

Transcription of Podcast Episode 409: Jerry Conrad, Board President

SPEAKERS

Jerry Conrad

Note: This transcription was computer-generated and may contain typographical errors.

Jerry Conrad 00:00

Hello, this is Jerry Conrad board president, I wanted to discuss a couple of issues with you today. The first is CVWD. And the second is the knee walls that were discussed at the last board meeting. The board has an agreement in principle to settle with CVWD. So, I will not be able to discuss anything about that.

Jerry Conrad 00:18

Let's start with CVWD, the history. The 2004 easement which was given to CVWD for the transmission of water through our community. This was to allow Pulte to actually build the community. In 2019, that board decided to hire an engineer to assess the potential for damage due to water delivered by CVWD into our community. The focus then was on the bridge. In 2022, that board, John McDonnell, Moira McLeod Foster, Kathy Lindstrom, Scott Pessin, and I, decided to hire an attorney to represent the interest of Sun City Shadow Hills. We failed to announce our intention to file a lawsuit, which we apologized for. So why was the lawsuit filed? Well, CVWD told us that they were going to send at maximum flow rate up to 16,000, a little bit over 16,000 CFS, which is cubic feet per second of water during maximum time of delivery. This equals 432 million gallons of water per hour. The 9 million gallons of water that was diverted to our community just a couple of months ago is basically an example of why we were concerned. So why did we move from litigation to negotiation? The board decided to change directions after a Zoom call, which included both sides' attorneys and engineers. It became clear to the board that our position needed to change as we decided to stop throwing quote, good money after bad. We changed attorneys and the Tinley Group, our Association's attorney would represent us, and we are very pleased with their results. It became clear to the association that we had the moral high ground, but not the legal high ground. So, what can I say about the North Channel project? According to the engineer of this board hired, the bridge can sustain the 16,000 CFS, 10,000 of which would go under the bridge through the culverts and 6000 overtopping the bridge. There will be some damage to the exterior, but the bridge is designed to deal with the flow. The North Channel funds started at \$1.5 million and is now currently around \$1.1 million. The money has been spent on both attorney fees and filling in the second pond. Let's start with the legal fees. They're at \$222,000 at this point, which equates to a little over \$5 a month in dues over the past year. Procopio the original legal team accounted for approximately 60% Tinley is at around 30% and the engineer we hired is approximately 10%. The pond number two, which was filled in at a cost of \$260,000. The reason this pond was not designed to handle the amount of water at maximum delivery, it needed to have an expensive cement base or be consistently and constantly refurbished. A good decision financially, the access road mow curb and gate. These will cost approximately 140 to \$150,000 to build and we are responsible for this. The access road is the road from Avenue 40 down into the pond area that's being

built by CVWD, and we need to maintain it. The mow curve is the curve that goes all around the pond. And the gate is obviously the gate that lets us through from Avenue 40 down the road. It's a very it's a safety gate so it's going to be expensive. CVWD is still responsible for building the pond, the wellhead and all the landscaping at an approximate cost of \$1.3 million. The water will exit at hole number 15 And the mechanism to do so will be built by CVWD. The project is scheduled to be completed in June according to CVWD. And let's hope that's the case. The HOA cannot represent the individual homeowners who are most impacted by this project. There is in place within the scope of work a mechanism for each homeowner to have their issues addressed by the contractor. Finally, according to the president of Sun City Palm Desert, the connection to their community to the project west of them will not occur for five to seven years. This will give us plenty of time to prepare for any eventuality. After all is said and done the North Channel fund will have approximately \$950,000 in it. So, what are my suggestions to the new board? I would increase the funding to the North Channel fund by to \$2 in dues which is a pro proximately \$80,000 Each year, the reason is the bridge may need some armoring in the future and the golf course will sustain damage which we must assume paying for ourselves. This would avoid having to dip into operating funds or having an assessment. I would transfer approximately half of the \$950,000 into building a golf maintenance facility on the five acre parcel for the north course. This is not a discretionary expenditure. Safety, liability, and equipment life are all involved. The safety of the of the staff driving this equipment to and from north course to south course, on the on the streets. liability if they get in an accident. This will cost us a lot more money than building that building I'm sure and equipment life we just spent \$350,000 on new golf equipment last month. And every time we drive from South Course, North Course and back we're putting hours on that equipment and there's a life expectancy on that equipment, it just makes financial sense to pay for this facility. With the five to seven years before hook up, the \$80,000 per year will replenish the fund back to approximately \$1 million. And at this point, I would hope the board at that time will begin to armor the bridge. This is just an insurance policy in my mind, just like what we pay to insure our homes or our cars. This will also create the funds necessary to pay for any course damage.

Jerry Conrad 06:29

Moving on to knee walls. The board has decided to interpret the CC&Rs so that the association will pay knee wall damage on the golf course. Currently, a private homeowner must pay for damage to the wall that is connected to the common area property. Also the damage is caused by the association through water damage, weeding, etc. The board feels that this portion of the knee wall should be maintained and repaired by the Association. Please go to the Open Board Meeting that took place on March 25. and review the explanation given by the board and residents. This viewing can be found on our website. In essence, the board in a five zero vote decided that the CC&Rs were not consistent, and it became apparent that the homeowner was a victim of the association causing the problem and the homeowner having to pay for it. CC&Rs 7.2.1 and 7.6.5 were discussed in detail. The determination was that the association was responsible for the portion of the common area walls that were connected physically to the common area. The Association had been responsible from 2004 to 2019 for this upkeep, and this was one of the determining factors in our decision. We also were in contact with a previous employee of Pulte, who said that painting and maintaining of these walls was always considered an association responsibility. In fact, there was a line item in the capital of reserve fund for this work. There are basically two fundamental things that a board is responsible for. One is maintaining sound and safe financial Association and to upholding the home values of the community. By painting

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these walls we keep the community looking beautiful and not a checkerboard of colors. The cost will be approximately \$116,000 and well spent.

Jerry Conrad 08:24

Finally, I want to thank all those who have helped me navigate the HOA waters. I want to thank my fellow board members as well as all staff and volunteers. I want to wish the next board good luck and hope their time on the board is positive. I can't fail to say thank you to all the great residents of Sun City Shadow Hills for their support, and I wish you all good luck.