

STARLIGHT PINES HOMEOWNERS ASSOCIATION
Minutes of the Regular Meeting of the Board of Directors
Saturday, February 8, 2020
Starlight Pines Community Center

1. Call to Order /Determine a Quorum

Vice-President Bill Patterson called the meeting to order at 9:00 a.m. Board Members present were: Vice President Bill Patterson, Secretary Connie Kiser, Treasurer Sue Davis, and Director-at-large Bill Cross. Kim Traver appeared by conference call and Dave Janecke and Rosemary Brown-Jaeger were absent. The Vice-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. Guest Speakers:

Chief Deputy Bret Axlund and Lieutenant Gerrit Boeck from the Coconino County Sheriff's Office.

Officer Axlund spoke first and indicated there were several important points to cover today:

1. The most important issue on the minds of the residents in this Community is about filling the vacant Deputy Sheriff's position for this area. He realizes it is a critical situation to all of us and the Sheriff's Office has received both calls and letters inquiring about the status of finding someone.
2. The second issue is the status on the recent homicide that occurred up here. He reported that the suspect, Mr. Pat Nagel, was arrested and accepted a plea deal. He will be serving 25 years in prison.
3. Third is the ATV issue here in the Blue Ridge Community during the summer. The Sheriff's Office is now going to be issuing citations, which could include confiscation of the ATV for 30 days under certain circumstances. Warnings no longer seem to correct the problem so they will now start issuing tickets.

Lieutenant Gerrit Boeck spoke about filling the vacant Deputy Sheriff's position in this area. He indicated that they cannot assign someone here if they don't want to come, because then chances are it wouldn't end up being a good fit for the Blue Ridge Community. They are currently marketing the position based on the location and area, because any Officer they hire should want to be here to serve the particular needs of our Community. They tried to hire within the Department, but now are having to search outside their law enforcement community. Bill Patterson indicated that he knows two recently retired police officers now living up here who might be interested in sharing the position, if that is an option. Deputy Axlund said job sharing isn't something they do now, but it could be looked into as a possibility and he would appreciate getting those names from Bill. The cost to fill this Deputy Sheriff's position, which includes free housing, is well over \$100,000. Their goal is to get a Deputy up here by summer, but they want to get the right person who will fit in. The Department will continue covering this area from Flagstaff until they find someone. The Sheriff's Department is currently 24% down on functional positions, but they do have four new recruits in the academy. John Steele inquired about the current response time from Flagstaff to Blue Ridge on a 911 call. Officer Axlund said it is

anywhere between 30 minutes and 2 hours, depending on the location of their Officers at the time of the call. They do, however, have access to partners, such as the Highway Patrol, Game & Fish, or Reservation Police. When a call comes in that is an emergency, other agencies that may have someone closer can respond to stabilize the situation. The Sheriff's Department is trying to think outside the box, and one possibility is that if they don't get someone assigned in this Community, it might be necessary to fill the position on a Deputy rotation basis.

There was discussion and questions about ATV problems and issues in our Community. During the summer there are a lot of ATVs driven by underage drivers speeding throughout Starlight Pines. Lieutenant Axlund reported that there are laws and rules in place that govern ATVs, and the Department is quite aware that the laws are being ignored. In fact, every forest Community is reporting the same issues with ATVs, especially during the summer months. The Sheriff's Office will respond if a violation is reported, but unfortunately the ATV drivers are usually gone by the time the Sheriff's Office gets there. Lieutenant Axlund indicated that if you see a violation report it, even get a license plate if you can, but don't put yourself into a confrontational situation with the violator.

Chief Deputy Axlund and Lieutenant Boeck were thanked for joining us today in order to address our concerns.

4. Minutes from Previous Meetings

November 9, 2019 Regular Board of Directors Meeting – Connie Kiser Secretary

Motion: Sue Davis moved and Bill Cross seconded a Motion to approve the November 9, 2019 Board of Directors Regular Meeting Minutes as presented.

No Members asked questions or expressed comments.

The Motion passed unanimously.

