

**Minutes of Sunrise Mountain Ridge Homeowners Association
Board of Directors Meeting, December 11, 2018**

Call to Order: President, Larry Glasser, called the meeting of the Board of Directors to order at 5:30 PM, December 11, 2018.

1 Directors Present: President –Larry Glasser, Landscape Chair – Dick McGann, Treasurer – Carole Malan, Recreation Facilities – Paul Greenberg, Architecture – Ken Smith, Secretary – Susan Arbuckle, Nomination and Roads – Tom Triplett

2 Directors Absent:

3 Committee Chairs Present: Archive – John Mitchell, Hospitality – Marc Adams, Neighborhood Watch – Jim Edwards, Publications – Alan Frankle, Volunteer Liaison – Wendy Reed, Jim Warner – Communications and Website.

4 Committee Chairs Absent: SAC - Cynthia Clark, Resale -Angie Perryman, Database - Kathleen Flaherty

5 Guests: Residents, Future Board members and Committee members: Jim Warner, Bob Cole, Eloise Gore, Jay Flaherty, Janet Gething, Chris Steele, Eugene Panrudkevich, Herb Burton, Jim McAlister

President Remarks by Larry Glasser.

The Annual Meeting was well attended and those in attendance were very pleased with the management and progress we had over 2018. That is solely because of the great job each of you and your committees did this year. It shows that with good leadership and conscientious effort, HOA self-management works very well and benefits each resident in Sunrise Mountain Ridge. Thank you so much for all the support and help you gave me and each other to make this another successful year for SMR HOA.

Even though this is the last official meeting of the Board, we still have some items we have been working on. Some of them will be concluded this year and some will be continued into 2019. We will get some more information on these items before decisions can be made:

- 1) We will get a report on the progress to replace the existing light fixtures on Colorado.
- 2) We will get more information on the solar coil modification to our East Pool heating system. If satisfied with it, we may be able to make a decision to implement the project.
- 3) We will have a report on the progress on securing an Architect to develop options for expanding our Clubhouse storage area.

In all three of these areas, after all the information and facts are in and discussed, the BOD will decide how to fund each project. We have options, so let's have patience to wait until the information is presented before we deliberate on funding. We have always been and will continue to be fiscally responsible.

After our regular Board Meeting is concluded, we will have our last official act to convene the Organizational Meeting and approve 2019 Board of Directors and Committee Chairs. My special thanks to Susan Arbuckle for all her work for a great Annual Meeting and a smooth transition.

Additional Comments: Larry asked all present to introduce themselves.

Secretary Report by Susan Arbuckle.

A draft of November Annual minutes is available on the SMR website. They will be presented for approval at our next annual meeting which is scheduled for Wednesday, November 13. We normally choose the second Tuesday of November but that date is unavailable. If we change our own meetings to Wednesday, I will reschedule so that we do not have a conflict with the regular board meeting. I would like to thank all the volunteers who helped me at the annual meeting. They are Sue Triplett, Eliza Mitchell, Marijo Nagel, Joy Jensen, and Sandy Glasser. I also thank Wendy Reed for collecting names of potential volunteers.

Before our first meeting in January, please go to Dropbox File SMR02 – Rules, Procedures, and Policies (2018) to review the 8 Standing Policies so that we are prepared to renew them at our January meeting. I am including Policy 6 for your immediate review. We will have to revise this policy to reflect our new relationship with Cadden Property Management.

It is the policy of Sunrise Mountain Ridge HOA that each of its bank accounts (checking, money market, savings, and certificates of deposit), shall require two signatures for their administration, including opening, closing, rolling over or otherwise managing an account.

Payments:

The signers shall include the President, Secretary, and Treasurer. A single signature is required for checks up to \$250. Two signatures are required for amounts over \$250.

