

**President's Report**  
**The Springs at Santa Rita HOA**  
**January 18, 2012 - Annual Meeting**

The Springs HOA continues to be a financially healthy association with a dedicated Board of Directors and a strong core of active volunteers working to make this HOA one of the best in Green Valley.

The Springs has successfully bucked the national tidal wave of delinquencies and foreclosures that is running between 5 and 15%. The rate has been less than 1% in The Springs. The real estate market in Green Valley seems to be picking up. 2011 saw about a dozen transfers with another a half dozen still pending.

The EOY financial report that shows when the 2012 deposit is made, the Reserve Fund will contain over \$500,000 for future capital expenses. A professional review of the fund's allocations to the HOA's capital assets indicated The Springs falls nationally in the mid-range of all HOAs with deposits at 58.4% of the thirty year total. No funds were expended on projects in 2011, but 2012 will see heavier expenses with planned street maintenance work.

An active Finance Committee overseeing all financial activity recommended the budgeting process for 2012 work towards achieving a balance budget. Historically, in past years the projected budget has used funds from a shrinking operating reserve account for the purpose of not increasing the annual dues. The decision was made to slowly increase dues over the next several years to stop the reliance on this supplement that was projected to end in several years. Otherwise to avoid a deficit budget the increase would have to be between \$50.00 and \$100.00. On the positive side, over the past several years careful scrutiny of budget items has lowered our annual office costs over \$5,000, eliminated fixed utility charges for unneeded meters by several thousand. For the most part the current economic problems have helped in keeping contract costs, etc., low. Other costs include: The CC&R required membership in The Santa Rita Master HOA increased by \$.50 to \$5.00 per roof to cover the cost of replacing the golf cart path and dues also included \$5.50 per roof for our voluntary membership in The Green Valley Community Council.

The Springs has attained the status of a mature community and with it has come some aging pains. The past year saw several issues for your Board of Directors to address or continue to work towards solving: The first issue following the problems of 2010 related to the Architectural Review Committee (ARC). Early in the year an Ad Hoc committee reviewed and revised the ARC notices and correspondence in order to be less abrasive and still meet legal standards. Several new members joined the ARC under the leadership of a previous member who became chair. Unfortunately the extensive time involved resulted in the resignation of the chair. It is impossible for the ARC to function properly without the leadership of a chair. When no chair could be found, the board considered hiring a management company for the required ARC duties. Not satisfied with the terms of how the work would be done and the rather open-ended compensation clause, this proposal was dropped. Although several new residents volunteered to join ARC no one came forward to chair its activities. Because the CC&Rs require an ARC Committee and its active involvement in enforcing ARC regulations, the ARC committee negotiated a contract for ARC service from Gene McGaughey, a past HOA president and former Chair of the ARC. The Board of Directors approved this contract for 2012 on a trial basis to be review at the end of this year.

The second issue involves the management of the HOA's over sixty acres of common area including twenty designated park areas and the nature park. A nine member Ad Hoc committee has been appointed and meetings are scheduled to begin formulating recommendations to the Board of Directors on solutions to existing problems. The committee will be looking for input from all residents. The meetings will be posted and are open to observers,

Finally, the third issue was the construction of the Tucson Electric Power (TEP) substation adjacent to the Nature Park. The removal of natural elements, trees etc., along the TEP easement bordering the HOA property together with noise/dust issues and the visual impact of the large substation caused concern for many residents. A group of residents met on a bi-monthly basis with a TEP representative who provided regular updates. This group secured a donation from TEP of 50 native mesquite trees to help mitigate the loss of the removed plants. The substation work is complete, but not finished. The HOA is still following through with TEP until a boundary fence is replaced and the final cleanup is completed.

My appreciation and thanks to those residents who volunteer to help on committees or take the time to come to board and committee meetings. It is your involvement and interest that makes The Springs a great place to live.

Kaye Gray. President

**The Springs HOA  
Vice President's Report  
Annual Meeting – January 18, 2012**

It is time to say good-bye and leave the Board and, as stated by many, this has been quite a year. I am very happy that I was able to serve with this particular board. I have a great deal of admiration for this committed group; they have worked very hard to maintain the quality of this community.

The revised Emergency Exit map for The Springs has been completed and is now available on The Springs HOA website. Please review your specific route should an event occur which requires us to evacuate our homes. Thanks to Shani Murray, a fellow homeowner, we have a colorful map that is easy to read. If our front gate is blocked, we have alternate routes to follow which will allow us to leave without damaging the golf course. When an emergency occurs requiring a short term evacuation, we would avert costly repairs to property that could be avoided by planning ahead. For those without a computer, please write to The Springs office and enclose a self-addressed, stamped envelope for a copy of the map. I will present enlarged maps and information at the March 3rd potluck regarding the emergency routes for various areas within The Springs.