November 9, 2019 Executive Board of Directors Meeting – Connie Kiser Secretary

Motion: Connie Kiser moved and Bill Cross seconded a Motion to approve the November 9, 2019 Executive Board of Directors Meeting as presented.

No Members asked questions or expressed comments.

The Motion passed unanimously.

Treasurer's Report

5.1 Documents Distributed to the Board

- Account Balances on January 31, 2020
- Income-Expense Statement for All Funds compared to the 2019-2020 Budget as of January 31, 2020
- Income-Expense Statement for HOA Funds Only compared to the 2019-2020 Budget as of January 31, 2020
- Transaction Report for November 1, 2019, through January 31, 2020, sent by electronic transmission for Board only
- Starlighters Auxiliary YTD Transaction and Cash Flow Reports as of January 31, 2020, by electronic transmission for Board and Starlighter Leaders
- All SPHOA funds are held in six (6) FDIC-insured bank accounts, reconciled as of the last day of the month and filed in the Office for review. Three (3) of the six (6) bank accounts earn interest at diminished rates due to the economy. The CD with AmTrust, a Division of NYCB, is earning 1.73% in interest.

5.2. Year-to-Date Income/Expense Statements as of January 31, 2020

All Funds

HOA Funds Only

Starlighters Funds

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Income:	\$258,507.09	\$240,229.55	\$18,277.54
Expenses:	<u>(\$189,687.24)</u>	<u>(\$171,409.70)</u>	<u>(\$17,875.15)</u>
Income Less Expenses:	\$68,819.85	\$68,819.85	\$402.39

Year-to-Date Income Highlights

- 22 New Member Initial Contributions received - \$4,640.00
- 31 Lot ownership changes - \$12,738: 9 are Members buying another Lot
- \$10,980.00 received for Firewise, Bark Beetle, and Ground Fire fines paid
- \$423.81 received in bank interest, \$344.80 of that from Liquid CD at AmTrust Bank, NYCB.
- \$129,836.75 in Assessments, Late Charges, and interest has been received. 586 Members are in good standing.

Year-to-Date Expense Highlights

- \$7,500.00 to abate 8 noncompliant Firewise or Bark Beetle infested lots. Expense has been billed to Owners' accounts. Board is taking steps to collect this expense.
- \$6,958.47 to renew HOA property, liability, and D&O insurance
- \$540.00 is over Budget for Lien filing fees
- \$5,589.99 in legal guidance regarding CC&R Violations, Liens, and Use of Easements is over Budget.
- \$29,082.92 in Management expense is trending 16% over Budget due to Workers' Compensation premium, combining Community Manager and Community Center Manager functions, processing 31 lot ownership changes in 8 months, 200 Firewise inspection reports, and 7 architectural change applications.
- Refuse Collection at \$14,261.84 (55%) is slightly under Budget.
- \$2,682.64 in unspent Compactor Renovation Project funds were transferred out of operating funds to the Compactor Renovation Fund pending any more costs. The renovation began on July 1, 2018, and was completed on September 30, 2019. Renovation cost \$135,017.96, 96% of the \$140,000 estimated cost.
- Perimeter Fence Maintenance is over Budget because we increased the contract amount after the Budget was passed in March 2019.
- Telephone expense is over Budget because TDS has increased rates and charges for a phone and a modem to operate QuickPass at the compactor.
- Electric expense is over Budget because APS is charging to operate the TDS modem
- Payments to Replacement Reserves were suspended until the Compactor Renovation Project was completed.
- An updated Replacement Reserve Study will be finalized for the 2020-2021 Budget that will be approved in March 2020.

5.3. Account Balances on January 31, 2020

- Cash on hand or in the bank: \$216,293.56
- Current Liabilities: \$87,680.11 includes payroll liabilities, projected budget payables, Starlighters Event Cash Box, Starlighters Auxiliary Fund, Refundable Building Deposits, Refundable Community Center Use/Damage Deposits, and our Refundable Key Account. We purchased 100 new Fobs to operate the compactor gate from our Refundable Key account as we have done in the past.
- Replacement Reserves: \$88,155.54
- Total Liabilities and Replacement Reserves are \$216,293.56
- Undesignated/Equity Funds on January 31, 2020, were \$40,457.91 as we have received 98% of our 2019-2020 projected income in the first 8 months of the fiscal year and we have not made any payments to our Reserves in this fiscal year.
- 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.

