

## **Summary of events from October 2019 to July 2020**

**By: Villages BOD on July 8<sup>th</sup>, 2020**

**To: The Villages at Lynx Creek residents**

We the Board would like to present the information below to explain the chain of events that this Board was experiencing and the actions that were taken. We feel the events are in chronological order and there are enough details to satisfy concerns once and for all. After reading this we hope that everyone will be able to put this all behind us. There is no way to change these events and/or the decisions made by the Board and it would be counterproductive to the tasks that your Board and ultimately all The Villages owners have ahead of us.

**October, 2019** – The board had gone through a few significant changes including replacing the Board Member at Large, the dismissal of the President after a tumultuous and upsetting Board meeting, and the concerns of what was happening with the Fain Group proposal just to name a few. Our contract with First Service Residential was also up for annual review. Concerns at that time regarding the fact that our financial group was having an extremely difficult time obtaining financial info to formalize our 2020 annual budget. This prompted the board to evaluate what we could do to improve our ability to control how are financials were being processed and to have more of a say in the hiring of future employees. The Board set up a meeting with FSR management and were pleasantly surprised to have the CEO of FSR attend the meeting. During the meeting we were told that the CEO was attending because he was curious as to what our small community wanted to change in their boilerplate contract that they use for all their communities nationwide. After much discussion, the group agreed that there was a problem with the facility manager at that time. The Board treasurer presented numerous questionable receipts and statements. When we mentioned that we were being given monthly financial documentation they stated that it was being sent every month to the Facility Manager for access to the Board. When they were told the financials were not being forwarded to the Board. Well it finally raised their eyebrows and we were told that the contract renewal would take a backseat to the concerns we had raised. During this time the manager approved the purchase of \$2500.00 of office furniture for the receptionist and moved her into what was once the “conference” room. This was done for no other reason than to separate these 2 office personnel that as everyone knew, had a difficult time working together.

**November, December 2019** - FSR began an internal audit, questioned the activities of the manager, and came to their own conclusions. They terminated the Manager and began to search for a replacement. The result of the audit that FSR performed resulted in them determining that they owed us over \$6,000.00 that they could verify. During this time FSR started a search for a replacement for the manager position. FSR offered to have an interim part-time manager from Peoria, come once or twice a week to keep us operating. The interim manager spent most of her time reorganizing our files, systems and processes to her liking. She attempted to make sure that the daily functions were being done by the Community receptionist. The Board members and numerous volunteers stepped in to help with everything that they could to try to maintain a sense of stability.

**January, February 2020** – FSR supplied only one candidate for the manager position. The Board interviewed the candidate and decided to try her for 90 days. The Board was in the office daily and the new manager was getting acquainted with her new responsibilities. After a short period of time it became apparent that the manager was more interested in becoming everyone’s friend going out of her way to win over the residents that her primary tasks were taking a back seat to her socializing. We were also informed that the manager had applied for the position and was interviewed for the position when we were looking for a manger before. This was not disclosed during the interview process. While volunteering in the office one day, a Board member overheard a phone conversation between the manager and the FSR Interim manager. They were discussing a plan for our present FSR representative to step aside for the Interim manager to take over our account and work with our new manager to develop FSR’s presence in the Prescott and Prescott Valley market area. Recognizing the lack of commitment to our communities’ needs by FSR, the board deliberated and made the difficult decision to terminate our contract with FSR.

**March, April 2020** – Knowing that we would have to begin the task of self-managing our community, we hired Ed Newman and Mary Tofflemire as consultants to begin the implementation of acquiring Quickbooks to setup our

financials. FSR requested that their computers and monitors be returned. Mike Smith stepped up and help us to identify what computers, monitors and software we needed to make the office productive before FSR equipment was returned to them. Necessary computers, monitors and software were purchased and installed over the weekend. Ed Newman was tasked with organizing the managers files, computers, desk and assist us with setting up a bank account to enable the transfer of our funds into a Villages bank account. Ed was also assigned to work closely with FSR to ensure that they were timely in returning our funds. During this difficult transition, our world was turned upside down by a global pandemic, Covid19. We had no idea how difficult making this transition would become. We were now having to learn how to run our community with government mandated guidelines and restrictions. Closing our facilities, wearing masks, social distancing, sanitizing were all new requirements that we all had to manage.

