

Mark Ferraro  
2012 Candidate Questions and Answers

1. *The current proposed road resurfacing project covers the length of Governors Drive to a point just past the Manly intersection. Are you in favor of proceeding with this project?*

I support a program of reconstruction using modern design and approved construction methods.

The proposed road project is not a resurfacing project. Rather it will be a complete demolition of the existing road surfaces, removal of all substandard base materials and drainage systems. In its place will be a new drainage system, properly compacted approved sub-soils, several layers of engineered crushed rock and a concrete road surface that meets all modern design standards for the traffic loads of Governors Club.

What is destroying the road systems in Governors Club is the cumulative effect of an improper drainage system, improper base soils, and improper base rock and in some cases, out of specification concrete. The road surface is only as good as the foundation that supports it.

Governors Drive and some other major roadways in the community suffer from two distinct issues effecting the appearance and drivability. Substandard design and construction techniques are one factor. The second factor is age. Some of our road systems are reaching the end of their expected life and will need to be replaced using the updated engineering standards that the Infrastructure Committee has adopted.

2. *The reserve fund for this road project will, barring unforeseen circumstances, total roughly \$1.6 million in usable cash at the end of this calendar year. The payment of 2013 POA dues early next year will most likely raise that total to somewhere between \$1.9 and \$2.0 million. Bids for the project are expected to be in hand by the end of this year.*

*If the bids are substantially in excess of the funds available for this project, a number of possibilities have been proposed. Please indicate for each whether you would be in favor of or opposed to the idea. You are not necessarily being asked to pick only one option as your preferred choice, so you can, for example, be in favor of more than one option:*

- *Assessing all residents for the balance needed to complete the project.*

I am opposed to any special assessment to complete the road project as it is currently designed. My opposition is base on two issues:

Budget and Control  
Cost Sharing

Budget and Control: My fear is that once we decide to increase the cost of the project to meet

the scope of work, our ability to control costs will be eroded. As what happened at the Lystra Gate, improvements and betterments will be suggested that will take us far from our original scope of work. As we change the scope of work, costs go up and contingencies have to be increased. We have limited funds and we should learn to live with those limitations.

Cost Sharing: I am philosophically opposed to using special assessments to repair infrastructure. Assessments have nothing to do with how a resident consumed their share of an asset, but rather the luck of your residency term. A resident who has lived here for 15 years shouldn't be able to avoid contributing to the use of the roads or other asset simply because they sell their house or lot before the special assessment is put in place. We need a funding system that closely matches actual use of our assets with the period of an individual's ownership of the lot.

- *Borrowing money from either a bank or through a private bond issue.*

See my answer above.

- *Splitting the project into two parts and undertaking the second part when sufficient funds have been accumulated.*

The Infrastructure Committee has directed their consulting engineer to design bid documents that allow for such an option and I believe that such a decision can be well supported.

- *Delaying the entire project until enough funds are available.*

Rather than delay the reconstruction of the Golden Mile, I would explore the option of simply shortening the proposed number of linear feet in the project. Reducing the project by a few hundred feet to meet the bid budget would be prudent, as many of the worse sections of the Golden Mile need attention in the next year.

*If you believe there is another alternative worth considering, please feel free to offer it.*

I am philosophically comfortable with the assumption of debt to tackle our road and storm water management issues. The assumption of debt allows the POA to create a method to chronologically stabilize our capital infrastructure program. Rather than have a roller coaster of special assessments and delays for critical infrastructure repairs and improvements, the POA can have a capital improvement budget that is meaningful, specific and tied to a timetable.

Being comfortable with the concept doesn't mean I'm in favor of a bank loan or a bond issue. These are powerful tools that can achieve great things here in our community. However, debt without a plan is dangerous. Until the POA community agrees that our aging and failing infrastructure needs a

formal capital improvement plan that is funded, I would be hesitant to commit to a bank loan or bond issue.