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5.4. 2019-2020 Assessments on January 31, 2020 - \$13,090.33 in unpaid Assessments

- 26 members (4%) have unpaid Assessments, Late Charges, Lien fees, and accrued interest totaling \$13,090.33.

- 17 (3%) are delinquent for more than one year. We have placed Liens on their Lots.

- 9 (1%) are delinquent for this year. We placed Liens on their lots in December.

- 586 members (96%) are in good standing.

5.5. CC&R Violation Fines outstanding as of January 31, 2020 - \$39,603. 02

40 Members owe CC&R Violation Fines.

- Ground Fires

\$1,000.00 – **2 Members** owe fines for Ground Fires in 2015 and 2016.

- Firewise

\$30,168.02 – **23 Members** owe Firewise fines. 5 Lots have been abated into compliance.

Abatement cost has been billed to Lot Owners.

- Bark Beetle Infestations

\$7,185.00—**13 Members** owe Bark Beetle Violation Fines. 4 lots have been abated into compliance. Cost of abatement has been billed to Lot Owners.

- Property Rules Committee Violation - Building in Disrepair (CC&R 3.10)

\$750.00 – **1 Member**

- Architectural Committee Violations (CC&R 3.24 Improvements without AC approval)

\$500.00 – **1 Member**

Sue Davis indicated that this month she included more detail in the financial documents for the Board since we need to start the Budget process for the next fiscal year that starts on June 1, 2020. She wanted everyone to see an expanded detail of the income and the expenses incurred this year. Bill Patterson confirmed with Sue that the Association is now charging the maximum amount allowed by law when properties are sold.

Bill Cross mentioned that since there is a substantial amount of cash set aside for reserves, earning low interest, he would like the Board to consider transferring some of those funds into a CD earning a higher interest rate. Bill Patterson said he uses Fidelity Brokerage, a cash fund where you can write three checks a month without a penalty and earns interest at 1.92%. He thought that might be an option to consider. He also pointed out that the funds deposited in Fidelity Brokerage are not Federally insured, but Fidelity does have a long and excellent payment history. Concerns about not having our money in a Federally insured account were discussed, along with options for other types of Certificates of Deposit we should consider. Sue will be researching the various options.

Motion: Sue Davis moved and Connie Kiser seconded a Motion to accept the Treasurer's Financial Report as of January 31, 2020 as presented.

No Members asked additional questions or expressed comments.

The Motion passed unanimously.

Sue Davis also addressed the fact that the Association has only one employee, Trisha Birtwistle, our Community Manager. The Association does provide her with Workers Compensation Insurance. All other individuals paid by the Association for services rendered are done so under independent contracts and not as employees, and each contractor has agreed to sign the Arizona Rejection to Workers Compensation coverage as part of his or her contract. Sue explained that when she prepares the employee/payroll audit for our Workers Compensation insurance carrier they see that we have a Board of Directors, and in the past they have questioned whether or not Members of our Board of Directors are paid. Last year

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there was an issue when the insurance carrier went ahead and charged us a premium for one Member of our Board, who, like all Board Members, was an unpaid volunteer. It took Sue a lot of time to fight the issue in order to prove we were right and the insurance carrier was wrong. The extra premium we paid was finally refunded. In order to avoid having the same issue again this year, Sue is requesting that each Board Member sign a Rejection of Workers Compensation form, even though it doesn't apply to our Association, so that the Workers Compensation audit can go through smoothly this year. Sue has inserted some of her own language in the form the carrier provided so it now reads: "I, the undersigned, am an unpaid volunteer Member elected to the Board of Directors of the Starlight Pines Homeowners Association, an Arizona non-profit corporation, on July 11, 2018, and am hereby electing to reject all terms. . . ." Bill Patterson pointed out that the 2018 year in the form is incorrect and it should read 2019 because an entire new Board is elected every year. Sue also added that any Board Member can choose not to sign the form, but individual forms have been provided for each Member in his/her Board packet. The 2018 date can simply be crossed out and changed to 2019 and then initialed.

