

Dobson Ranch HOA Board Election/Coup

Takeover results in firing, resignations and massive legal expense. Senior staff in turmoil.

MESA, Ariz. - June 2018 – An engineered takeover of the normally staid Dobson Ranch HOA Board at its Annual Meeting and Election in April has been quickly followed with a series of events including firing, resignations, and massive legal expense as the new President and Board Officers solidify power, eliminate opposition, and revisit old grievances.

Consolidation of power began quickly, with the new Board voting 6/3 to rescind recent changes to the Board's own Code of Conduct which proscribed penalties and subsequent removal for Board Members who threaten or verbally abuse other Board Members, staff or homeowners. The recent changes, put in place due to reported aggressive actions by an unnamed Board member, were seen/portrayed by some as an attempt by the previous Board to protect its majority. The new Board also made wholesale changes to its advisory staff, shunning its existing general counsel, and switching to its collection attorneys for advice on all HOA matters.

The May meeting of the new Board was followed in June with an Executive Session with a lone new agenda item identified as "Personnel Matter" which was revealed to be a vote forcing the ouster of the Association's professional Community Manager/Executive Director. The action was taken "without cause", stating no accusation of negligence, impropriety, malfeasance or wrongdoing. Following a

vociferous debate, and with a contingent of the new attorneys present, the vote was called and completed along the same voting lines as before. Immediately following the contentious meeting, one minority-position Director resigned in protest.

A subsequent meeting with Senior Staff regarding the firing was tumultuous, with staff expressing shock and outrage at the firing. One senior staff member walked out, leaving in question the Association's ability to manage its primary asset: the community's lakes and water resources.

While previous Dobson Association boards have taken a hands-off approach regarding the day-to-day operations of the management staff, (both professional and support), the new Board has vowed to take a more activist stance by involving itself in such tasks as staff payroll and expanding the CC&R enforcement authority to the Board itself, seeking to give board members the power to "right-up" violations...a role currently handled solely by management staff.

The new Board, coming to power with an engineered campaign of grievance and implied mismanagement, (the unprecedented combined campaigning of the three newest members being largely an attack on the three incumbents), has sustained that tone into the new administration, with a palpable atmosphere of criticism and finger-pointing pervading public sessions.

The shift in tone and focus is most evident in the monthly HOA meeting. While prior agendas have been single-page, handful-item affairs, with a similar handful of homeowners in attendance, the two most recent agendas have run to 2 and 3 pages, listing 13-40 items to be addressed - and often debated - with the now roomful of attendees. Meetings have gone from 60-plus minutes, with Directors having received a packet of support and study materials in advance, to now 2-3 or more hours in length with agenda items regularly tabled due to time constraints, and Directors frequently appearing indecisive, inadequately informed, or incapable of engaging in relevant discussion regarding agenda items.

In financial matters, reports show the Board is seeking to blur longstanding rules regarding the practical prohibition of co-mingling operating and reserve funds. In addition, the Board is seeking to move away from Generally Accepted Accounting Principles in its accounting methods, considered to be highly unusual in an operation the size of Dobson Ranch, as it opens the door to financial manipulation. (Similar to its decision regarding legal advice, the Board is also considering a change of the firm that performs the annual financial audit for the Association.) It is known that individual members of the Board are drafting budgets and policies in isolation, without concurrent input from the rest of the board - and often, even other committee members. These policies are then "explained" by one person, typically with passive acquiescence from the non-engaged Directors.

By contrast, other items appear to have been discussed and decided (by a majority, but not all, of the Directors) outside and prior to business meetings of the Board, with little to no public debate or discussion of the pros and

cons involved. While - occasionally - concerns, questions, or counter arguments are raised by other Directors or attending homeowners, it appears that none of these counter arguments have been considered, suggesting a lack of - or unwillingness to express - independent thought.

In response, homeowners outraged by the draconian changes have begun meeting to determine the best course of action. According to sources close to the movement, all options are being considered including a recall of the six Board members who voted in support of the eventual dismantling of the administrative operations of the HOA. While a daunting task - requiring the signatures of approximately 500 households to trigger a recall/removal vote, and a majority vote (50%+1) out of approximately 1000 households voting - organizers claim confidence that the current upheaval has raised an alarm with a rapidly increasing number of homeowners concerned about the disruption and vulnerabilities it poses to Dobson Ranch, and who are highly motivated to protect their homes, their investments, and their lifestyle in the established west Mesa community.

The 45-year-old Dobson Ranch has, up to this point, enjoyed a unique relationship of importance and influence with the City of Mesa. Unusual for this level of turmoil, it is considered one of the more stable and financially sound HOA's in the country, with a mature but well-maintained facility and asset base, and a very strong financial position going into its most recent election: Reserve funding is at 90%, monthly assessments have remained a modest \$46 per month for the last 4 years, with the Association evidencing an ongoing commitment to upgrading facilities and adding value to community assets.