Last year we rejoined the Green Valley Council (GVC), the governing body for the Green Valley community. Gene McGaughey is our representative and I am an alternate, we attend the monthly Board of Representatives meeting to keep abreast of continuing GVC programs. A review of the meeting can be found in the local newspaper. In March, 2011, I met with Sandi Richey, Executive Director of GVC to discuss our need for an emergency exit on the south end of The Springs into Canoa Ranch property. Over the summer Sandi Richey called a meeting with two of our Board members, Sandie Stone and Joe Barton and invited Kerry Baldwin, Natural Resources Division Manager for Pima County, and Steven Eddy of Tucson Electric Power and included a representative of GVR. Kerry Baldwin has since sent confirmation for access to Canoa Ranch property (for a dire emergency only) and Steven Eddy has provided emergency access signage. The involvement of GVC and their support in bringing this to fruition is greatly appreciated. Also, I'd like to recognize Mark Stonestreet, Fire Marshall, for the extremely valuable support and information he gave in the earlier phase of this project.

The many social events in The Springs, the monthly Potluck, Happy Hour, Picnic in Perry Park, do much to enhance the quality of life. Thanks to the many volunteers who chair and assist at these events, we are considered one of the most congenial communities in Green Valley. Guests and renters are welcome to all of our events, and I know that some of them have become owners based on the camaraderie they experienced.

I would like to conclude by thanking two special people, Sam Coggins and Vic Bignall. You've read about the baffle grass problem in Green Valley. These two men have practically eliminated it here in The Springs quietly and effectively. They have maintained the landscaping in many other ways throughout the year. There are numerous silent volunteers that have kept our community beautiful and a very special place. Thank you all very much!

Phillis Hiraga, Vice President

**The Springs HOA  
Finance Committee  
Annual Report - 2011**

The Finance Committee was re-chartered in 2011, with more clearly defined objectives, including an orderly transition to a new Treasurer. The committee serves as a consulting body, advising and assisting the HOA Board as requested in financial planning and control.

The committee formally got off to a slow start, with scheduling and availability issues of members and lack of substantive issues early in the year. The committee chair worked with and oriented the incoming Treasurer and monitored financial transactions.

The committee reviewed numerous financial reports, the status of saving accounts and certificates of deposits. Issues reviewed for the Board, were evaluated for financial impact and not the overall soundness or operational impact of a board decision. Some of the issues reviewed and recommendations developed for the Board included: additional CD for Reserve Fund, tax exempt status of the HOA, outsourcing ARC functions, adding new accounts to the budget, reserve funding, and dues. The annual audit is in progress.

The committee members expressed a need and desire to be more active in an ongoing manner with HOA financial management and to actively represent homeowners' opinions. The committee has urged the Board to improve communication between and among the homeowners. The committee has requested and the Board agreed to meet together when requested to review financial issues.

The committee wants to emphasize the need to assure the homeowners that there is a genuine focus on expense reduction and control, and obtaining value for those expenses. The committee wants to encourage and participate in constructively challenging board members' budget submission in a business-like and professional manner. The committee is sensitive to need to do this in a manner that still supports a spirited community of neighbors and volunteers.

For more detailed information, Committee minutes are posted on the HOA Website:  
[www.thespringshoa.org/reports/reports.html](http://www.thespringshoa.org/reports/reports.html)

Submitted: January 13, 2012

Committee Members: Paul Dittmer, Joe Fraser, Jim Owen, Jim Rusk, Milo Wiengart  
Susan Olsen, Treasurer, ex-officio  
Joe Misinski, Chair

**The Springs HOA  
Insurance Review / Architectural Review Committee  
2011 Annual Report**

**Insurance:**

After a review of the incumbent coverage I obtained a competitive quote from State Farm. We were able to increase the limits, broaden the coverage, have one anniversary date and save approximately \$1,500 over the incumbent quote. The coverage includes General Liability, Employee Dishonesty, Directors and Officers and Workers' Compensation. A full report is attached.

**ARC:**

In early February, an ad hoc committee was formed to review the letters sent to homeowners as respects maintenance issues. The mission was to write a more "friendly" letter with the Arc and community-wide standards in mind. The mission accomplished and approved by the attorney and the Board. Members of the ad hoc committee: Ann Erickson, Jay and Juanita Kauffman, Judith Bouzon, Pat Vincent, Kaye Gray and as co-chairs Tom Kramer and Sandie Stone.