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

Trisha added to Bill Patterson's comment, indicating that she and Sue always look at what the Association is getting charged. This year the Coconino County Recorder increased its charges for recording a document so the Association increased its lien charge to \$75.00. Sue explained that we have a one time lien placement and removal fee, which is now \$75.00, so we can collect all of the Coconino County Recorder's charges up front.

Trisha reported that:

- It's been a busy season and not slow like was anticipated. There have also been two new escrow document demands.
- Three new mailbox locks were changed and she thanked Kevin McCoy for his help with that.
- Bulletin Board parts are all in and ready to be installed and she thanked Don Cacioppo and Chuck Taylor for helping with that project
- Ken White has been helping run the trash compactor while Ray Weimer has been gone.
- Ken White also added that if you put big pieces of cardboard in the compactor, even if they are flat, they bend and then cause spaces of air inside.
- The new office design has made it much more functional and friendly.
- She has been working with the Fire Chief on the Firewise lots in the grant program. He is in the process of mapping out all the lots that signed up for the grant proposal.
- The Community Center is functioning well and we may get new paint for the inside.
- She reminded Members using the Community Center that if something breaks, please let her know so it can be fixed.
- The cloth blinds in the Community Center keep breaking, so she is requesting permission to have them replaced with slat blinds to match the existing blinds in the office and kitchen. She did get a quote of \$344 from Home Depot for the slat blinds. Sue Davis pointed out that there is still money in the Community Center Budget to pay for that and it was the consensus of the Board that she move forward on that project.

Connie Kiser asked if Fire Department grant program had progressed to the point of actually being funded. Trisha said it is her understanding that the grant monies have been received by the Fire Department and they are ready to move forward with getting outside bids to get the work done. Trisha also reminded everyone that the grant monies are for laddering and thinning trees on lots and not for raking and general lot clean-up.

7. Committee Reports

7.1 Architectural Committee (AC) – Kim Traver, Chair; Ray Weimer and Brian Birtwistle
A written report was submitted indicating the Committee had:

- Approved three new cabins for completion
- Approved new siding for a cabin
- Approved new plans for a barn
- Asked a Member to change/revise submitted plans for a deck cover

7.2 Greenbelt Committee – Board Liaison - Open; Don Cacioppo, Chair; Buddy & Sue Peck, Dave Ihns, and Dan & Margaret Knox.

Don Cacioppo reported that they reviewed a portion of the Greenbelt for possible fallen trees and lot-line determination.

7.3 Firewise Education Committee (FEC) – Bill Patterson – Board Liaison; Open Chair; Brian Birtwistle, Linda Knaeble, Larry Butler, Bob Dahlgren, Dave & Pam Ihns, Paula & Tom Osterday, Dan & Margaret Knox, and Conrad Davis.

Conrad Davis reported that of the 200 lots inspected in June of last year (lots 201-400), there were originally 104 failures, but now only three lots remain noncompliant for a current 98.5% compliance rate. The almost 100% Firewise compliance rate is due to the fact that a majority of our Members are now buying into the Firewise program and understand that the purpose is to protect our forest and their investment. A debt of gratitude is owed to both the Firewise Committee Members and lot owners who worked so hard to bring their lots into compliance. We also owe a major thanks to Trisha, who work so many hours calling to remind people, keeping and inputting the data, mailing, filing, courtesy calls, and taking so many calls for Firewise and Bark Beetle re-inspections. She also helped a number of her neighbors bring lots into compliance when they were unable to do so due to illness or personal emergency. Between inspections, re-inspections, and Bark Beetle inspections, our Firewise Inspectors walked an average of 54 lots.

Recently the question of whether having firewood stacked between two trees created a laddering issue. The wood-pile in question was at least 6' high. Conrad said he contacted District Forester Lee Ann Beery, but she couldn't find any requirement that addresses that particular issue, other than to keep stacked wood 30' from structures. It was her recommendation that we add a suggestion to our Lot Inspection Form about stacking firewood piles in open areas and not underneath trees or around other vegetation.