Any financing scheme for the repairs and replacement should be linked to a resident's actual use of the roadways or how this project might add to the marketability of their home. In other words, the annual general assessment (dues) should include a component that represents 1/20<sup>th</sup> or 1/30<sup>th</sup> of the consumption and replacement of all our infrastructure components.

3. *Are you in favor of continuing our annual deer culling program?*

Yes

4. *This year, we reconfigured the back gate to remove the live attendant from 10:00 PM to 6:00 AM every night. Were you in favor of, opposed to or indifferent to this change?*

We do not have a back gate. We have the Lystra Gate and we have the Mt. Carmel Gate. The Lystra Gate may become our most important portal into our community as development continues to explode along Lystra Road and 15/501. While we can live with two different architectural schemes at our entrance gates, we must expunge this idea that one community entrance is somehow superior to the other.

Yes, I was in favor of the change. I did not agree with all the additional technology that was added above and beyond the original budget. I believe that the POA board should have either followed the original budget or postponed the project until the additions to the Lystra Gate were discussed and vetted.

5. *Are you in favor of pursuing the idea of building amenities for all community residents; such a swimming pools, tennis courts, playgrounds etc.?*

If the POA were to seriously consider adding amenities, I am skeptical that we could compete with the broader services offered by the Governors Club Country Club. The Country Club has professional, trained staff dedicated to the hospitality needs of their members. Is the POA supposed to replicate that experience? The worst situation that could develop is that we have a bifurcated system of amenities within the Governors Club community that were not equal in terms of appearance and upkeep. Would having two systems of amenities benefit the community as a whole? Could the community support both systems? Doubling down on overhead and infrastructure costs seems to be a poor strategy in this economy.

Building capital improvements is only half the cost. Ongoing maintenance, repairs, quality of the cleaning and general appearance will add at least the same amount of expenses over the expected life of facilities we build.

Again, I'm open to any new ideas on amenities, but I want any advocate to be prepared to talk about capital costs, operating costs and financing as part of their presentation. Just asking for more without a willingness to pay for the benefit is not a productive discussion.

*If so, please indicate the amenities which you feel are important to pursue and, if possible, how they might be funded.*

The one amenity that I could support at this time is the purchase of the property that was intended to be the Branch Meadow development. We need more open space in Governors Club, which could provide unrestricted recreational opportunities for the children and the young at heart.

- 6. The Long Range Plan Committee recently ran several focus groups involving 42 of our community residents. The summary report from that effort stated the following:*

*“There was also consensus that there is “friction” between club members and non-club members that is detrimental to the overall goodwill and community spirit of Governors Club.”*

*Do you agree that the described “consensus” exists throughout the community?*

I am aware of the feeling being expressed, but I'm not sure that there is a “consensus” of such friction actually existing.

*Do you agree that the “friction” goes both ways; both from non-club members towards club members and from club members towards non-club members?*

I am aware of comments being expressed by club members about non-members benefiting from the scenic beauty of the golf course and facilities. However I don't believe that such comments are a serious indication of “friction” and certainly do not indicate a consensus.

7. *The report further said the following:*

*“It was strongly recommended that the POA Board develop a long term solution to the issue (the “friction”) to address the animosity that is currently festering.”*

*Do you agree with that this should be a priority for the POA Board? If so, do you have any ideas you wish to offer as to how this issue could be addressed?*

The rules and covenants allow residents the choice to be a country club member or not.

I do not sense that any action is required by the POA board to resolve this “friction” issue. Everyone understands that membership in the Country Club is optional and I respect any residents’ decision to join or not join the club.

I do believe that there are joint services and perhaps overhead services that the Country Club could provide to the POA on a fee basis that would lower costs for both entities. I remain puzzled that the POA purchases accounting services from an outside company when the Country Club has a full time accounting staff, with a chief financial officer. Such joint efforts might tamp down the talk of “friction”.