Judith Bouzon agreed to become the chair of ARC. The Arc members were Bernie Serek, Mike Kearns, Juanita and Jay Kauffman. Several of the ad-hoc committee chose to join Judith and the others for a walk around in March as a learning experience. What we learned was that it is a big task. After several months and many hours put in as chair, Judith resigned in August. She did a very commendable job. A few of us then worked together to complete requests, maintenance questions and weeds. Attempts to find a replacement proved to be unfruitful. The committee then interviewed Cadden Management to contract for The Springs ARC responsibilities. Cadden provided a quote which was not firm number, but was estimated to run between \$10 and \$15 per roof. I have attached the January 7, 2012 ARC recommendations in which a one year contract with Gene McGaughey for the upcoming year was approved by the Board.

There were several fair criticisms of the ARC's recommendation especially that of not providing a quantifiable comparison of other options. Members of the ARC will continue during the next year to research options and provide quantifiable figures to the Board.

**ARC Numbers:**

Requests for 2011 – 24

Completed – 20

Needing follow up to determine status – 4

Maintenance letters from March & April – 174

Completed to date – 117

Outstanding with 90 day requirement – 4

Outstanding with 180 day requirement – 26

Outstanding with 365 day requirement – 36

Outstanding with no time limit – 3

Extended to 2/01/2012 – 1

Sandie Stone

Director – ARC Liaison

## Insurance Issues for September 2011 Board Meeting

1. Previously it was recommended that we increase the values reported to the insurance company to reflect at least 90% of replacement value as required by the insurance policy. This would potentially increase the annual cost of the policy by \$372. As of today, I have not received confirmation of that amount nor what date the values were increased. It is a close estimate.
2. I visited with the account manager at Crest Insurance in June and reviewed the current coverage, had questions, suggestions and after many emails and phone calls back and forth, I believe most of my concerns were answered. Currently, we have three separate underwriters with three separate renewal dates. I feel it would be best to have one underwriter and one anniversary date for at least two reasons – budgeting purposes and for better coverage. If there were a claim brought against that HOA which had multiple issues, the underwriters could argue which one owes us defense and indemnity. With one underwriter, there will be no such conflict. Crest has provided a quote with Auto Underwriters for the Property, Liability and D&O, but not the Work Comp.
3. It has been some time since we had a competitive quote. I chose to visit the State Farm office here in Green Valley. As an aside, I was told that of the 75 HOAs in Green Valley, the local State farm office insures 25 of them. State Farm provided a quote with comparable coverage. Please review the spread sheet attached.

My recommendations and reasons to accept State Farm's proposal:

1. Cost savings.
2. One underwriter.
3. Broader coverage - State Farm does not have a co-insurance clause as regards the property insured. It is blanket coverage which means if we have inadvertently understated the value of one of the structures, we will not be penalized. The policy also includes non-owned auto.
4. I also recommend that we opt for the increase in limits as listed on the spread sheet, e.g. \$4,097 annual premium.
5. It would be best to advise Crest Insurance Agency before the October 18<sup>th</sup> renewal. We will receive return premium pro rata on the other two policies from that date.
6. Customer service – I was very disappointed in Crest. Very slow response to my questions, repeated requests that went unanswered. State Farm on the other hand responded quickly.

D&O non-monetary claims/suits are not covered under either quote. As an example, we were told of one suit requesting the entire board be removed. State Farm does offer the coverage which would potentially increase our cost by about \$600/year. Since there have been so few suits of that nature, State Farm as well as our legal counsel suggest that we reserve for noninsured legal expenses instead.

**The Springs HOA**  
**Streets, Buildings & Utilities Annual Report**  
**January 18, 2012**

**Summary**

This unit of the HOA operated \$6,700 below the approved 2011 budget of \$21,350. The key factors were:

- There was no immediate need for emergency street repairs
- Electricity costs were \$2,000 less than forecasted
- Most maintenance activities were accomplished at less than anticipated cost.

**Streets**

The HOA did not perform major maintenance on the streets in 2011. There are several areas in which the existing asphalt needs to be removed, the base stabilized and new paving placed prior to performing crack seal and seal coating. The Streets Committee is reviewing the benefit/cost of using coating materials that offer longer intervals between applications.

**Sidewalks**

There were 43 locations where displacement of sidewalk sections over the years created tripping hazards. A contractor placed epoxy material to ease the transition and the color contrast makes those areas readily apparent.

**Walking Path**

When the developer installed the 1.1mile walking path some 15 years ago, the desert surface was scraped clear of vegetation and a 1½ inch layer of asphalt was placed on the bare dirt surface. Over time, the expansion/contraction of the asphalt has resulted in some 130+ cracks. The collective judgment of the paving companies is that crack repair using asphalt patching is only a short term solution, ultimately creating a near doubling of the number of the cracks and increased future cost.