Exceptions to above rule:

- 1. 1) Bills for utilities (electricity, gas, water) will be approved by the Committee Chairperson. After approval, the Treasurer will make an electronic funds transfer (EFT) to pay these bills.*
- 2. 2) Bills for swimming pool maintenance and waste disposal shall be approved by the Committee Chairperson and charged to the HOA credit card.*
- 3. 3) The monthly credit card statement will be reconciled to ensure that each charge has a receipt and has been approved by the Committee Chairperson. After the statement is reconciled, the Treasurer will approve it for payment, and make an electronic funds transfer (EFT) to pay this bill.*
- 4. 4) The bookkeeper, TaXtrac, Inc. shall be allowed to sign checks for approved bills from the operating checking accounts for the management and administration of HOA expenses and deposits. One signature by a representative of the firm shall be sufficient.*

The President and Treasurer, acting jointly and in writing, shall have the authority to make exceptions to this policy when it is in the best interests of the HOA.

It has been my pleasure to serve with the 2018 Board. Thank you for writing reports in the correct format and getting them to me in a timely manner. Your reports provide an historical record of what has been done in your committees and at the board meetings.

Additional Comments:

Carole Malan was asked to take the lead on changing Policy 6 to reflect our current contract with Cadden Property Management.

Treasurer's Report by Carole Malan

Cash Balances:	11/30/18	10/31/18	9/30/18
Total Cash Accounts	<u>\$573,544</u>	<u>\$588,778</u>	<u>\$604,519</u>

December Report:

1. Per our annual meeting vote, I transferred the 2017 excess operating income of \$32,633 from the operating fund to the reserve fund.
2. On 11/20/18, I called Goldwater Bank about our low interest rate of 0.38%. They agreed to raise the rate to 1.25%. This is still a little low, but will review further in early 2019.
3. Our reserve study needs to be updated in early 2019. Fee increasing from \$1,340 to \$1,570. Vote to approve new contract for \$1,570.
4. Audit fee increasing from \$4,000 to \$4,250 for the 2018 audit. Vote to approve new contract for \$4,250.
5. Assessments Receivable – We had one payment received in November. We still have two owners that owe \$659 and one owner that owes \$1,318. I sent out final notices to these owners in October that we would consider placing liens on their property if payment was not received. I did not hear back from any of them. These balances will be turned over to Cadden on January 1st for collection and liens will be placed on their properties.

6. Kim Dangremond of TaxTrac was notified that her contract for SMRHOA financial accounting will be terminated after the December 31, 2018 financials are finalized. She will prepare the December financial statements and work with our auditor, Jennifer Phillips, as needed. TaxTrac will prepare SMRHOA's Form 1099's for 2018. TaxTrac will prepare the Form 1120-H federal income tax return and Arizona Form 120 income tax return for 2018. We will pay her the usual fee for 2018, but will not pay her anything additional in 2019, except for \$750 for income tax preparation.
7. Cadden Property Management mailed out assessments due January 1st on December 5, 2018. I have not received mine as of today, December 7th. Hopefully we will have received them by our Board meeting and can comment on them.
8. Cadden Property Management has set up 3 new bank accounts for SMRHOA at Alliance Bank. They are: 1) Operating account from which Cadden may write checks and where assessments will be received; 2) Operating account that Cadden cannot access; and 3) Reserve account that Cadden cannot access. None of these accounts have been funded yet. The assessments that were mailed in Item 6 will be deposited to Operating account #1.
9. Angie Perryman and I will be meeting with Cadden on Tuesday, December 11th, to discuss the transition of the Resale Coordinator Process from Angie to Cadden starting on January 1st. I will update you on our progress at the board meeting.
10. Use of Reserve Funds for Solar Heating Coils and Storage Addition – The Board has been copied on emails between Larry Glasser and me regarding whether the CC&Rs allow us to access the Reserve Funds for capital projects that are not in the reserve study. The CC&R's state: *Article VI (THE ASSOCIATION), Section 2 (Association Responsibilities), Paragraph E (Recreation Facilities and Other Structures) states: Operating, maintaining, replacing and rebuilding, if necessary, all recreation facilities, walls, fences and other improvements constructed in the Common Areas.* Larry believes that this paragraph gives us the ability to spend Reserve Funds on these two projects. I am unsure that this is the case and would like our attorney to give us an opinion on how Reserve Funds may legally be accessed. This opinion would be kept in our permanent records and would be a guide for future Boards. Another issue that the Board needs to address is whether we have the cash for either or both of these projects. As I presented at the Annual meeting last month, our Reserve Fund balance is projected to be \$349,785 at the end of 2019. This is 57% of the \$628,862 that the prior reserve study from 2016 said we need to be 100% funded. Per an email from Larry, it has been the policy of SMRHOA in the past to fund 75% of the reserve study total which equates to \$471,500. Although we have adequate cash flow to pay for any forecasted replacements in the next few years, we are not funded to the balance suggested by the reserve study, nor to the level suggested by SMRHOA policy in the past. Any cash disbursements for new items would reduce our reserve funding further. We need to be cautious of any further decline in reserve balances.