The number of Bark Beetle infestations for 2019 improved dramatically. During 2018 there were more than 120 lots with infestations, but in 2019 there were only 24 lots affected and most of those lots had only one or two infested trees. The first reason for the improvement is that there was enough rain to allow the trees to make the pitch they needed to fight off the Bark Beetles. The second reason is that our Community came together and quickly removed the majority of

infested trees and other dead and down pines before the second generation of Bark Beetles could double its population. We owe the Members of the Firewise Committee and our diligent neighbors thanks for protecting our trees. We will be starting Firewise Inspections this year for Lots 401-612 the first week in June.

One Member commented that there is a lot behind her that doesn't have any structures and hasn't been raked for years. She wanted to know if there are different restrictions for lots without structures. Conrad indicated that even though vacant lots do not require raking, the lot owners do have to ladder up and thin out their trees. Generally speaking, if the layer of pine needles and leaves on a vacant lot is only about an inch or two deep, no raking would be required. If the layer of dead needles is much thicker than that, then the owner would be asked by Firewise to rake. Conrad also mentioned that Forest Service studies have shown that even raking 20 cm around the base of a pine tree gives it a good chance of surviving if there is a fire.

A Member also asked whether or not she had to go on to a neighbor's lot to rake in order to be compliant when her structure is less than 30' from the property line. She is concerned about receiving a violation for not raking the required 30' due to a property line limitation. Conrad indicated that if there isn't 30' between her structure and the property line, then raking to the property line should be sufficient.

Sue Davis wanted to remind us how much we owe Paula Yeary for the many hours she spent getting our Firewise Program started and the inspections implemented. Bill Patterson mentioned that when Firewise does the June inspection this year our Community is still at the end of that last spring needle drop. Lots can get cleaned and the 30' area raked, but then a week later those areas can have pine needles again due to needle drop.

7.4 Property Rules Committee (PRC) – Rosemary Brown-Jaeger, Chair; Bill Cross

Bill Patterson announced that President Dave Janecke requested that in his absence, we approve the appointment of Rosemary Johnson to serve on the Property Rules Committee. The Chair, Rosemary Brown-Jaeger, has previously concurred in the appointment.

Motion: Bill Patterson moved and Connie Kiser seconded a Motion to appoint Rosemary Johnson to serve on the Property Rules Committee.

No Members asked questions or expressed comments.

The Motion passed unanimously.

John Steele asked if we are still having Committee Members sign the form acknowledging that they will follow the CC&Rs and Property Rules. Sue Davis said she didn't think it was being used at this time because all Committees work under the Board's umbrella. John said he will look for the template of the form and forward a copy to Sue.

7.5 Newsletter – Bonnie Steele – March 15th will be the deadline for submitting articles for the next Newsletter.

7.6 Starlighters Auxiliary – Bonnie Steele

Bonnie Steele reported:

- The Starlighters formed a planning committee to determine the Starlighters' Calendar of Events for 2020. A draft of the calendar is ready for Board approval today.

- The breakfast menus have been planned for February and March. On February 29th they will serve made-to-order omelets with hash browns.
- They have formed a committee of three to select and order Happy Jack merchandise. Linda McDermott will be a mentor and initially guide them in this endeavor.
- The Starlighters' first business meeting will be March 13th with plans to get organized for both the Highway Clean-up and Potluck on April 3rd and the Memorial Day Boutique on May 23rd. There will also be a chocolate and chili cook-off in October as their fall event.
- They sent out a survey regarding events and asking which ones to continue with in 2020. A summary of the survey results and the proposed Starlighters' calendar is available on the table inside the front door.

Motion: Bill Cross moved and Sue Davis seconded a Motion to approve the Starlighters' 2020 Calendar of Events, as presented.

No Members asked questions or expressed comments.

The Motion passed unanimously.

8. Community Comment:

John Steele – Lot 500: John indicated he had a conversation with one of our mail carriers yesterday regarding the condition of the weather stripping on the mailboxes. The mailboxes belong to the Association, but the weather stripping, which serves as waterproofing, is coming off the "Outgoing" box. John confirmed that he is talking about the mailboxes by the trash compactor, and even though the Association owns the mailboxes, the mail carrier said he would reattach the weather stripping if we provided the supplies, such as superglue. John kindly agreed to contact that mail carrier and get him the supplies needed for the repairs.

