

HGMD Dispute with HGA Management

1. Due to the lack of clarity and inconsistent reporting, HGMD requested substantiation for the \$1.2 million dollars it reimbursed HGA for wages and benefits in 2023. HGA refuses to provide that documentation, requiring the breach of contract claim for the court to order its production.
2. The HGA CEO & HGA CFO gave conflicting responses concerning the number and job titles of employees billed to HGMD. The Golf & Landscape Asst. Manager is listed as full-time under the Golf Cost Center, yet the HGA CEO said the \$43,000 charge out from Golf & Landscape to the Golf Dept for 2023 was for Golf & Landscape Manager & Asst. Manager hours.
3. The different financial reports for the same month report differing ending bank account balances, and there are inconsistencies in the budget numbers, also.
4. The HGMD bank accounts still authorize directors and controllers from 2019. HGMD requested that this be corrected in the July 19, 2023, joint meeting with HGA Directors, and in subsequent meetings. We are correcting the situation now.
5. HGA has made unusual transfers to and from various HGMD bank accounts without adequate explanation. Some amounts over \$40,000 are transferred into an account and out the same day. HGA staff has refused to reimburse HGMD directors for expenses with the same documentation that has been used for years.
6. In June 2023, HGMD requested a list of job titles and wage ranges for budgeting purposes. In January 2024, after the breach of contract claim was filed, HGA provided a partial list of job titles grouped so that the salary range was over \$23,000 for one position. The Restaurant Asst. Manager was grouped with a cook and prep person. This info was not useful for budgeting.
7. HGA management stopped preparing minutes, refused to have the Board Assistant in Boardroom during regular meetings, stopped preparing board packets, and denied directors access to the office. District Directors were forced to wait at the reception desk each time a copy was needed, for management approval. HGA removed HGMD public records from the HGA website and refused to reinstate them. HGMD was forced to create its own website to make all records available to the public. It took months to get links to the Zoom recordings.
8. HGA management ceased preparing inventories after 2019, which are necessary to our capital reserve planning and required by the management agreement. HGA converted the clubhouse manager position to part time and has diverted other resources away from the District.
9. HGA management & HGMD Directors agreed to a budget in August which management unilaterally changed in September, without notifying HGMD. The HGA CEO refused to publish the Manager's Budget as agreed with HGMD.
10. HGA refused to meet with HGMD in a joint public meeting until the breach of contract claim was filed. HGA refused to meet without attorneys. HGA terminated the two-on-two negotiations with HGMD. HGA failed to respond to the redlined version of the management agreement they requested from HGMD. HGA included the attorneys in mediation. On September 1st, HGA suggested splitting the employees between HGA and HGMD. HGMD devoted significant time

ensuring that employees' benefit and retirement plans would not be affected. In mediation, HGA withdrew the offer and rejected HGMD settlement proposals.

11. HGMD has argued since June 2023 that the management agreement only prohibited directors from directing employees, not talking to them. HR Manager Holly Shearer's letter to employees dated June 14, 2023, discussing job safety **"should the Management Agreement end"** stated, **"Board members are not to directly engage with staff unless Jon Rea has approved the communication, so I cannot stress this enough, please do not engage with them...NEVER go directly to a board member with any form of communication."** HGA's Association Response Letter sent out on Pileria May 31, 2023, said, **"The Association and District Board Chairs know that they are not permitted to interact directly with employees..."** Now, after the breach of contract claim, at the first joint public meeting, HGA directors interrupted, so Holly's letter could not be read and stated they changed the policy that morning.
12. HGA has stated that HGMD has not supported its employees because it asked for information from senior management that they should have been able to answer, but could not. HGMD is supporting the staff that you interact with, the minimum wage employees who haven't received a raise other than minimum wage increases after 10 years of service to HGA. The front page of the 2024 budget says that employees are getting 3% for all employees. Not every employee gets 3%. Management increases are higher. Minimum wage employees zero.
13. I asked Holly Shearer to maintain the working hours of a front desk employee who has worked there longer than any other employee, because we had a position in mind for her when we split the employees. Her hours were cut due to "budget constraints" so she resigned. Now, HGA is advertising to fill her position and with more hours. This wrecks of retaliation. There are no budget restraints for the clubhouse. It hasn't had a manager for half a year.
14. HGA has argued that HGMD has increased the workload for staff. That is simply not true, especially when you consider the administrative tasks that HGA performed in 2018, when the management agreement was signed. Regardless, HGMD needs administrative services that HGA says it's unable to perform because staff is too busy. Certainly, the community doesn't want HGMD to do less work because HGA is busy? If HGA is unable to meet the District's needs, HGMD will need to hire employees directly to provide those services.

HGMD will be able to provide better service to residents, less expensively. But we can only do that if we can manage the properties. Some changes have been made, but most HGA has refused to implement. If we could have made the changes through the current management, we would have. We tried to. Now, we must do it independently. The responsibility of the District board is not to maintain management, it is to serve the community as a whole, and ensure the propriety and reasonableness of expenditures made on behalf of the District.

We are doing this for you. We are trying to reduce the largest part of the District budget. Wages and benefits comprise between 61% to 78% of the cost center budgets. This is where we can improve efficiency.

Daniel Taylor, President HGMD, DanielTaylor@HGmetroDist.org and www.HGmetroDist.org



Notice – Danger – Action Requested

A RECALL ELECTION WILL DOUBLE THE COST OF ATTORNEY FEES FOR THE YEAR.

The first of December Heather Gardens Association sent out a flyer focused on the attorney fees incurred by HGA and HGMD since the May 2nd election titled Notice – Danger – Action Requested.

I have spoken to residents considering signing the recall petition, who have said they aren't considering the grounds stated on the petition, but **HGA's flyer concerning attorney fees.**

Here's the truth about HGMD attorney fees

Total Legal Fees Reported by HGA in Dec. Flyer	\$74,054.95
Fees Incurred Prior to 5/18/23	-\$18,920.50
May Election & Audit	-\$4,945.50
Incurred for Negotiations with HGA or Questions from HGA	-\$27,860
Incurred at HGA Request for Security Incident	-\$9,769
Balance	\$12,559.95

\$27,860 was billed for negotiations with HGA or communications with HGA's attorney. HGMD incurred \$9,769 at management's request to enforce rules for a security incident.

That leaves a balance of **\$12,559.95** for normal District business. I have saved thousands of dollars for the District because I am an attorney and I prepared contracts and other documents myself at no cost to the District.

As the HGA flyer stated, HGMD hired a litigation attorney and filed a breach of contract complaint against HGA. Then, and only then, did we receive an offer from HGA for the boards to meet in an open, public meeting. We met on January 11th and the meeting was very positive.

You can stop these unnecessary expenses by refusing to sign the recall petition being circulated.

**RECALL COSTS TO DATE: Public Alliance = \$6,303.48, Attorney = \$8,720.50
RECALL ELECTION ESTIMATE: \$30,000 without the impending protest**

Additional fees added to above in December related to HGA Security Incident = \$995.66, Additional fees related to Management Agreement = \$5,890.05.

Ask Al Lindman, Bonnie Fleming, and John Harvey to withdraw their petition, especially when the boards are finally negotiating. If the petitions are filed with the adequate number of signatures, HGMD will be required to hold an election whether the boards reach an agreement or not.

Daniel Taylor, President HGMD
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