Additional Comments:

1. Thanks to Carole for obtaining a better interest rate at Goldwater Bank and a lower fee for audit than company originally offered.
2. The Question was asked about who bore the cost of collection fees. Carole says homeowners are responsible for fees collected by Cadden. These liens will be processed by Cadden's legal and collection services and not through David McEvoy, SMR attorney.
3. Access to SMR Database was discussed. Cadden can export the current Excel Database to Kathleen Flaherty.
4. Carole needs a legible copy of SMR plat map for Cadden Property Management. Herb Burton might have them on a disc that was given to him. He will follow up with Carole. Eloise Gore found one on the GIS government site.
5. Marc Adams brought up the question of how to identify new owners. These names and contact information have been given to Marc and Leslie from Kathleen in the past. Several Committee Chairs also require names of new owners. These are questions that need further research.
6. Paperless billing will allow residents to pay their bills even while away from SMR.
7. Tom Triplett said that we currently have approximately 75 homes that are vacant during the summer months. He would like to get a better idea of what the service history has been during the past summer months because the Republic Trash Service is based on our year round population. Our contract is less than the 6 other surrounding Fairfield communities. SAC is working on a proposed formula for all participating Fairfield neighborhoods which use Republic Trash Removal Service so that service contracts are the same throughout. The Republic contract replaced Waste Management and was negotiated in 2010 by Dick Grisham. Our current contract with Republic is automatically renewed every 3 years. The rate goes up 1.5% every year. Next renewal is April 2020. This should be viewed as an

item we don't want to mess with. It is a real positive! It is Tom's and Carole's belief that we should not risk this negotiated contract by joining with SAC. "Leave Well Enough Alone" was their comment.

Architecture Report by Ken Smith

Date: 2018-12-11

	Pending	Completed	Year-To-Date Completed
AC Project Application	1	4	37
AC Resale Inspections	0	2	16
AC Garage Door Exterior Inspections – Noncompliance or Maintenance Issues	33	48	48

Comments:

- AC is still compiling information on Colorado lighting replacements. Expect information by January BOD meeting.
- 2019 ADR update is almost complete. Update will be ready for inclusion in "2019 Homeowners Guide and Directory". **Does update get sent to "Publications"??**
- Dropbox up to date.

Additional Comments:

Archive Report by John Mitchell.

The Archive Chair continues to maintain the folders in Dropbox to ensure that the relevant documents are archived. In addition to the Dropbox cloud backup, the Dropbox files are backed up periodically on an external hard drive. There have been no reported problems or issues associated with Dropbox.

Additional Comments: John will be the Road Chairman next year, but has agreed to help our new Directors and Chairpersons set up Dropbox.

Data Base Report by Kathleen Flaherty.

No Report

Hospitality Chair Report by Leslie and Marc Adams.

HOSPITALITY HAPPENINGS:

On **Wednesday, November 7th**, SMR welcomed back **Pima County Parks and Recreation** for a very "SEXY" presentation on the Mating Game of our native Arizona creatures. Julie Strom, Environmental Education Program Coordinator-Pima County Natural Resources, Parks and Recreation, gave a PowerPoint and video presentation for about an hour and then took questions for almost 30 minutes. Her depth of knowledge and her ability to answer questions off the top of her head was extraordinary. A great event!