9. Old Business: None

10. New Business:

10.1 Approve single signatory disbursement amount increase

Sue Davis indicated that some of our expenses, in particular the refuse collection cost, are increasing and can exceed the \$1,999.99 Board approved limit for having only one signature on the Association checking account. Sue is asking the Board to increase the ceiling amount allowed for a single signature on checks from \$1,999.99 to \$3,000.00 so Trisha Birtwistle, the Community Manager, is able to pay our bills with only one signature.

Motion: Sue Davis moved and Bill Cross seconded a Motion that the Board of Directors of the Starlight Pines Homeowners Association raise the limit for single signer expenditures from the Association bank accounts to \$3,000, and expenditures greater than \$3,000 shall require a second signature.

No Members asked questions or expressed comments.

The Motion passed unanimously.

10.2 2020 Board Election Timeline and Election Documents

Connie Kiser indicated that Sue Davis prepared an Election Timeline to provide us with the dates when certain events need to take place for the election process to be completed this year by election day, which is June 8, 2020. Sue Davis mentioned that if we do those tasks on those SPHOA Board of Directors Regular Meeting Minutes 2/8/2020

dates, as indicated in the Timeline, we will be in conformance with the deadlines of our governing documents. The Board is being asked to approve the 2020 Election Timeline and the following Election forms required for completion of the election process: Ballot Verification & Counting Process; Election Notice; Ballot Format; Nominating Petitions; Candidate Information Sheet Template; and Authorized Voter Form. The Election forms were all designed by the Association attorney several years ago and we use the same forms every year as a template, with only dates needing to be changed. Connie Kiser said she didn't include copies of the Election forms in the Board packets. Sue Davis pointed out that copies of the forms are available in the office if you want to look at them. The election date is June 8, 2020, which is marked in yellow on the Timeline, and the Ballots will go out with yellow return envelopes.

Motion: Bill Cross moved and Sue Davis seconded a Motion to approve the Board Election Timeline and all required Election Document forms as used in prior years.

No Members asked questions or expressed comments.

The Motion passed unanimously.

10.3 Appointment of the Election Nominating Committee

Bill Patterson indicated that President Dave Janecke, although not able to attend today's meeting, provided written instructions indicating that he would like to have him appoint Don Cacioppo as Chairman of this year's Nominating Committee, along with Lou Hoover and Ken White as Committee Members. The Nominating Committee will assist in the interviews and selection process to find 8 qualified candidates to serve on the Association Board of Directors for the 2020-2021 year.

Motion: Bill Patterson moved and Connie Kiser seconded a Motion to appoint Don Cacioppo to serve as Chairman of the Election Nominating Committee, with Lou Hoover and Ken White to serve as Committee Members.

No Members asked questions or expressed comments.

The Motion passed unanimously.

Naila Erwin mentioned that according to the Election Timeline the Ballot counting day lands on the same day when there is a Starlighters meeting. The Starlighters will be glad to change its meeting date in order to eliminate that conflict.

10.4 2020-2021 Budget Timeline Discussion

Sue Davis indicated that in order to comply with the CC&Rs, next month we need to address the Budget for the 2020-2021 Fiscal Year. In the Board's packet is a Timeline for the Budget process and setting of the annual assessment. You will note that May 1st is the date we need to mail the Annual Assessment Notice to all Association Members, and we have to post the final Budget for 2020 -2021 in the office by April 2nd so Members can review it. Sue indicated that in order to get to that April 2nd date with an approved Budget, as required by the CC&Rs, the Board will need to approve a Budget and set the amount of the annual assessment at its March 14th meeting. That only allows 30 days to work on finalizing a balanced Budget. Sue indicated she would like suggestions from Members and Committees so we can come up with a balanced Budget that will allow us to satisfy all anticipated expenses with income from our regular annual assessments. Sue Davis prepared, as a starting point, an HOA funds only proposed "Draft Budget" for review. The sheet contains line-item totals for the Association's income and expenses during the first 8 months of this Fiscal Year. At the top of the sheet are categories to help explain where we stand, percentage wise, on projected income and expenses under last year's Budget. The column categories are: 1) YTD Income and Expense Cash Flow for 8

