

**Minutes of Sunrise Mountain Ridge Homeowner's Association
Board Meeting, April 9, 2020
Via Videoconference**

Call to Order: President, Jim Warner, called the meeting of the SMR Board at 9:00 am.

- 1. Directors Present:** President – Jim Warner, Vice President, Recreation – Jay Flaherty, Treasurer — Bruce Moore, Secretary — Barbara Carbajal, Nominations, Archive, Roads, — John Mitchell, Landscape — Eloise Gore, Architecture — Janet Foster Pearce
- 2. Directors Absent:**
- 3. Committee Chairs Present:** Hospitality — Marc Adams, Neighborhood Watch – Bob Shaff, Volunteer Liaison – Allen Hile, Database - Herb Burton
- 4. Committee Chairs Absent:** Publication — Alan Frankle
- 5. Guests:** Report from Tom Triplett

President Report: Jim Warner

Corona Virus - COVID-19

It seems like it's been the year of March since our last meeting. The streets are mostly clear of contractor traffic and we have all learned how not to touch our face and how to wash our hands properly. This is a board meeting that takes the board beyond the issues that are usually discussed. We have been affected by a pandemic that has caused us (as well others) to change our operations particularly with regard to the pools and tennis/pickle ball court.

To date we have conformed to all regulations imposed by the federal, state and county and will continue to follow these rules until they are lifted by the governing powers.

The regulations have also forced us to change how we conduct our monthly meeting and for the first time in SMR history the Board of Directors meeting is being held virtually.

I want the committees to make their reports as we usually do with discussion as necessary followed by a discussion and a vote of whether to leave the pools and tennis court open.

Additional comments/Discussion:

This is an historic occurrence in that it is the first time the SMR HOA Board of Directors has met via a video conference. This is due to the COVID Pandemic the world is experiencing and the "social distancing" rules enacted by the State and Federal governments.

Secretary Report: Barbara Carbajal

The minutes from the March 12 meeting will be presented for approval.

"Tom Triplett reported to the SMR board that the study for wifi cellular telephone cover is ongoing. More information will be provided to the board when it becomes available."

Additional Comments/Discussion:

A motion was made to approve the March 12, 2020 board minutes. The motion was seconded, approved and carried.

Treasurer Report: Bruce Moore

See attached Treasurers report

Cash Balances	Account	03/31/2019	02/29/2019
Operating			
Accounts:			
	Alliance Operating	\$ 103,708	\$ 123,229
	Alliance Excess Operating	\$ 21,328	\$ 21,327
	<u>Alliance Debit Card Account</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
	Total	\$ 127,036	\$ 146,556
Reserve Accounts:			
	Alliance MM	\$ 158,918	\$ 158,879
	Chase Reserve Checking	\$ 101,429	\$ 100,366
	Great Western MM	\$ 245,816	\$ 245,701
	<u>Goldwater MM</u>	<u>\$ 0</u>	<u>\$ 1,062</u>
	Total	\$ 506,163	\$ 506,008
	Total Cash Accounts	\$ 633,199	\$ 652,564

1. The March 31, 2020 financials have been distributed. Overall, there are no big surprises. For operating - we are running a surplus, and better than plan so far. For reserves, there are only revenues so far, but of course road expenses are coming soon.
2. As of the end of March, there are only two significant outstanding assessment balances, the same cases discussed at previous board meetings. One is a bankruptcy case, where we have engaged an attorney. The other recently received their third notice of late payment - last stage in the Cadden process. No payments were made on either property in March.
3. Our accountant has prepared tax returns and sent them to me for review. The audit is still planned for May.

Additional Comments/Discussion:

Eloise offered to draft a Notice of Lien that we can file with the Pima County Recorder's office for the second property referred to in # 2 above. We can ask Cadden or the bankruptcy attorney to file the Notice regarding the bankrupt debtor's outstanding assessment for 2020. Eloise reported the bankruptcy attorney, Charles Sellers, reported that there is no change in the bankruptcy proceeding itself.

Architecture Report: Janet Pearce Foster

The Architecture Committee meeting scheduled for April 6th was cancelled due to COVID-19 social distancing recommendations. Proceedings and approvals accomplished via email with committee members:

A. Project Applications/Approvals/Denials

- 1) Two project applications approved

B. Resale Inspections

- 1) One RSI completed

C. New residents

- 1) No new residents reported by Cadden Management

B. Ongoing Issues

- 1) A continuing construction project on Camino de Carrillo requires a **long-term parking permit for the East Pool** through to May. The chair will keep Neighborhood Watch advised.

