

STARLIGHT PINES HOMEOWNERS ASSOCIATION
Minutes of the Regular Meeting of the Board of Directors
Saturday, August 10, 2019
Starlight Pines Community Center

1. Call to Order /Determine a Quorum

President Dave Janecke called the meeting to order at 9:08 a.m. Board Members present were: President Dave Janecke, Vice-President Bill Patterson, Secretary Connie Kiser, Treasurer Sue Davis, and Directors-at-large: Bill Cross, Kim Traver, Bill Stephens and Rosemary Brown-Jaeger. The President announced that there was a quorum present to conduct business. Others present were Community Manager Patricia (Trisha) Birtwistle, and Association Members as recorded on the sign-in sheet.

2. Pledge of Allegiance

The President led all in the Pledge of Allegiance.

3. Minutes from Previous Meetings

July 13, 2019 Regular Board of Directors Meeting – Connie Kiser Secretary

Motion: Bill Patterson moved and Sue Davis seconded a Motion to approve the July 13, 2019 Board of Directors Regular Meeting Minutes as presented.

No Members asked questions or expressed comments.

The Motion passed unanimously.

June 29, 2019 Special Board of Directors Meeting – Connie Kiser Secretary

Motion: Connie Kiser moved and Bill Stephens seconded a Motion to approve the June 29, 2019 Special Board of Directors Meeting as presented.

No Members asked questions or expressed comments.

The Motion passed unanimously.

4. Treasurer's Report

4.1 Documents distributed to the Board

- Account Balances on July 31, 2019
- Income-Expense Statement for All Funds compared to the 2018-2019 Budget as of July 31, 2019
- Income-Expense Statement for HOA Funds Only compared to the 2018-2019 Budget as of July 31, 2019
- Transaction Report for July 31, 2019, sent by electronic transmission for Board only
- Starlighters Auxiliary YTD Transaction Report July 30, 2019, by electronic transmission for Board and Naila Erwin only
- All SPHOA funds are held in four (4) FDIC-insured bank accounts, reconciled as of the last day of the month and filed in the Office for review. Three (3) of the four (4) bank accounts earn interest at diminished rates due to the economy.

4.2 Year-to-Date Income/Expense Statements as of July 31, 2019

	All Operational	HOA Funds	Starlighters
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	Funds	Only	Funds
Income:	\$207,631.83	\$200,777.53	\$6,854.30
Expenses:	(\$108,450.86)	(\$101,596.56)	(\$4,132.38)
Income Less Expenses:	\$99,180.97	\$99,180.97)	\$2,721.92

- \$78,392.93 in Compactor Renovation Funds were moved into the Budget June 1 to finish the project. We've paid 95% (\$132,639.42) of the projected \$140,000 cost.
- Payments to Replacement Reserves were suspended until Trash Area Renovation was completed.
- We have an Arizona Tax ID number for food and merchandise sales sold by the Starlighters Auxiliary. We will pay Arizona Sales Tax at the Coconino County/Arizona combined rate of 6.9% on Starlighters food and merchandise net sales by July 20.

4.3 Account Balances on July 31, 2019

- Cash on hand or in the bank: \$249,720.23
- Current Liabilities: \$83,182.37, including \$65,783.44 for 10 months of Projected Budget Payables in FY 2019-2020.
- Replacement Reserves: \$87,824.00
- Total Liabilities and Replacement Reserves are \$171,006.37.
- Equity/Undesignated Funds on July 31, 2019 were \$78,713.86 as we have received 90% of our 2019-2020 income in the first two months of the fiscal year and have final payments due on the Compactor Renovation.
- The SPHOA is in a sound financial condition but must continue to find sources of income to repay reserve funds borrowed to renovate the compactor site and to support required HOA expenses while building financial and replacement reserves for the future.

4.4 2019-2020 Assessments on August 8, 2019 - \$23,696.22 in unpaid Assessments

12 members (2%) have unpaid Assessments, Late Charges, and interest totaling \$12,816.97 that was carried forward and added to their 2019-2020 assessment account balance.

37 members (6%) have not paid their 2019-2020 Annual Assessment.

20 members (3%) have paid a semi-annual installment.

563 members (92%) have paid all or a semi-annual installment of their 2019-2020 assessment.

4.5 CC&R Violation Fines outstanding as of August 8, 2019

35 Members owe a total of \$42,993.52 (a slight decrease over last month) in CC&R Violation Fines for Firewise fines and abatement costs.

Ground Fires

\$1,100.00 – **3 Members** owe fines for Ground Fires. One member is making monthly payments.

