Community Council

Board of Directors Meeting Minutes
REGULAR MEETING
Virtual Meeting via Zoom
September 17, 2020

Attending:
Bud Kern, President
Natalie Ingram, Vice President
Alex Townsend, Treasurer/Secretary
Ron Belmont
Bruce Benham
Jill Hegardt
Sheryl Lowenhar

Staff Attending:
Jenna Kohl, Executive Director
Dee Nortman, Financial Operations Director
Beth Overton, Facilities and Recreation Director
Jona Davis, Community Engagement Director
Mike Gertzman, Communications Senior Manager
Erin Valdez, Exec. Assistant/HR Administrator

I. Call to order
Bud Kern called the meeting to order at 5:30 p.m. and a quorum was established via Roll Call. All board members were virtually present.

II. Approval of Minutes

Motion: To approve the amended minutes from the May 28 board meeting
Motioned by Bruce Benham; Seconded by Natalie Ingram; motion passed unanimously

Motion: To approve the minutes from the July 23 board meeting
Motioned by Bruce Benham; Seconded by Jill Hegardt; motion passed unanimously

III. President's Report
Bud gave an update on the Governance Committee, which met on September 2. The committee discussed the delayed trustee sale of ICON and the ongoing Sissoo tree issue in the Arcadia neighborhood. The Covenant Commission reported that 83% of DC Ranch is built out.

The board decided to table their discussion on appointments to the Nominating Committee until the November 5 meeting.

IV. Staff Report
Jenna reviewed her staff report, which was included in the BOD packet and is posted on the website. She encouraged residents to attend the Council's 10/22 Public Budget work session. The 2021 budget will be formally adopted at the 11/5 open board meeting.

V. Monthly Finance Report
Due to this meeting occurring earlier in the month than usual, Dee gave a verbal update. Council's budget bottom line shows a net revenue through August of approximately $774,000, due to high performing benefit fees and cost savings due to event cancellations during the pandemic. The cash balance sits at 8 months; this exceeds the board's policy of 6 months maximum, but the Board has authorized this amount to go above policy max due to COVID-19 precautions.

Treasurer Alex Townsend reported that the Finance Committee held its inaugural meeting on July 28; the committee discussed their scope of work, level of participation, and planned to move forward with quarterly meetings. The committee will attend the October 8 budget work session and will assist in the RFP process for an audit firm.

VI. Public Affairs Report-Out
Chris Irish presented on the following issues and reminded the board and residents that all the Public Affairs information is posted on the "News & Events" section of the website.

1) 2020 Census: Door-to-door census volunteers are still visiting DC Ranch to wrap up the area; DC Ranch has a 73.75% response rate, compared to 66.4% for the city of Scottsdale and 62.7% for the state of AZ.
2) Reata Wash: Last fall the city did a study on flood rates within the wash; found 100 peak flood discharge rates for watershed were significantly lower than what they had thought. This new information has been submitted to FEMA. If approved, the city can design a less expensive project. The city expects to hear back from FEMA within the next two months.
3) FAA/Sky Harbor/NextGen: SCANA is working with the city to lobby the FAA to make changes to the eastbound flight patterns. City filed legal action against FAA in March. The City expects the FAA will request an extension. City Council has already approved funds for an outside attorney should they go to trail against the FAA. Chris noted if Scottsdale is successful in moving these eastbound flight patterns, it should lessen noise from Scottsdale airport as well.
4) Scottsdale Airport: Residents have noticed increased noise from the Scottsdale Airport from flight school air traffic. Chris contacted 14 flight schools that use the airport, sending them a letter asking for ideas and cooperation on how they might help to mitigate noise impact on DC Ranch residents. Chris heard from one school saying they'd be happy to work with DC Ranch to brainstorm ideas and continually consider how they might decrease noise.
5) Bell Road Sports Complex: 13 lighted athletic fields are set to be built near Westworld as part of a city bond project. These fields will also serve as overflow parking lots during major events. City has started phase 1 to build six fields at the NE corner of Bell and 94th St. In August, the City held a virtual presentation for three weeks; Council submitted comments on behalf of the DC Ranch community at large. The next phase of the project may include NE corner of Bell and 94th Street, which was not identified as a location of fields in the bond project. Council has taken a firm position that to change a bond location after vote is a breach of public trust. Council has repeatedly communicated this and noted opposition in talks with City staff. City will be deciding on using that land within the next two months. Chris will continue to monitor this issue. The board agreed that the Council needs to stay involved and continually oppose use of the east forty acres for sports fields.
6) ICON: Sale by lien holder has been postponed multiple times. Chris will continue to monitor.