Previously, volunteers have attempted to fill the gaps and smooth the edges with short term success. Another volunteer effort is forming. Grounds volunteers effectively control the growth of vegetation adjacent to the path. Maintenance of the walking path is not incorporated into the Reserve Fund schedule. It is the opinion of both the Streets and Reserve Committees that the expense to maintain (out of the operating budget) this desert walking path as a smooth, uniform surface is not justified. Removal and replacement costs are estimated at \$15-20,000 or \$35-45 per roof.

**Gates**

The sometimes erratic operation of the gates has been a problem. Signal Gates conducts monthly maintenance service and any suspect components are replaced immediately. In November a wire with deteriorating insulation was discovered and replaced. Signal Gates believes this was the source of the problem.

Joe Barton  
Streets, Buildings & Utilities Chair

**The Springs HOA  
Grounds Annual Report  
January 18, 2012**

We experienced a fairly typical growing season in 2011, with some relief from the drought conditions of prior years. Despite the record cold in February, 2011, most of our new and established plantings have survived.

**Projects Completed During 2011**

Along with regular general maintenance and clean-up, several projects were completed during the year:

- Storm erosion at the west end of Rio Fuerte wash was repaired with new grading and 10 yards of rip-rap.
- Also, remedial work was completed in the small wash that runs from Wolf Run to the nature trail. (Follow-up work is expected to occur in 2012).
- The fountain was refurbished and now has new electrical and plumbing systems. The interior of the fountain was power-washed and a waterproof coating was applied to the inside. A skimmer and filter were added along with an in-line chlorinator. Over 100 feet of new drain line was installed. A larger pump is scheduled to be installed in 2012. (We are still seeking a volunteer to do light weekly maintenance of the fountain systems.)
- About 50 trees donated by T.E.P. to screen the new power station were planted by volunteers with help from Hot Desert Landscaping. In addition, irrigation lines have been run to each tree. (The trees may need occasional water for several months, until they are established.) We hope that these efforts will help minimize the visual eye-sore presented by the new T.E.P. substation.
- Several people generously donated their time and labor to help us plant about 30 cacti along Via Rio Fuerte near The Springs front entrance. In addition, the river rock was lifted and replaced, and the irrigation system was repaired. Recently, extra gravel was brought in and a few dead plants were replaced.
- The re-vegetation of Parks 15, 17 and 18 (along Encino and Rambles) was completed according to the master plan for those parks. Volunteers helped plant the final cacti and yuccas.
- The exercise area in Park 21 (located on Camino Del Cefiro, near Calle De La Pelotita) was refurbished beginning in May.
- A new saguaro was planted at the front entrance, replacing the one that died last year.

**Ongoing Efforts**

Hot Desert Landscaping, together with several HOA volunteers, worked throughout the year repairing our perimeter irrigation systems. These systems are old and idiosyncratic but necessary to preserving the vegetative visual barrier along the frontage road and along our southern boundary.

Volunteers worked throughout the year to keep washes and the nature areas clear of tumbleweed, buffle grass, desert broom and debris.

All irrigation valves were drained and winterized on November 30 and backflow valves were tested as required by Farmers Water.

The landscaping master plan has been completed for most areas.

### **Fire Hazard Review**

Battalion Chief William Rowe of the Green Valley Fire District visited The Springs on February 24 to assess our vulnerability in the event of a wildfire. He concluded that homes in The Springs have a relatively low risk of loss should a wildfire occur nearby. He commended The Springs on the work that has already been done and he made several suggestions including removing tall grass from underneath trees and keeping grass short for a 10-foot distance behind property walls.

### **Contracts**

New contracts for landscaping and weed control have been negotiated for 2012. Hot Desert Landscaping will continue with landscape maintenance and Weed Busters will continue with weed control.

Lance Johnson  
Grounds Chair

## **The Springs HOA Neighborhood Watch Block Captain Report - 2011**

Carol Schmetz vacated the coordinator position this summer.

Lois Vanskike has taken the position. Call 730-5007 to volunteer for block captain positions listed below.

Vacancies for block captains are as follows:

The 20 homes on the block of S. Golden Lynx Road (3963-4153) has not been filled. The 17 homes on the block of S. Avenida De Los Solmos (3726-3777) has not been filled.

No meetings of block captains have been held. E-mails have been sent to block captains and it was the consensus that a meeting was not needed. All block captains have been informed of homes vacated and sold on their blocks.

There have been no reported emergencies or incidents in The Springs in 2011. All residents are encouraged to keep alert for suspicious activity in their neighborhood and report any scams or illegal activities to the Sheriff's Department immediately.

Lois Vanskike  
Chair