- Firewise

\$34,038.52 – **18 Members** owe Firewise fines: 2 from 2014 (1 lot abated on 11/18/2018), 14 from 2017 (7 still Firewise noncompliant and being abated, Fines accruing at \$100 a month), and 2 from 2018.

- Bark Beetle Infestations

\$6,805.00—**12 Members** owe Bark Beetle Violation Fines. All are now BB compliant. 4 lots were abated. Cost of abatement was billed to lot owners.

- Building in Disrepair (CC&R 3.10)
\$650.00 – **1 Member**
- Architectural Committee Violations (CC&R 3.24 Improvements without AC approval)
\$400.00 – **1 Member**

4.6 TPT Activity

The Starlighters Auxiliary reported retail sales of merchandise and food in July 2019. The Treasurer will file a July ADOR sales tax report and pay sales tax at 6.9% on July net revenue from resales.

4.7 Banking Issues

When the July Minutes are approved and signed, the Treasurer will begin the process of establishing new signatories at Bank of the West and BBVA Compass Bank and opening a CD account at AmTrust Bank, a division of New York Community Bank, in an amount to be designated by the Board.

4.8 August 21, 2019, Property, Liability, and D&O Insurance Renewal

The Treasurer emailed the Hill and Usher Insurance renewal proposal for 2019-2020 to the Board for review. A comparison chart of liability, property, directors and officers, and crime coverage and premiums is in the meeting packet. One copy of the 23-page 2019-2020 Hill and Usher Proposal is available for circulation among Board members at the meeting. The Board needs to renew SPHOA insurance coverage by August 21, 2019.

Discussion regarding the Liquid CD to be opened at AmTrust Bank by the Treasurer:

Bill Patterson started the discussion by stating that he has used AmTrust Bank and he is very comfortable with that bank. Bill Cross indicated that he would recommend putting 100% of the SPHOA's cash funds into a flexible Liquid CD, except for what the current month's expenses are projected to be. He would suggest once a month withdrawing from the CD enough funds sufficient to cover that month's projected expenses, but you can withdraw funds from the Liquid CD once a week, or even withdraw all funds, without a penalty. Sue Davis said she wants to research the fine print on the literature she received from AmTrust Bank to find out about penalties, minimums, etc. She also indicated that she can't always predict what the expenses will be for the month. For instance, we have a large insurance premium that is due this month, and the trash site renovation expenses that vary from month to month, although that project is almost completed. Bill Cross also indicated that any income received during the year could be deposited into our already existing operating account, because you cannot add to a Liquid CD once it has been set up – you can only withdraw from it. Originally the Board discussed opening an 18-month Liquid CD when the subject was presented several months ago. There was also discussion regarding the existing SPHOA checking and savings accounts and whether the savings account with BBVA Compass should be closed if those funds are all rolled into a Liquid CD. Bill Cross indicated that by opening a Liquid CD with AmTrust, the HOA could earn an extra \$3,000 to \$4,000 in interest income each year, which is much better than what we are currently earning with Bank of the West or BBVA Compass. Connie Kiser asked if

AmTrust would allow us to have more than one Liquid CD, and if so, perhaps we should start with transferring \$50,000 into a Liquid CD, see how it works out, and then in 6 months consider opening a second CD. Sue Davis said that if the Board wants to close any accounts it should be the BBVA account, because right now the AC building deposits collected are held at Bank of the West in a Money Market account, which is easily transferable when the funds need to be returned to the Lot Owner. Bill Patterson asked about the 18-month CD and whether it is the best deal for earning interest. Bill Cross responded by saying that the interest rates have recently gone down and change on a daily basis, so he would suggest that Sue Davis determine which term length would earn the highest rate of return when she is opening the CD. Sue also noted that this is the time of year when we get the bulk of our funds to cover expenses because of Annual Assessments being paid. Bill Cross said he figures that the normal HOA operating expenses run about \$8,000 every month, plus the compactor, insurance, and legal expenses, but he thinks we would be able to withdraw money once a week from the Liquid CD without any penalty, if needed.

Bill Patterson recommended that we transfer the amount of \$50,000 into an 18-month CD, and then revisit the issue in February, with an eye toward opening another CD at that time. Bill Cross suggested that the CD term doesn't necessarily need to be for 18 months, but instead for whatever length Sue Davis determines would give us the most favorable interest rate. Sue Davis said she will obtain the necessary signatures on the AmTrust Bank documents for opening the Liquid CD, as provided for in the Corporate Resolution approved at the July 13, 2019 Board Meeting.

