fences and Walkways, revised to include requirements for custom wall modification.

**THEREFORE, BE IT RESOLVED that the ACCCA Board of Directors:**

- Agrees to amend the Residential Design Guidelines-Home and Yard as outlined above effective immediately.

The undersigned, by affixing their signatures hereto, do hereby consent to, authorize, and approve of the foregoing resolutions this 7<sup>th</sup> day of February, 2019.

Carl Benner, President

Barbara Birdseye, Vice President

## ARCHITECTURAL STONE

*Design Principle: The use of stone, either natural or synthetic, as an exterior building material can lend a sense of visual strength and permanence to a residence. Careful consideration must be paid to the selection, location and extent of stone applied to enhance and not overshadow the home's architectural integrity.*

### Guidelines

- Stone selection must be of a color, texture and pattern appropriate to the existing residence and the Anthem Country Club Community.
- Stone must appear to be a substantial, load-bearing mass and must never appear to be pasted on or floating above another finish such as stucco.
- Stone must terminate at an inside corner.
- Stone above openings is discouraged but, if used, must appear as a solid lintel (spanning the opening below) or as a self-supporting compression arch.
- Stone applied in a stepped pattern intended to appear as an "eroding" stone wall is not permitted.
- **Faux Stone Textured Panels -**
  - Faux Stone Textured Panels – Polyurethane Plastic/Foam Composite is the acceptable product the LEC will consider.
  - Style, Pattern, Appearance and Materials shall be integral to the design of the landscape and composition of the architecture of the home.
  - The LEC reserves the right at its discretion to not approve colors/combinations that it deems are not compatible with the overall community character and the style of homes.
  - No Barnwood, Reclaimed Wood, -Brick or Cobblestone designs allowed.
  - A signed copy of the Agreement of Consent to Wall Modification MUST ACCOMPANY APPLICATION\*.
  - Materials must be maintained at all times. Chipped, broken, faded or damaged material must be repaired or replaced to maintain a high quality appearance.
  - Use of stucco on inside party walls must be painted Anthem Chocolate Mousse.
  - Due to the amount of design possibilities, the LEC will review each submittal on a case by case basis, using the design philosophy of blending with the overall scheme of the architecture and community.

Faux Stone Textured Panel Sample Colors:



\*Architectural Stone and/or Faux Stone Textured Panels, which are intended to be affixed to either a developer build rear or side block wall or view fence that is maintained by the Anthem Community Council (ACC) will require their approval in addition to the approval of the Anthem Country Club Community Association (ACCCA). Please refer to Rear Wall/Rear View Fence Modification form, Addendum D, pg., 45-46. Additionally, should the ACC need to perform repair or maintenance work on a wall that has had architectural stone and/or faux stone textured panels, or any other modification approved by the ACC and ACCCA, all costs for wall or fence repair or replacement and for repair or replacement of the stone, panels or other modifications, are at the sole cost of the homeowner.



## ACCCA Residential Design Guidelines (RDGs)

- and fence requirements must be maintained as determined by local, county, state and national authorities.
- Block Wall Painting: Owners must submit the Exterior Change Application to the LEC before painting any block wall that otherwise is not painted by the Anthem Community Council and wait for approval before work begins. All block walls must be painted in Anthem Chocolate Mousse. Contact ACCCA staff to verify which sections of a block wall the Owner may paint.
  - Block walls may have stucco applied to interior only and must be painted Anthem Chocolate Mousse. Owners are required to submit an Exterior Change Application to the LEC. Additionally, any stucco, which is intended to be affixed to either a developer built rear or side block wall or view fence that is maintained by the Anthem Community Council (ACC) will require their approval in addition to the approval of the Anthem Country Club Community Association (ACCCA). Please refer to the Rear Wall/Rear View Fence Modification For, Addendum D, pg. 45-46. Additionally, should the ACC need to perform repair or maintenance work on a wall that has had stucco affixed to it, all costs for wall or fence repair or replacement and for repair or replacement of the stucco are at the sole cost of the homeowner.
  - View Fence Painting: Owners must submit the Exterior Change Application to the LEC before painting any view fence that otherwise is not painted by the Anthem Community Council. Please contact ACCCA staff to verify which sections of a view fence the Owner may paint. All view fences must be painted Country Club Brown.
  - The installation of a wildlife (rabbits, rodents, snakes, etc.) barrier on rear or side yard perimeter view fencing is permitted. The barrier must be no higher than 24 inches in height. The material for the barrier must be 1/2-inch hardware cloth. The barrier must not be connected to the view fence with screws or any connector that would damage the view fence. Plastic zip ties are recommended. The wildlife barrier must be removed and reattached by the property Owner to accommodate the painting schedule for view fences.
  - Retaining Walls
    - Walls that are partially below the finished grade or walls that are used as planters must be properly moisture-proofed to avoid unsightly water staining. If staining occurs, the Owner is responsible for the complete repair of the problem.
    - Cut or fill slopes along the exterior of the wall must be smooth and taper gradually conforming to existing grades.
  - Walkways
    - Walkways and patios may be integral color concrete (neither stained nor painted), exposed aggregate concrete, concrete pavers, flagstone, imitation flagstone, travertine, matte finish tile or coated with a polymer modified cement product in a limited number of colors and patterns.
    - Walkways in the front of the home and leading to the side gate:
      - Must have a maximum width of 5 feet.
      - In general, the walkway is intended to facilitate pedestrian travel and transport of trash and recycle containers to the side yard areas.
      - Parking on extended walkways is not permitted.
      - Should be no wider than the width of the side gate at any point, including any border to the walkway. Walkways should join the driveway or front courtyard area at a perpendicular angle.
      - The edge of walkway closest to the house should not exceed three feet and should not run parallel to the driveway. The area between the house and the edge of the walkway should be landscaped to match the rest of the landscaping, such as granite, grass or shrubs.
      - A minimum area of two feet must be left between the new extension and the property line. This two foot area must also contain landscape groundcover to match the front yard (granite, grass, etc