C. Architecture Committee Projects

- 1) The board's request for presentation and review of resale inspection process has been put on hold until a later time.

Additional Comments/Discussion:

Regarding Item B above, long-term parking will be until mid-June. Bob Shaff has been notified.

Archive Report: 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.

Database: Herb Burton

The database is up-to-date.

Additional Comments/Discussion

Herb questioned whether all EBlast missives had been received by board members this past month; response was yes.

Hospitality: Leslie and Marc Adams

We recommend cancelling the May event, either by posting on the SMR website now, or waiting and making the announcement in the next newsletter. May was the last scheduled event for first half 2020. We plan to return for Fall, beginning in late September if conditions permit.

Additional Comments/Discussion

Mark will be removing any wine housed in the clubhouse to his home because of temperature increases for the next month and no events are scheduled until social distancing requirements are removed from the community and elsewhere. There was general agreement that the May event should be cancelled now.

Landscape: Eloise Gore

There is not a lot to report for Landscape in March. Darrin and his team spent most of their time fighting the battle of the weeds, with some success. The drier and hotter weather is helping to diminish the weeds as well. They also worked in Zone 6, comprising Pico del Monte, part of Sendero Chico and Colorada from Bribon to Trocha Alegre. They will continue in this area in April. We received some donations of rocks and plants, which have been or will be collected from the donating residents and moved to Common Areas throughout SMR.

We do have two resident problems. One is on Colorada (6810). The owner has not responded to our inquiry regarding construction debris behind the home, as well as paint splashed on the outside of their rear wall. (Is Architecture interested in this one?) The other problem is on Carrillo (4379). The heirs of one of our long time residents have allowed the front yard to deteriorate significantly despite repeated requests from the Zone Representative and a formal Notice Letter from me. I would like to take a few minutes in the meeting to talk about pursuing these matters under the current trying circumstances. How much should we push?

One small, bright note. We have installed the new header signs in all the Bulletin Boards (SUNRISE MOUNTAIN RIDGE For info go to SMRHOA.com). It was a joint effort by Janet, Leslie, Barbara, Allen, and Barbara's very talented son, Carlo, who bought to life the subcommittee's design. I hope you find that they are a nice finishing touch for our new modes of communication.

Additional Comments/Discussion

There is a beehive in a tree in the common area on Pico. We will arrange to have it removed and can put up a sign on the mailboxes to alert residents of the danger.

Marc Adams will be a full time member of the Landscape Committee. He will take over Zone 1 (Carrillo). We discussed the 4379 Carrillo front yard problem, which may pose a danger due to untrimmed palms. Jim authorized Eloise to contact David McEvoy, our attorney regarding engaging in self-help.

Neighborhood Watch: Bob Shaff

Over the past 30 days, I decided to enlist the 21-member Neighborhood Watch Block Captain organization in an effort to reach out to all 291 households in this unsettled time of the corona virus.

Initially, I asked each block captain to personally visit each home on their block, asking "How are you doing?" and "Is there anything you need help with?" If their neighbor was not at home, I asked them to leave a short note introducing themselves, and asking the same 2 questions. Response from the Block Captains about their reception was very positive.

A couple of weeks later, with social distancing solidly in place across the country, I asked them to call or email their neighbors with a similar message.

I'm hopeful that these outreaches will strengthen the connection between SMR neighbors and their Block Captains.

Additional Comments/Discussion

Communication to residents to "just stay in touch" appears to be working positively. Bob needs to be made aware of new residents, whether owners or renters, in able to give out Welcome packets. Herb said there is a box on the Resident Information form to be filled in by the owner if renting out the property.

Nominations: John Mitchell

Nothing has happened this last month. We have plans, but are holding off contacting anyone until the Covid19 situation clears.

Publications: Alan Frankle

No report this month.

Recreation: Jay Flaherty

As the board is aware, the Coronavirus, the Governor's Stay At Home Order and how both are affecting our facilities has been the focus of most activity in the past week.