Motion: Bill Patterson moved and Rosemary Brown-Jaeger seconded a Motion authorizing the Treasurer, Sue Davis, to transfer the sum of \$50,000 from the current SPHOA funds into a Liquid Certificate of Deposit with AmTrust Bank, a Division of New York Community Bank, for a time period that would generate the most favorable rate of interest return on those funds . The CD issue will be revisited in February, 2020, to determine if the Board wants to transfer additional monies into a second CD with AmTrust Bank.

No Members asked questions or expressed comments.

The Motion passed unanimously.

Motion: Sue Davis moved and Bill Stephens seconded a Motion to accept the Treasurer's Report as of July 31, 2019 as presented.

No Members asked questions or expressed comments.

The Motion passed unanimously.

5. Community Manager's Report – Patricia [Trisha] Birtwistle

There have been a lot of new escrow demands, and she has been answering questions from new owners and helping to get them set up in the Community. She has been assisting with numerous calls about the Trash Compactor Renovation project and helping to finalize the procedures for issuing and reactivating key FOBs. The office has been getting a lot of calls for Firewise reinspections, and she arranged for the abatement by the HOA of the remaining 2017 Firewise non-compliant lots. She

intends to also send out an e-mail notification that September 15th is the deadline for getting lots cleaned and Firewise compliant.

She and Rosemary Brown-Jaeger have worked on getting several Property Rules violation notice letters out.

She has also been helping Bonnie Steele get the Starlighters' e-mails out.

6. Committee Reports

6.1 Architectural Committee (AC) – Kim Traver, Chair; Ray Weimer, Brian Birtwistle and Dave Lutz

Ray Weimer said he and Brian have been unusually busy and submitted a written report indicating the Committee had:

Reviewed and approved 1 set of new house plans

Approved 1 garage, a completed fence project, and a completed shed

Investigated 1 fence complaint and 1 house paint complaint

Issued 3 RV permits

6.2 Greenbelt Committee – Bill Stephens – Board Liaison; Don Cacioppo,

Chair; Dave Lutz, Buddy & Sue Peck, Dave Ihns, and Dan & Margaret Knox.

Bill Stephens reported that they are continuing to look for Bark Beetle signs and fortunately none were found. Approximately 35 reflectors have been replaced, mainly along road accesses. The next major task is will be to finish thinning the numerous oak groves in the east Greenbelt.

6.3 Firewise Education Committee (FEC) – Bill Patterson – Board Liaison;

Open Chair; Brian Birtwistle, Linda Knaeble, Larry Butler, Bob Dahlgren, Dave & Pam Ihns, Paula & Tom Osterday, Dave Lutz, Dan & Margaret Knox, and Conrad Davis.

Conrad Davis reported that during the first two weeks of June Firewise Committee Members inspected Lots 201 – 400. As of August 8th, 47 lots have been Firewise reinspected and only one failed. The Firewise compliance rate for Lots 201-400 is now at 71% with five weeks before the September 15th compliance deadline. The Firewise Inspectors expect to be very busy this next month. Trisha has spent a lot of time creating and entering Firewise inspection results into the database and Drop Box. Conrad included in the Board's packet a screen shot of what the database looks like now with the information that is being entered by Trisha for each of the inspected lots. He also included a sample of a completed lot inspection map showing the information being entered by the Firewise Inspectors. These completed inspection maps are kept in a Firewise notebook and have been useful in checking the accuracy of the database when there have been questions.

Conrad also indicated that when we underwent the Wildfire Hazard Severity Checklist for Arizona Homes and Communities in 2018, even though we passed, we did score low on thinning. Thinning is the one thing we need to work on the most for our Firewise safety, and to give our Community the best appearance. He would like to send out a friendly advance notification to the Owners of Lots 401 – 612, who are scheduled for Firewise inspections next year. Based on this year's inspection results, he thinks we

need to give ample notification that we are going to be inspecting for thinning next year. He feels that a Newsletter article, an e-mail blast, and a mailing to those up for reinspection next year, would be justified. He is going to try and be very specific in the notifications and mention that the main issues are the oak tree clusters, small trees like junipers, and Ponderosa pole trees, which all provide ladder fuel for a crown fire.

Conrad thanked Trisha, the Community Manager, for recording all the Firewise inspection data, copying, scanning, filing, taking the calls for re-inspections, locating available inspectors, and mailing the results of the re-inspections to Lot Owners.