8. *One more comment from that report said the following:*

*“A number of residents felt that everyone should have access to the (Governors Club Country Club) pool on a fee basis. As one person said, ‘We have to be able to offer this amenity to families or we are never going to be able to market to them. This will severely affect our home values if we can only market to retirees.’ ”*

*Do you agree with this sentiment and feel that the Board should pursue obtaining this benefit for all residents?*

I do not accept the premise of the statement. If true, then it should be impossible to find a home for sale in our Stonebrook neighborhood. Our target market should be potential residents who want to live in Governors Club and value what we currently offer to our residents.

Increasing the number of families with children is a fine goal, as long everyone understands the long term implications of such a strategy. More families with children will drive the need for infrastructure to support the recreational needs of the children as they pass through their different age developmental phases. When very young, we want our children to play in the yard, if not directly in eye sight at least in earshot.

However, as the children age, their play and recreational needs change. They become faster, stronger and have greater social needs than yard play can deliver. Teenagers need not just more space, but need facilities that can absorb their energy. Children need unstructured play

opportunities, like pickup games of basketball, football, baseball or soccer. Unstructured play is just as important, the ability to just running around, flying a kite or skipping stones across a pond. We currently do not have that opportunity here at Governors Club, so I'm not sure building a marketing program to specifically attract more families with children makes much sense.

9. *We know that our community is aging and that older residents are moving out. Some residents insist that the future of the community is critically linked to getting more young families with children to move here. Others feel that the future of the community is linked to getting couples over the age of 50 (pre-retirees and retirees) to move here. Arguments exist to support both positions. There are also arguments to support the position that both groups are equally important.*

*Do you lean one way or the other on this issue, and, if so, which group do you feel is more important to the future of the community?*

Any potential resident with the financial resources to buy a home in Governors Club, pay their general assessments on time and who is willing to be an active, contributing member of the community should be our number one priority. Any other criteria are meaningless. This fear of churning is misplaced. All neighborhoods turn over because of age related health issues, job opportunities, financial success or setbacks, death and changes in housing needs. A mix of all these elements leads to a very diverse and successful community.

I believe the most dangerous action the board of directors can take involves predicting the future and trying to pick winners and losers. We should stick to our core competencies which support the total Governors Club experience.

10. *The POA has made efforts to market the community to local realtors, but it has not made any concerted efforts to do so outside the immediate area or on a national basis. The marketing program proposed by the Board last January (which included national marketing efforts) did not meet with the approval of the residents. Despite the results of that vote, do you feel that the POA should attempt in some way to market the community to people outside of the immediate six county area?*

I cannot support any marketing plan if the primary beneficiary is not the POA. All the marketing plans discussed to date seem to have the local real estate agents as the primary beneficiary, the home seller as the secondary beneficiary and the POA as the tertiary beneficiary. If we must have a marketing program that is focused on the immediate 6 county area, then I suggest that agents and homeowners be allowed the option to post a sign in their yard similar to the construction signs now required by the ARB for new construction projects. The signs would be

of a universal design and adhere to strict guidelines for placement. The POA would establish a fee of \$1,000 for a six month placement. All fees collected would be used only to market Governors Club.

Based on my own sales training and experience, I don't believe successful marketing can be based on a transactional business model. Buying the Governors Club lifestyle is a process sale.

Our focus should be on potential residents who want and value the Governors Club lifestyle. The vast majority of our residents moved to this community from outside the six county area. We need a target marketing program and believe that a well designed program would include advertisements in select periodicals; business alumni marketing through LinkedIn; university and college alumni networks; and other virtual or real meeting places where people who might be interested in the Governors Club lifestyle gather. We need little in the way of brochures, pamphlets and other leave behind sales materials.

We should be laser focused on target markets that have unlimited resources and want to spend those resources on a home in a great community, buy a full golf membership at the country club and give of their time and resources to our community.