DECEMBER EVENT:

Sunday, December 9th at noon, we will hold our annual **Holiday Potluck Luncheon**. This event is a highlight of the Hospitality year. The Hospitality Committee will provide the plates, napkins, silverware, and cups and supplement resident's wonderful holiday recipes with drinks and a spiral ham. Bring your favorite (lovingly prepared or purchased) appetizer, salad, main course, or dessert, and enjoy the meal of the season!

JANUARY EVENT:

On January 27, 2019, we will hold our annual "**Welcome New Neighbors**" event. We have moved this important event out to the end of January in hopes of better attendance from our new neighbors. Last year it was held early in January and we think we missed several new residents due to holiday family events and/or being out of town for the holidays.

This event is specifically for new homeowners who have purchased in Sunrise Mountain Ridge during the 2018 calendar year. Our Board of Directors and Committee chairs will also be invited and will share information and answer questions about our great neighborhood. A special thank you to Susan and John Ladd, who will host the event in their beautiful home.

We are working on a speaker for February, potentially a return visit from Steve Reff who spoke to us last year on the Economy of Tucson.

Leslie and Marc Adams, Hospitality Chairs, hospitality@smrhoa.com or 520-638-5891

Additional Comments: Marc invited Board Members to the Welcome New Neighbors event on January 27. This is a chance for new residents to meet the board and also for board members to find new volunteers for their committees. The date will be later in January when residents have returned from holiday travels. Steve Reff has committed to speaking at the February event.

Landscape Chair Report by Dick McGann.

Looking for a new job? The Landscape Chair position is now open to all interested and qualified candidates.

The Committee has been busy the past two months. New plantings are being installed in some of the open areas throughout the SMR property. Additionally, committee members and Infinity Earthworks have taken an inventory of surplus plants, mostly pups from various agaves and succulents but also a few smaller saguaros, yuccas and Joshua trees. Some of the surplus has already been replanted, but the majority will be planted in early December. Preparations are being made for the installation of two benches on Bribon.

Older large dark brown rock (8 tons) has been moved closer to the West end of the Tennis courts and replaced by crushed brown gravel on Bribon. The West pool landscaped area has been restored from the tennis court installation and dramatically improved. And we continue to have an unusually large number of properties that are not being taken care of. Landscape reps have visited, emailed and called homeowners who are violating the guidelines. A few residents are not picking up their dog poop. If anyone knows who they are, please let me know.

The zone reps responsible for the East pool visited with Paul Greenberg and have made a suggestion as to where the heating coils might go and cause the least amount of visibility from the pool. Some plants will be removed or cut back and a few new plants installed if the heating coil project is approved. A note to the new Rec Chair --- Do not let the contracted pool maintenance company drain the pool down the hillside. They have caused some serious erosion that will be addressed in 2019.

Additional Comments:

John Flanagan has negotiated a contract of \$8,135 with Infinity Earthworks for 2019. This is a 2.1% increase over current year. Dick asked for a motion to approve this contract. Motion was made and seconded followed by unanimous approval of the Directors.

Neighborhood Watch Chair Report by Jim Edwards.

(469) 258-4567 neighborhood@smrhoa.com

- Issued 1 RV parking permit.
- YTD – 15 new homeowners packets delivered by NWC Block Leaders.
- Neighborhood post lamps out – 8 emails sent to SMR residents

Nominating Chair Report by Tom Triplett .

Our topsy-turvy year in Nominations is ending with unplanned challenges entering 2019. Ron Durban has withdrawn as our Director and Landscape Chair for 2019 citing family health reasons. We wish him the best. The Nominations Chair for SMR must be a Director. Susan Arbuckle has accepted that role for next year. Please give her support when asked to help in this (at times) challenging position. As of today's meeting the decision has been made to proceed into 2019 without an established Chair and with Dick McGann graciously serving as a voting Director and temporary Landscape Committee Chair as we search for a full time replacement. It is my feeling whoever takes over the position should do so as a one-year (2019) replacement with the understanding they will submit their name as a nominee for a three year term as a Director beginning 2020 in order to re-establish our 2-2-3 replacement cycling of Directors.