Rosemary Brown-Jaeger asked if large fire-wood piles stored on a lot are being included and marked during the Firewise inspections. She said that while driving the neighborhood this week-end she noticed several huge fire-wood piles. Conrad said those piles are ok as long as they consist of older and not new wood, and they are stacked 30' from any structure, including propane tanks. There is no limit on the number of fire-wood piles allowed on a lot.

6.4 Community Center (CC) and Grounds Maintenance – Naila Erwin

Naila Erwin reported:

Dave Lutz and other volunteers were thanked for keeping the Community Center grounds green and the bushes trimmed back.

The ground along the east side of the Community Center is settling. Mark Stephenson made at least two trips to prop up and then back-fill under the generator in order to get it stabilized and level. He also added some fill under the propane tank. This repair is only temporary and the larger issue of why the ground is settling needs will be addressed.

There are about 25 or 30 gopher holes that have showed up during the past two months in this same area. Rosemary Brown-Jaeger recommended using moth balls in the gopher holes.

One evening when Trisha was trying to lock up she discovered that the entire frame of the main doors to the Community Center was falling outward. Brian Birtwistle managed to get the door frame back in place, and Lowery's Doors and Windows in Payson came out immediately to repair the doors. It was discovered that the door frame assembly was never properly secured into the building door frame when it was installed. It is believed that Lowery's Doors and Windows actually did the initial installation of the doors.

The metal-frame bulletin boards at the east mailboxes by the compactor still need repair and are on the “to do” list. They are asking for volunteers to help with the repairs.

6.5 Property Rules Committee (PRC) – Rosemary Brown-Jaeger, Chair; Bill Cross and Bill Stephens. Rosemary indicated she has driven the neighborhood and several Property Rules violation letters have gone out.

6.6 Newsletter – Bonnie Steele – The next Newsletter will be in September and the deadline for turning in articles is September 15th.

6.7 Starlighters Auxiliary – Bonnie Steele

Bonnie Steele reported:

The Starlighters sold 89 breakfasts at the French Toast Bake in July. The breakfast in August will be on the 24th.

The Starlighters will be selling Happy Jack merchandise at the Firehouse Labor Day sale on August 31st.

The 2nd Pie & Ice Cream Social will be held at 2:00 p.m. this afternoon.

The raffle drawings for the quilted wall hangings will be held at the September Community Breakfast.

The Starlighters are having an Italian Dinner on October 12th with a silent auction to take place that evening. This will be the first event with a silent auction, and they anticipate holding them annually if they can get enough Community participation.

7. Community Comment:

Caroline Weimer – Lot 148: Caroline said she received a call from Starlight Water Company saying she was getting her service cut off. She immediately called and was told that they had to let an employee go and were still trying to figure out mistakes made by that employee. She also thanked the Committee Members, and the Board, for all of their volunteer service and gave a special thank you to the Firewise Inspectors, who are out there all the time inspecting lots and trying to protect our Community from devastation in case of a fire.

Sue Davis – Lots 352/353 Sue gave an update on the Blue Ridge Water Improvement District. She and Conrad mailed out 1,602 Petitions in July to every property owner in the Starlight Water service area. They have had over 500 affirmative Petitions returned. It has been a lot of work and there is an informational flyer out on the table in the Community Center hallway with the new logo. She encouraged everyone to be an advocate for the Water Improvement District and get neighbors and friends to return their signed Petitions. There is no anticipated closing date for collecting Petitions, and there are only 250 returned Petitions from Starlight Pines. She would like to see stronger support from Starlight Pines. The process is that after the map is drawn based on the Petitions that are returned, the Steering Committee will then go to the Coconino County Board of Supervisors to ask for the creation of a Water Improvement District. Once approved, the District can then begin negotiating to buy the Starlight Water Company. There has already been \$7,000 donated to help with the out-of-pocket expenses, but the Steering Committee continues to need additional funds to cover the expenses.

Lou Hoover – Lots 537/538 Lou announced that there was a new addition to the community – an 8-day old stud colt now residing in their barn. They have a sign-in book for anyone who wants to come by and see the new addition. Trisha and Brian Birtwistle own the mother of the colt, and his name is Maverick.