*11. The current Board is considering the purchase of approximately 3 acres of vacant land just outside the front gate (adjacent to the current offices of Governors Club Realty). The idea behind this is to control the use of that land because it is so close to our front gate.*

*Do you support the idea of purchasing of this land?*

I believe that the board of directors has an obligation to explore the opportunity. There are a number of issues to be resolved: zoning, potential liabilities that might arise from the ownership of the property, ultimate use of the property and the potential sale of the property at a future date. Finally, if all the issues point towards a possible purchase how do we finance the purchase?

If this opportunity had arisen before the POA town hall was built, I would support the purchase of the land without reservation. To be truly effective, the POA town hall should be outside the gates of the community. Contractors, permit seekers, real estate agents and a whole host of visitors could access the town hall without entering our gates.

Now that we have the new town hall in its present location, I'm not sure if the property represents the strategic value it once did. If we purchase the property, we would probably want to reorient the driveway to the POA town hall so that it can be accessed without going through the gates. That is an expense that is unbudgeted at this time. It is not exactly clear what we can do with the property once we own it. Turning the property into a park or amenity of some sort really doesn't work in terms of location.



If we feel that we can influence zoning of the property, then purchase of the property might not be as important as I once thought it might be. While I first shuddered at the thought of a McDonald's on that corner, they could be an asset and a good neighbor.

*If so, do you have any thought as to how the cost would be handled? (For example, assessments, borrowing, delaying other expenditures?)*

The purchase of the land should be through a voluntary subscription or donor program. If we have 60 days to vet the purchase, the community should be asked to voluntarily agree to a donation. If we raise the money, then we complete the purchase. If not, then the option expires because financing was not available.

The other option would be for a few residents of Governors Club to form a joint venture to purchase the property and either donate it to the POA or rent it to the POA for \$1 a year.

A special assessment would be my last choice. Financing should match how residents benefit from the asset, not who happens to live here when the purchase decision is made.

*If so, do you have any thoughts on the long term strategy for this land or how the land should be used.*

The land would be extremely useful for a construction staging area during our road reconstruction project. After that, I'm not sure what its best use or value to the community might be.

*12. Running a community association is, in many respects, a balancing act between spending the money necessary to preserve and enhance overall property values within the community and maintaining a reasonable level of dues (or, put another way, not raising dues or initiating assessments). On one side would be those who say it is far more important to keep the level of dues down than to worry about the physical condition of the community and its infrastructure. On the other side would be those who say that the condition of the community and its infrastructure (and resulting property values) are far more important than worrying about increases in dues. It's probably fair to say that most people are somewhere in between these two possibly extreme positions.*

*Can you indicate toward which side of this balance you might lean?*

Part of the premise of the question disturbs me as it implies that we have a choice before us. Quality and care of the infrastructure is everything in a community like Governors Club. That is the burden of living in a high end community. Nothing is more glaring to visitors and



prospective buyers than evidence of deferred maintenance or doing just enough to get by. Visit some of the area communities have cut back on maintenance. They certainly would not be attractive to me as a potential homeowner nor would I recommend them to friends thinking of relocating to this area.

I certainly do not believe we need to gold plate anything. We are all homeowners and have direct experience with the choices before us. Fixing things right, fixing them promptly is always cheaper over the long term. Ignoring problems or hoping that inexpensive patches will work is a slippery slope to higher costs.

The POA board has made tough decisions over the years to keep our expenses reasonable and our service levels high. It is just unrealistic to believe that our operations are immune to the forces of inflation or the need for repairs and replacement of existing infrastructure. Next year's board will be faced with a growing list of unfunded repairs that only become more expensive to fix if we continue avoid the issue.

I would like to see the POA board create a 5 year capital improvement/replacement budget that clearly lays out both the repairs and replacements we need to make and an equally clear funding strategy. We should also have a program budget, as measuring dollars spent alone doesn't always tell you if our goals were reached.