Other positions open as of our October meeting, but now filled entering 2019 are:

- Jim McAllister replacing Jim Edwards as Neighborhood Watch Chair
- Eugene Panrudkevich replacing Roger Wiswell as our Republic Waste Liaison
- Chris Steele replacing John Rourke as Reserve Study Manager
- Cadden Management will take over the duties of Resale Manager currently directed by Angie Perryman

Additional Comments: Tom expressed thanks to incoming Directors and Committee Chairs and told us that we are heading into 2019 and beyond with a strong Board.

Publications Chair Report by Alan Frankle.

December Newsletter was posted on time. Mailed 44 printed copies. Alphagraphics has been very slow in providing the printed newsletters. I will inquire about alternatives. Hoping we can further reduce printed copies once database is updated to reflect new owners. Thanks again to Marijo Nagle for helping with the mailing process. Please have items to me by December 20 for the January Newsletter. I need head shot photos of John Mitchell and Jim Warner for their place in the January Newsletter. I will be going back to Idaho in January for knee surgery. Herb Burton will cover if I am under the influence of meds. Also, in January we need to gather all the inputs for the 2019 Homeowners Guide and Directory. This is published in February.

Additional Comments:

The deadline for January news articles is December 20. Please use Times New Roman 10, single space for your articles. New Directors and Committee Chairs are responsible for this month's article.

Recreation Chair Report by Paul Greenberg

Note – this wreck report provides our normal report as well as information on a proposal planned to be made under new business for installation of solar-coil heating of the east pool facility. Since some of this could be new to members of the board, I am planning on being at the pool area at 5pm to walk the potential area being considered with any interested board members. Let's meet at the spa area.

Let me start with an update on the County Health Department pool inspection. It appears that most or all of the Fairfield HOAs have received the same write-up on the fence bar separation as SMR received. The HOAs have used the "grandfather" exception as we did. A resident of Sunrise Mountain View Estates (Steve Struck) has met with Dave Ludwig of the Health Department and supposedly Dave is writing up an affidavit to put this issue in abeyance until and unless SMR does any alteration to the current fence. If any changes, expansions, or other alterations are ever made to the fence network (the walls, the bars, etc.), the exemption will no longer suffice.

Last month the east pool was drained, power-washed, and refilled. While the pool was in the draining stage we noticed that both ladders in the deep area were rusted and unsafe. An estimate by E-Konomy Pool to replace the two ladders was \$2,834.00. In lieu of considering that estimate we ordered and installed 2 ladders ourselves at a cost of \$179.90 (note-not a mistake).

Solar-coil east pool heating project – Meetings have been going on with members of the recreation committee and the landscaping committee. Some members of the landscaping group prefer that the coils not be located immediately to the west of the spa area as they felt it could infringe on the beautiful view if one were to be standing in the spa area. The landscaping group understands the financial gains to be had by the installation. In conjunction with their desires a secondary location to the south of the deep end of the pool (behind the adobe wall) is under consideration. The underground piping from the exposed coils to the pool equipment room would thus be longer if still doable. We are in conversation with the solar heating contractor to determine if this would be workable, and if additional costs would be incurred.

We intend to present a proposal to the December board meeting for approval of the project with a maximum cap not to exceed \$20,000.00 so that the planning and installation could be completed before the end of February. That way we could take advantage of the financial savings in our gas utility billings (the window of savings runs from February to August, depending on the weather conditions). I do not expect the final figure to approach this amount but some of the various costs are still open. These costs include the installation company's work, as well as the additional work of our landscaper to clear and spray the area and provide fabric covering and rocks before the coils can be laid out. We are hopeful of having more exact figures at the time of the meeting.

Additional Comments:

1. A new light was purchased for the spa. The light is compliant with Dark Skies ordinance.
2. Proposed solar coils for east pool:

- Before the meeting, Paul Greenberg met with the board and one member of the landscape committee (Janet Gething) at the pool to describe area where coils would be located.
- It was agreed that the placement of the coils would be moved further from the spa and that the 30' by 60' foot area needed would best be placed south of the pool. Paul will ask if coils can be placed around a water

spigot which provides water to the pool and plant irrigation. The coils will not be visible when standing at the spa and looking over the city.

