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**Hillcrest Bay, Inc.**



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Mr. Beauvais

8/14/2008

Your recent letter was handed to me on 8/8/2008. Thank you for your continuing interest in the USCA Project and for expressing your concerns.

Attached is an address to the homeowners at last years General Homeowners Meeting on 10/20/2007. After my comments every question from the owners about this project was answered until there were no more questions. This document has been posted on the Hillcrest Bay web page for almost a year as well as posted on the Hillcrest Bay bulletin board for several months. The document contains some background information and facts concerning this important project. Perhaps you have missed it.

Funds expended by Hillcrest Bay, Inc. in any manner, are done so within the guidelines of the by-laws [Article XII], As well as voted for or against by the Association's Board when appropriate.

The separate fund to aid low income owners with their connection conversion expense was approved in a recent board meeting. So far eleven owners have committed a substantial amount of money each, for this purpose. We will ask in time for them to approve of their names being made public. I will tell you that so far the commitment to this fund is \$21,500.00 to date, this without a concerted effort so far, to solicit additional funds. Good people who support this project, want to help those who truly need help with this project.

We are working on other ways to help the low income owners who identify themselves and who can support their claim of low income. We are working to reduce the overall cost to everyone, as well.

This project has been in the works for 4 years, has over 60% approval of the owners and so far not one owner has had to come up with any money and most likely will not have to until 2010 or later, once it is approved.

As to the sequence in complying with Judge Harprings amendment, there is no sequential requirement put forth by the judge.

The market valuation at Hillcrest fluctuates as does all real estate. Even so, these property values for the most part, are far greater today than anyone could have reasonably foreseen ten years ago, let alone in the 80's. Lots are no longer offered for sale at \$8000.00 or \$12,000.00 or \$30,000.00 today. Property values have continually gone up over the years and even with today's decline they are still way up. This opportunity to get utilities underground would result as a major, permanent improvement for the entire community.

Finally, information on this project has been forthcoming from the beginning. Letters have been mailed, posted and monthly meetings held as well as each yearly general homeowners meeting. All meetings are open to everyone. I suggest that you read the posted minutes on the Hillcrest web page as well as the letters. I cannot answer opinions, but I will answer all clearly stated questions or sensible concerns. You can e-mail me or phone me, my info is on the web page. I encourage you to attend the monthly meetings as well as the next general meeting scheduled for 9/27/2008 at the Outer Harbor, Havasu Springs 9:00 AM.

Thanks again for your interest,

*John Sears*  
John Sears

Chairman, Underground Project, Hillcrest Bay, Inc.

Arizona Corporation Commission

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**Mr. John Sears**

After reading your response to my letter dated Aug 14, 08, I feel there are a few issues that have not been addressed as was put forth in my letter. I am concerned by your making note that funds expended in any manor was and could be approved by the board when appropriate. To see if this was true and not a false statement, I pulled the CCR document dated October 28 2004 from my file cabinet. Looking at article xii I was not surprised to find once again a misstatement in your latest letter indicating Hillcrest Bay Inc. board members can take 9000.00 (was this a ¾ vote as stipulated) from the general fund to help folks that can't afford to do the underground project. The rule is very clear, article xii is designed to maintain the upkeep of the roads in the park quote "The streets and roadways located in the subdivision remain the obligation of lot owners the corp. known as Hillcrest Bay has been formed to accomplish **maintenance, upkeep and improvements**". Nowhere does this article state the board can give money to fund **lower income owners so they can change the way power enters their residence.**

Having been an owner since 1987, I must say that the road condition in the park is in one of the worst conditions that I have seen in my term of residence. It's to the point that it appears that we are neglecting maintenance of the roads which is *unsafe, and detracting from property value* to keep our option open for the utility project. This is not what the board was elected for, as article 12 b stipulates. I suggest we look forward to getting the huge pot holes out of our roads. I will be more than happy to forward some photos to the board if they can't see them.

Again it appears that you are attempting to use a false statements and personal opinion to alter the rules to fit your need. It is apparent that a legal intervention is the only way to stop the misuse of our funds by the board.

Let's look at market value as you state " fluctuates as does all real estate". Let's act as investors in today's market and not 10 years ago. Look at what would bring the overall increase of revenue or income to us today and in the *future*. In our park alone we have at last count 22 properties for sale. This is 10 % of the homeowners that won't care what the outcome of the vote is because they won't be there. I have watched the properties being sold over the last 20 years and they are not money making assets. They are retirement or vacation homes and of course this is an opinion not fact. I'm sure a percentage of sellers are folks that are being hurt by the economy and the unemployment rate in California; they can't afford to keep it. Now let's use some real facts. Value added improvements are the most significant increase one could use as a tool for revenue. Appearance of the property, such as roads, buildings and landscaping are the most important. Just reading a few articles with statistical facts (*calrealtor.com, ipc.com*) will point out to you that the most important increase of value is the appearance of the property, and not the hindrance of a Mello, association fees, taxes, and liens as pointed out here(*felharber.com, TBO.com*). Please read a few articles and the studies done to assert these facts and again not use general opinion as guidance. I think this is what the judge wants. The utility project would not be a major gain in value and the only person to benefit is the few lot holders that have a view, the utilities, the contractors, the lawyers, and maybe a few skeletons in the closet.

To address the issue of attendance to the meetings note that I have been to the meetings and have seen opinions given and what the board members listen to. They ignore opposing opinions and go about with their own agenda. The fix to this problem is very easy, let's vote as a group and let all the members, not just the as you put it " good people who support this project", know when and how you're going to spend our money. Personally, I believe all owners are "good people" and I take offense to your statement that implies otherwise. The board has taken the option of ignoring all, and doing what they want. What business or shareholders in this country would give away \$9000.00 to a fund with no business plan or who qualifies or where the money is going and why? I don't attend the meetings

anymore because the only way to be heard it appears is to take action using facts and common sense in the form of letter and possibly legal action.

I wrote a very long letter to the judge Harpings who conducting our hearing and it seems she agreed to issues I have pointed out here. I owned a public utility in California in the 1980 and 1990s and I offered suggestions on the project originally having the utility absorb most of the expense. APS and Verizon have neglected their responsibilities of improvement and maintenance why? Because they loose money on us bottom line and to bring us to a safe standard will cause them to lose more profit. Again Mr. Sears lets use more fact not opinion in the future as Judge Harpings requested in her amendment, and if the utilities want to go underground they need to pay for it.

Regards

Al Beauvais