During this transition we had to determine how we would be able to retain the 4 FSR employees. These employees had signed the “non-compete” contract at the time of their employment which basically prevented them from working for the Villages for one year after their resignation or termination from FSR. If we wanted to hire these employees, the contract stated that The Villages would have to pay FSR \$15,000.00 for each employee to release them from their contract. The Board decided, largely due to popular opinion of the residents, we would agree to pay \$15K to release Lupe Matz (community coordinator) from her contract to enable us to hire her for The Villages. We informed FSR that we would pay them to allow us to hire Lupe. FSR responded by saying they would release her for the \$15k and since The Villages was not willing to honor the contract and buy out the other 3 employees, they would release the other employees from their contracts in hopes that The Villages would offer them employment. We hired the other 3 employees to maintain performance in their respective areas.

The Board suffered another upset in April when David Cortez (Board President) resigned. We as a Board were struggling to say the least with this monumental task. Switching from being managed by an outside firm to assuming all responsibilities of self-managing our community presented many challenging and time-consuming tasks. The Board, can't express enough how much we appreciate all of the time and dedication to this community David has committed to and we are so grateful to him and his wife Sylvia for all they do for The Villages.

**May 2020** – During this transition Lupe was the stability that the residents depended on to be patient with the Board and we were grateful for all she did. We attempted to recognize her efforts and to inform her of the Boards plans for the office staffing by meeting with her to do an employee performance review. We met with Lupe and gave her a raise and informed her of the restructuring plan of the office personnel that was going to take place. We took this opportunity to advise her of her performance evaluation that was long overdue. During this meeting Lupe became upset with the news that she would be returning to the front desk reception area and excused herself and walked out of the meeting and went home early. She was insistent that she did not want to work for a manager and expected to take direction from the Board. Unfortunately, a compromise could not be reached by either party and her employment was terminated. After hiring the 4 employees by The Villages, we made sure to implement worker's comp and set up payroll. Interviewing prospective candidates for the Manager's position and the accountant's position was led by Ed Newman and coordinated with the board. The Board hired Sheena Holmes as the accountant, and she started work on May 13<sup>th</sup>. Then Georgette Wright was hired and began working on June 3<sup>rd</sup>. Haley Larson was hired for the Receptionist position and started on June 1<sup>st</sup>. May 31<sup>st</sup> was the deadline date for FSR to have everything that belonged to us returned including all of our money. We are glad to report that everything including our funds were successfully transferred on time.

During the month of May asphalt paving was accomplished throughout The Villages without any major issues thanks to all of you. Board member Linda Heischman completed the phone system review and made some significant improvements and cost savings to the existing equipment and careful review of our phone bill. One significant cost saving was to replace the phone out by the pool that can only be used for 911 emergency use. The previous phone was an open line that calls could be made by anyone to anywhere in the world. And believe us when we say the phone bill proved it. The wifi system was improved not only in the library area but some signal boosters were added in the social hall to improve reception there.

**June, July 2020** – Just a few of the challenges the Board dealt with during this time was the on-going training of the 3 new employees and the rebuilding of the resident files in need of updating. The Board Treasurer, Doreen spent many hours working with the new accountant to ensure that all finances were being processed. While working with the new accountant and getting systems in order it became apparent that many tasks were being started but some were not being completed as told. Doreen and Ed spent a Sunday in the office attempting to ensure that all of the financial information was completed and up to date. They felt that due to the lack of attention to the details and the fact that tasks were not being completed as promised, the Board made the decision to terminate Sheena's employment. The removal of the accountant person has once again put a strain on Doreen, Ed and the rest of the Board.

PayHoa, a community management software was purchased and the population of resident information into the software was started. Input of resident information must be completed 100% before the upload of the information into the program is implemented otherwise the resident HOA fee records would not be current. The Board intended to continue to run Quickbooks in tandem with the PayHoa software (in trial mode) until it was fully populated and all resident accounts were input completely and current. The PayHoa software was implemented and activated prematurely with incomplete resident files so the information in the software was inaccurate and residents were again frustrated by the output. While we continue the search for a replacement for the accounting position, Doreen has contracted with an expert accountant for additional help to get our HOA dues straightened out and current. In the meanwhile we want to assure everyone that there will not be any late fees charged for any accounts that are payed and current.

This summary of events letter was completed by your HOA Board on July 8<sup>th</sup>,2020.