

## **Board Concern Regarding Telephone Rates**

### **(Expressed under 7.0 “Board Concerns at November 16, 2010 Meeting)**

**Concern:** We (Peggy Richardson & Paul Schmeil) are very concerned that the number of users of the Resort’s telephone system will decrease as the number of residents who only use cell-phones increases. In accordance with the Governing Documents, we the Association, as owner of the telephone system, have the responsibility to maintain the system. Three options regarding how we obtain the money to pay for the maintenance of the telephone system are as follows:

1. Self-Supporting – This is the current system. With this option, telephone rates will increase as the number of users decrease and also as costs increase. As the rates increase, less residents will be willing to have a Resort phone. (See Roger Clark’s Email on page 2 comparing this situation to the Post Office.) This option is expected to eventually eliminate the resort telephone system. In our opinion (Peggy & Paul S.), our present system is flawed and unfair because users are paying for telephone cabling repairs which should be maintained by the Association.
2. Owners pay a fee for cabling repairs and users pay other costs: Under this option, Owners would pay in dues for telephone cabling repairs and users would pay the other costs. (This was the system before buying the Telephone Company--see history on p. 3)
3. GV owners pay all costs in dues except long-distance charges: Dues would pay for phone service as they currently do for cable TV, garbage, sewer, and water. Under this option, everyone would have 911, in-park and local calls.

### **Benefits of the Resort Telephone System:**

1. Four-digit phone number in communicating with neighbors,
2. The sense of community with our telephone system,
3. Enhanced 911 system now available to subscribers in the Park, and
4. Opening the south gate.

**Email To the Board dated November 3, 2010**

**From Roger Clark (Lots 924 & 372)**

**Subject: Telephone**

“I understand there has been an increase in the monthly telephone bill again this year. I would like to offer my prospective to this issue and compare it to the U.S. Postal Service. As fewer citizens use the Postal Service and rely more on e-mail, the Post Office loses more money and what is their solution? Raise rates. Less individuals use the postal system, partially because of the higher rates, and the problem grows more acute. It is what I believe is called a "vicious circle" and becomes self perpetuating. Our telephone system follows the same thought pattern. Raise the rates and more and more individuals are leaving the park system and relying solely on the cell phone. So the park sees dwindling income and raises the rates.

Would it not be more attractive to the residents to pay a lesser fee and a minor hook up fee, if any at all (What exactly is the hook up fee for other than to turn on the phone in the office?). The Phone system has been a money maker for the park but I feel that the board has pushed it past it's limits. I talk to residents daily that are abandoning the park phone for their cell phone, mainly because of the cost. Unless this trend is reversed, the phone system will become a crushing burden and will collapse leaving a park with no phone system. What potential resident would want to live in a park with no phone service? The only option I can envision is to include the phone in the dues and everyone will pay.

Thank You,

Roger Clark,

Owner lots 924 and 372”

**History:** Prior to March 2003, Resorts Telecom owned the telephone exchange equipment and provided service to residents at a cost of \$22.50 for hookup and \$25/month plus long-distance charges. One big issue was the poor condition of the telephone cabling in the Resort. Resorts Telecom would NOT repair the cabling because it is part of the Resort’s infrastructure. All the cabling repairs were paid for out of owner dues. After carefully evaluating the problem and with assistance from the Telephone Committee, the Board approved the purchase of the telephone company on 3/18/2003 for \$75,000.

The telephone rates remained the same for six years as Resorts Telecom was charging. In February 2010, the monthly rate was increased to \$28/month. The net contribution by the telephone operations to repairs—an expense that would have come from member dues—has been about \$6/owner/month for the past seven years. Yes, the purchase of the telephone company was a good investment as it provided money for telephone system repairs.

**Governing Documents:** According to the governing documents, the Association is responsible for maintaining the common area. A few quotes from the documents are provided for background with certain words or phrases highlighted for emphasis:

1. Articles of Incorporation 2.1 in part states: “The purpose for which this Corporation is formed is to serve as the governing body for every Owner of a lot as those terms are defined in the most current Amended and Restated Declaration of Covenants, Conditions and Restrictions for Golden Vista R. V. Resort. In furtherance of, and in order for the acquisition, construction, management, maintenance, and care of Association property...”
2. Articles of Incorporation 2.2 “Governing Body for Owners. As provided in and pursuant to the Declaration, the character of the business or activity which this Corporation initially intends to conduct in this State is to the extent permitted by applicable law, to serve as the governing body for all of the Owners of Lots for the maintenance, repair, remodel, replacement, administration and operation of the Common Areas, as that term is defined in the Declaration, and to perform such duties and functions, and to exercise such rights, as given and assigned to It by said Declaration as the same may be amended from time to time in furtherance thereof.”

3. Articles of Incorporation 2.4 "Duties of the Corporation" , paragraph B in part states: "To administer, maintain and otherwise manage all of the Common Areas and all facilities, improvements and landscaping thereon, and all property acquired by the Corporation including all facilities, structures, buildings, landscaping and other improvements personally located thereon and owned by the Corporation...."
4. Articles of Incorporation 2.4 "Duties of the Corporation" , paragraph E in part states: "To develop, construct, purchase, lease, own, improve, maintain, operate and hold real and personal property of every kind and description as is reasonably necessary for the objectives of the Corporation..."
5. Declaration of Covenants, Conditions and Restrictions (CCRs) 1.8 defines Common Areas. "Common Areas shall mean so much of the real property including all buildings, structures, improvements and fixtures shown on the Subdivision Plat as has from time to time been conveyed to the Association."
6. CCRs 1.9 define Common Expenses. "Common Expenses shall mean the expenses incurred by the Association in the good faith judgment of the Board for the management, preservation, protection, repair or construction of the Common Areas or in furtherance of the purposes of the Association or in the discharge of any obligation imposed on the Association by this Declaration.
7. CCRs 2.5 states: "No Owner may exempt himself from liability for Assessments with respect to the Common Areas or any other obligation under the Declaration by waiving or failing to exercise the right to use the Common Areas...." (OUR INTERPERATION: Even if you do NOT use the Resort's telephone system, you have a financial responsibility to help maintain it.)
8. CCRs 2.6 states: "The Association has the right to charge reasonable fees for the use of any facility situated upon the Common Areas."

9. CCRs 6.1 in part states: “Golden Vista RV Resort Association, Inc. has been formed as a nonprofit Arizona Corporation and shall serve as the governing body for the administration for the Park, the Lot Owners, the maintenance, repair, replacement and operation of the common areas as provided for in this declaration....”
10. CCRs Part 8 **DUTIES OF THE ASSOCIATION**, 8.1A in part states: “Maintain, reconstruct, repair, replace or refinish any Improvement, street, curb, gutter, landscaping, structure, parking area, fixture or facility located on the Common Areas or any portion thereof...”