8. Old Business:

8.1 Trash Compactor Update

Naila Erwin reported that there will be an informal ribbon cutting ceremony for the grand opening of the completed Trash Compactor Renovation project this coming Wednesday

at 8:00 a.m. She thanked Ray Weimer and Bob Dahlgren for their research and effort put into locating and installing the hydraulic gate closer. Regular trash site haul-away service has now been re-established with Waste Management, and the dumpsters in the Community Center parking lot will remain for a couple of weeks during the transition period. There are several small details, such as posting signs, moving the cardboard and aluminum bins over, etc., that need to be taken care of between now and Wednesday when the trash site is officially re-opened. In the near future Mike Bradley will be having the cameras installed. There are already motion sensor lights now working at the site. Trisha will also be sending out an e-mail letting Members know about the re-opening of the trash site. Those people who had keys to smash the trash on the original compactor will need to go through a training program with Ray Weimer, because the new compactor works differently than the original compactor.

Ray Weimer commented that when he saw Naila's pictures comparing the old site and the new trash site, he couldn't believe the difference. The renovation of the site has made a huge improvement.

9. New Business:

9.1 Insurance Renewal Proposal from Hill & Usher

Sue Davis indicated that the 23 page proposal from Hill & Usher was sent by e-mail to all Board members for studying prior to the meeting. She has one copy with her that the Board can look at if they need to refresh their memory. She also prepared a one-page summary of the proposal comparing the 2018 and the new 2019-2020 figures. For 2019-2020 the value of the property being insured is \$658,000, which does include the 5% increase requested by Bill Cross at the last Board Meeting. On the right side of the summary is the 2018 insurance premiums we paid last year and what the cost is projected to be for the 2019-2020 year according to the proposals received from Hill & Usher. The one caveat is that the Property Damage insurance premium proposal from Hill & Usher does not reflect the increase in cost for the additional 5% value we have added for some of the SPHOA property. Sue mentioned that we need to renew our insurance by August 21, 2019, because that's when our current policy expires. The cost for our Property Damage coverage has gone from \$2,430 last year to \$1,247 for this year, but that does not include any increase in premium for the additional 5% in asset or property value we have requested. General Liability coverage cost was \$4,291 last year, and this year it has gone down to \$4,125. Umbrella Liability has gone from costing \$644 last year to \$628 this year. The next item is Directors & Officers [D&O] liability coverage which has increased from \$2,440 last year to \$2,930.34 this year, but part of that increase is because of a \$322.34 charge for what the company calls a "Program Fee". The "Program Fee" last year was only \$25. The Crime coverage premium under the D & O insurance, which has another "Program Fee" added, has gone from \$425 last year to \$478 this year. The total insurance premium proposal for D & O/Crime coverage this year is \$3,408.47. The grand total for the insurance premium proposals from Hill & Usher for Property Damage, General Liability, Umbrella Liability, Directors & Officer and Crime coverage totals \$9,408.47, which does not include any increased premium for the additional 5% value we put on some SPHOA assets. Bill Cross indicated that he believes the additional premium for the 5%

increase should only be about \$60.00. He also suggested that Sue ask for a breakdown of the \$322.34 Program Fee in the D & O coverage, because it seems a little high based on what he has seen in the insurance industry. Sue Davis also added that Hill & Usher did shop our insurance to several companies and this was the best rates available for our insurance coverage needs.

Motion: Bill Patterson moved and Sue Davis seconded a Motion that SPHOA accept the \$9,408.47 Hill & Usher insurance renewal proposal for the 8/21/2019 to 8/21/2020 period for Property Damage, General Liability, Umbrella Liability, Directors & Officers, and Crime coverage, as submitted, and the President is authorized to sign any required documents. The acceptance is made with the understanding that there will be an additional premium cost for the 5% increase in coverage we have requested for some of the SPHOA assets.

Sue Davis reconfirmed that the Board understands that the President will need to sign the insurance binder in order to renew the insurance, and that when signed it becomes a binding contract.

No Members asked further questions or expressed comments.

The Motion passed unanimously.

Bill Patterson and the Board thanked Sue Davis for all of the time she spent applying for obtaining the insurance quote for us.

10. Adjourn:

There being no further business to come before the Board, the President asked that the meeting be adjourned into Executive Session to discuss delinquent and outstanding assessments and fines, contemplated or pending litigation, legal advice, and personal and financial issues about individual Association Members.

The next Board meeting will be on September 14, 2019 at the Community Center.

Motion: Connie Kiser moved and Bill Stephens seconded a Motion to adjourn the meeting and reconvene in 10 minutes into Executive Session to discuss delinquent and outstanding assessments and fines, contemplated or pending litigation, legal advice, and personal and financial issues about individual Association Members.

No Members asked questions or expressed comments.

The Motion passed unanimously.

Submitted by:

Approved:

Connie Kiser, Secretary

Dave Janecke, President

Board Approved on: _____