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months, which is 67% of the way through our Fiscal Year; 2) Current 2019-2020 FY Budget; 3) YTD Budget percentages for actual income and expenses incurred for the first 8 months of this Fiscal Year; and 4) A 2020-2021 proposed "DRAFT" #1 Budget based on no increase in Member annual assessments next year. Sue also explained that based on the figures she has used in the proposed Draft Budget, line item 8020 [Payment to Replacement Reserves] reflects that next year we will only be replenishing the amount of \$14,043.00 into our Reserve Funds. She reminded everyone that this is only a draft with estimated figures, and it is intended to only be used by the Board as a starting point.

Sue pointed out that one major cost factor in the Budget is the Management category for Trisha, our Community Manager. You can see that it is a large expense, but we need those services. Bill Patterson noted that the Draft Budget is based on not having an increase in the amount of the Member annual assessment and he is also in favor of that. Sue Davis also pointed out that the first column on the Draft does reflect that the Association brings in additional income each year from new Member contributions and ownership transfer document fees when a lot is sold, CC&R & Architectural fines, plan review fees, and other miscellaneous income, but it is not sound financial practice to base your Budget on what additional income might or might not come in. Connie Kiser also added that the Board is moving to collect long outstanding violation fines and unpaid dues, and we were recently able to collect a substantial past due amount without litigation, so there is also that potential for additional income. Sue Davis added that the Board is getting a little more aggressive in trying to collect those outstanding accounts, and the attorney's fees are billed back to the delinquent lot owners. Sue is optimistic that we can come up with a 2020-2021 Budget without any increase in the annual assessment amount. She will also be e-mailing a copy of the Draft Budget to Members who are significantly involved in Association Committee activities and asking for their input.

10.5 - Approve Resolution recommended by Butler Hansen for attachment to the SPHOA 2018 Federal and State Income Tax Returns

Sue Davis reported that Butler Hansen, who are experts in tax accounting for HOAs, want the Board to approve an IRS Ruling 70-604 Resolution for last year. Last year the Association had excess money due to our compactor renovation project, which at the end of our Fiscal Year was swept out of operating funds to the Trash Compactor Area Renovation fund, and then immediately swept back into operating funds on June 1, 2019, which was the beginning of our current Fiscal Year. The accountants are asking that the Board pass this Resolution, which only confirms that the money wasn't extra income and went for Member expenses. Sue then read the complete Resolution, a copy of which is attached to these Minutes. What this Resolution does is confirm that the money we held over for the compactor renovation last year was put into this year in order to continue paying for the compactor renovation project.

Motion: Sue Davis moved and Connie Kiser seconded a Motion to approve the Resolution of the Starlight Pines Homeowners Association, a copy of which is attached hereto and by this reference made a part hereof. Said Resolution is being passed on behalf of the Members of the Association, all in compliance with IRS Ruling 70-604.

John Steele had questions about the accounting process used by the accountant, and the way those funds were accounted for twice. Sue Davis indicated that Butler Hansen, our CPA, has advised the Association that we need to pass this Resolution in order to comply with IRS Ruling 70-604, and we are simply following their advice on the issue since they are the accounting experts.

No other Members asked additional questions or expressed comments.

The Motion passed unanimously.

10.6 - Update on Trash Compactor Issues

Naila Erwin reported on the refurbished trash compactor and receiver bin purchased from ANCO during the compactor renovation project. The ANCO Parts and Labor Warranty was for six months and began on July 16, 2019 when the refurbished compactor was installed. Since its installation, there have been various problems and issues with the compactor that required servicing and repairs. The Association was invoiced for three of those service calls, but President Dave Janecke was able to get the issue resolved and ANCO finally agreed that the compactor and bin should have been covered under warranty. The unit is still more noisy and slower than what Ray Weimer, who manages the trash site, believes it should be, however, it is working consistently. Ray wants to see what happens when the weather gets a little warmer, because hydraulics in the compactor should run better in warmer weather. Today the compactor is working loudly and slowly, but well. Sue Davis thanked Dave Janecke for addressing the issue of the invoices and getting it resolved in our favor.