- Landscape will clear area of scrub bushes and place new plantings to shield coils from pool and neighboring homes. Additionally they may place new plants in the area directly south of the spa.
- Coils have 15 year warranty.
- Current projected costs for purchase and installation are at \$17,000. Would like to cap cost at \$20,000.
- Projected return on the investment taking into consideration reduced heating costs are 2.6 to 3.2 years.
- Paul would like to see installation complete by first of February so that it would be ready for our colder winter months and we could begin to see some savings on our heating bills.
- All equipment leading to the pool would be buried.

3. Carole reported that funding for the soil coils is not currently available in the 2018 or 2019 budget. There is only \$2,000 set aside for replacement of the pool heater in the 2016 Reserve Study. She asked the board how they wanted to fund the project.

- Reserve fund is as currently set up is for replacement of property; not for purchasing new materials or contracting for new projects.
- SMR currently has no capital improvement fund.
- If money is used from our reserve funds, how does this affect our goal to reach a fund amount equal to 75% current property value? We are currently funded at 57% and won't reach 75% for several more years.
- Dick McGann suggested that as the Reserve Fund was set up, once we reached 75% funding, dues would start to be reduced.
- It is not the intent of the Board to raise dues for the Solar coil project.
- Carole would like clarification of allowable uses of Reserve funds not for just this project but for future projects as well. We will also possibly be asked to find funding for a storage unit addition for the Recreation Center. This is slated for third quarter of 2019.

4. It was Larry Glasser's opinion that the CC&R's as written would allow funding of the solar coil project from that Reserve fund.

5. Larry offered to consult with David McEvoy in order to receive a legal opinion for how properly fund this project. The solar coil project will not be approved until we have received the opinion from David McEvoy that this is an appropriate use of the Reserve Fund.

Paul presented a motion to proceed with the authorization of a maximum of \$20,000 to fund this project pending and subject to legal advice from David McEvoy. Part of his motion was a request to have legal answer within the next 10 days.

Motion was seconded and unanimously approved by Directors, subject to receiving the favorable legal opinion from David McEvoy.

Resale Report by Angie Perryman

SMR Resale Activity for November 2018

Listed:

- 6850 E Loma del Bribon
- 4381 N Camino Ferreo
- 4251 N Camino Ferreo
- 4111 N Camino Ferreo
- 4050 N Camino Ferreo
- 6900 E Loma del Bribon
- 6790 E Paseo Penoso

In escrow:

- 3 properties

Closed:

- 4050 N Camino Ferreo

Roads Chair Report by Tom Triplett

The last Roads project for the year was completed the week of November 5 with the successful sealcoat of Arroyo Vacio.

Two of our HOA informational street signs at the Tanuri & Carrillo intersection were damaged by an outside landscape contractor working at one of our residents at 4101 Carrillo on November 20. The home owner will reimburse SMR through his landscaper for the costs of these replacement signs.

Roads has a rather large repaving project planned for the spring of 2019; the completion of the repaving of Carrillo including the inbound and outbound lanes from Tanuri. By my inexact count we will have repaved approximately 85% of the original road structure once the Carrillo project is complete. We are getting 25-35 years use from our streets with minimal maintenance. This is a good thing. We have used the Reserve Funds throughout without the need for special assessments of any kind. And, the Reserve remains well funded as it is used for important projects and then replenishes for the future.

.SAC Report by Cynthia Clark.

No Report

Volunteer Liaison by Wendy Reed.

No report

Old business: None

New business: Larry gave thank you remarks and cards to outgoing Directors and committee chairs. Susan Arbuckle also gave a gift certificate and thank you card to Larry Glasser.

Member Comments: None

Motion was made and seconded to adjourn the meeting. Motion passed unanimously and the meeting was adjourned at 6:40.

Next regular meeting of the SMR HOA Board to be January 8, 2019.

Respectfully submitted.

Signed by Susan Arbuckle, Secretary and Jim Warner, President: 1-08-2019