VII. Consider Applying for Forgiveness of PPP Funds

Dee discussed the Council's receipt of PPP funds. At the onset of the COVID-19 pandemic and due to the unknown impact of the pandemic on Council's funding, Council applied for and received $339,600 in PPP funds in mid-April. Funds were used for staff retention, salaries, and other employee costs. However, benefit fees have remained strong. The Board reviewed the options for the loaned money. The deadline to apply for forgiveness has been extended a few months. The Board discussed their opinions on applying for forgiveness or returning funds. Director Sheryl Lowenhar voiced her dissent, stating the future of benefit fees is still unclear. Dee noted that Council would have to pay approximately $1,400 in interest if the funds are returned.

Motion: To approve staff to move forward with returning of PPP funds and pay the accrued interest
Motioned by Bruce Benham; Seconded by Ron Belmont; motion passed with 6 votes in favor, 1 against (Lowenhar)

VIII. Consider Authorizing Transfer of Funds and 2020 Operating and Capital Fund Expenditures

Jenna reviewed the memo of staff requests of transfers and expenditures; each fall staff makes these requests to the board provided revenues perform as expected, with benefit fees stronger than the capped figure ($1.5m) included in the budget. Jenna emphasized that the Council's benefit fee revenue is budgeted conservatively at $1.5 million by design; any excess revenue is used to fund Capital and Reserve funds for future projects. Given the Council's excess operating funds, she recommended that the Board approve the following:

1) Transferring $200,000 from Operating Fund to Reserve Fund
2) Transferring $345,600 from Operating Fund to Capital Fund
3) Expend the items in the memo from the Capital Fund (includes furniture at Desert Camp, shading and fencing on the pickle ball courts, and installing a lobby partition at The Homestead for safety and privacy near staff office area) for a total not to exceed $45,600
4) Expend the items in the memo from the Operating Fund (includes traffic cones for events, large format printer, camera and microphones, other staff needs) for a total of $35,350

The following residents were in attendance and voiced their support for the pickle ball court improvements: Dina Hudson, John Shaw, Elaine and Paul Cottey, Lisa Olsen, Patti Kilmer, Kim and Bruce Raskin, Joel and Susie Blau, Teena Dreesen, Scott Horsley

Motion: To approve staff to move forward with the two transfers from the Operating Fund: $200,000 to the Reserve Fund and $345,600 into the Capital Fund
Motioned by Jill Hegardt; Seconded by Ron Belmont; motion passed unanimously

The board discussed questions regarding where the shade will be on the pickle ball courts, and what the lobby work in The Homestead will look like.

Motion: To approve staff to expend the $45,600 from the Capital Fund

Motioned by: Bruce Benham; Seconded by Jill Hegardt; motion passed unanimously

Bud requested clarification on the thermal scanner. Beth Overton explained that fitness centers are currently required by state mandate to take temperatures. Jenna noted that, while we are asking for authorization to purchase the scanner, we will only do so if it is necessary for center operations moving forward.

Motion: To approve staff to expend the $35,350 from the Capital Fund
Motioned by: Ron Belmont; Seconded by Alex Townsend; motion passed unanimously

IX. 2021 Budget Preview

Jenna thanked the board for allowing the previous transfers and purchases. She reviewed the preliminary plans for the 2021 budget. Staff is seeking board feedback in a few areas, given the uncertain nature of the year so far. Staff is planning to get back to business, but in new and innovative ways that adhere to safety guidelines and protocols. Staff proposes returning to the facility rental program a few months into the year, rather than full year.

Expense categories that are seeing an increase include but are not limited to communications (texting service implementation, videography/photography, digital signage program), Path & Trails system due to additional preventative maintenance, and possible staffing implications relating to hours of operation at Desert Camp community center. Funding levels for events and programs have remained stable; staff will find appropriate ways to offer these programs as dictated by mandates and safety protocols.

The board had no questions or comments and will discuss the budget more in-depth at the October 8 work session.

X. New Business

None presented

XI. Adjourn Meeting

Motion: To adjourn the meeting at 6:23 p.m.
Motioned by Bud Kern; Seconded by Natalie Ingram; Motion passed unanimously.

Minutes submitted by Erin Valdez

These minutes attested by:

Alex Townsend
Community Council Board Secretary/Treasurer
November 5, 2020