10.7 – Change of April Regular Board Meeting to April 4th due to Easter

Bill Patterson announced that our regular Board Meeting date in April falls between Good Friday and Easter, so the Board is recommending that we change the date for our April Regular Board Meeting from April 11th to Saturday, April 4, 2020.

Motion: Connie Kiser moved and Sue Davis seconded a Motion to move the Regular Board Meeting from the second Saturday in April to April 4th, which is the first Saturday in April.

No Members asked questions or expressed comments.

The Motion passed unanimously.

10.8 Water District Update

Sue Davis gave an update on the Blue Ridge Water District, not as a SPHOA Board Member, but as a Candidate for the Blue Ridge Water Improvement District Board of Directors. The Water District Committee is currently preparing a presentation to submit to the Coconino County Board of Supervisors requesting approval for the creation of the Blue Ridge Water Improvement District, with five Candidates running to serve on the District Board. If approved, the District will then proceed to negotiate for the purchase of the Starlight Water Company. The Committee completed the circulation of a Petition seeking approval signatures from Members of all six Communities in Blue Ridge. Starlight Pines had a positive return of about 56% of the property owners voting in favor to become a Member of the Water District. The remaining property owners in Starlight Pines simply did not respond. The positive response from Starlight Pines lot owners was strong enough that all of the property owners from Starlight Pines will be included as Water District Members. The other community that had a higher percentage was Starlight Pines Ranchettes, which had 90+% of owners approving of the Water District. The only difference in being in the District and not being in the District is that those owners who signed to participate can vote for the Board and participate in the governance of the District. Everyone now receiving water services will continue to receive water services, whether or not they signed the Petition to participate in the District. The District Committee is now in the process of mapping out the District Members, but she doesn't yet know when the matter will be set for hearing before the Coconino County Board of Supervisors. The District is also going to be hiring its own attorney when it comes time to start the negotiations for the purchase of Starlight Water Company. They have received about \$9,000 in donations to help cover the initial costs of

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getting the Water District formed. There is a website under BRWID.org for anyone wanting more information. Sue also indicated that there will be a blast e-mail sent out to let everyone know when the meeting is scheduled before the County Board of Supervisors. Bill Patterson commented that historically, our Association Election Ballot return ratio is substantially less than the 56% return the Water District received, so that percentage number actually represents a huge response rate.

11. Adjourn:

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

The next Board meeting will be March 14, 2020.

Motion: Connie Kiser moved and Bill Cross seconded a Motion to adjourn the meeting and reconvene into Executive Session to discuss legal advice, contemplated or pending litigation, personnel issues, and personal and financial issues about individual Association Members relating to delinquent and outstanding assessments and fines. No Members asked questions or expressed comments. The Motion passed unanimously.

Board Approved on: _____

Submitted by:

Connie Kiser, Secretary

Approved:

William Patterson, Vice-President

Association Resolution for Revenue Ruling 70-604 Election—
Excess Income Applied to the Following Year's Assessments

RESOLUTION OF THE STARLIGHT PINES HOMEOWNERS ASSOCIATION

RE: EXCESS INCOME APPLIED TO THE FOLLOWING YEAR'S ASSESSMENTS REVENUE RULING 70-604

WHEREAS, the **STARLIGHT PINES HOMEOWNERS ASSOCIATION** is an Arizona Corporation duly organized and existing under the laws of the State of Arizona;

And

WHEREAS, the members desire that the corporation shall act in full accordance with the rulings and regulations of the Internal Revenue Service;

NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of STARLIGHT PINES HOMEOWNERS ASSOCIATION:

RESOLVED, that any excess of membership income over membership expenses for the year ended May 31, 2019, shall be applied against the subsequent tax year member assessments as provided by IRS Ruling 70-604.

This resolution is adopted and made a part of the minutes of the meeting of the Board of Directors on _____.

BY: _____
William Lee Patterson, Vice President

ATTESTED: _____
Connie Kiser, Secretary