Pools and Spas remain open. We have put in place reduced capacity guidelines and have adjusted hours of operation. After discussion with the Arizona Covid Hotline, the State is not specifically ordering HOA community pools to close. However, they advised that the number of people permitted inside the gates of the pool and spa areas at one time is 6. Spa use is restricted to no more than 3 at one time. SOCIAL DISTANCING APPLIES WHETHER IN OR OUT OF THE WATER. New hours that have been posted are 6 AM to 7:30 PM. We will continue to monitor how well residents and their guests adhere to the new pool and spa rules and hours of operation. The email blast that informed residents of the changes has resulted in several email responses both for and against keeping the pools and spas open. We can discuss at the meeting.

I have also asked EKonomy to increase pool service to 5 days per week, Monday through Friday, until the Governor's restrictions are lifted.

Regarding pool maintenance issues, the East Spa was drained and refilled in March to permit better management of chlorine levels. Going forward, I plan to have the spas drained and refilled every 90 days. Biggest contributor to chemical imbalance in any pool or spa is users not showering before entering. Additionally, both East pool gas heaters needed electronic repairs in March. And, a new LED underwater light will be installed in the shallow end of the East pool this week to replace the standard lighting that continues to fail.

The Tennis/Pickle Ball court remains open with no issues with the facility. However, the USTA has issued guidance that tennis players take a pause from playing due to the risk of transmitting the Coronavirus through hard surface contact and the ball being passed to multiple players. Pickle Ball would seem to have the same risk. The State has not issued an order to close private HOA courts but the Board should consider if it would be in the best interest of residents and their guests to temporarily close the court. The email blast informing residents of the USTA recommendation has met with pro and con responses which we can discuss at the Board meeting,

Clubhouse use is limited to no more than 10 people.

Additional Comments/Discussion

The Board discussed the matter of pools and courts for 20 minutes or so and considered all points of view, including that the feedback from residents was heavily in favor of keeping the facilities open. They considered the issues of adhering to social distancing, the needs for therapy and exercise, the responsibility of residents to follow safe practices, and the lack of specific governmental guidelines for HOA facilities. After discussing these issues at length:

A motion was made to close the pools and spas. The motion was voted on and was defeated.

A motion was made to keep the pools and spas open with all the caveats contained in Governor Ducey's orders with necessary restrictions in place. It was seconded and carried.

A motion was made to close the Clubhouse for all further activities. The motion was seconded and carried.

A motion was made to allow the tennis and pickle ball courts to remain open with usage by ONLY residents and overnight guests and the USTA Covid-19 Advisory posted for players. Motion was seconded and carried.

EKonomy will continue to clean the pools 5 days a week. They are not closing their business. In addition, the restrooms at both pools used by the Postman and gardeners when they are working up here will remain open.

Roads: John Mitchell

See Attached Roads Report

Additional Comments/Discussion

A motion was made to the Board to approve the submission by the Roads committee of an RFP for road preservation to Holbrook Asphalt Co. It was seconded and approved. Motion carried.

The balance of the road repair equipment has been removed from the community. Based on this past experience with Ace Paving, I would not recommend them for any future work.

Volunteer Liaison: Allen Hile

No report this month

Old Business:

New Business:

Member Comments:

Motion was made to adjourn the meeting. It was seconded and passed unanimously. Meeting adjourned at 11:05am.

Next regular meeting of the SMR HOA Board will be held on May 14, at 9:00am, via videoconference.

Respectfully Submitted,

Secretary

Barbara Carbajal Barbara Carbajal **Date** 5/14/20

President

Jim Warner  **Date** 5/14/20

Ongoing road work:

The repaving of Colorada, Penoso, Pico del Monte, and the Bronzino-Carrillo intersection is complete and much of the concrete work has been done. The asphalt at the Bronzino-Carrillo intersection that was too thin has been replaced. The damage on the Bronzino, Placita del Tio, and Rosada islands has been repaired. The contracted work remaining is

Replace the concrete collars on one manhole and water valves.

Replace a damaged curb section on Pico del Monte.

Stripe the stop bars on the five intersections where new paving was applied.

The striping will be done after the concrete work is finished.

Use of HA5 as a Road Preservative

The Roads committee has evaluated the use of HA5 as a road preservative and is recommending its use on SMR roads. Holbrook Asphalt Co., the developer and contractor for HA5, has provided a plan and price estimate for its use on SMR roads. At present, Holbrook is the only supplier of the product. The Roads committee has written an RFP for the first phase of the project and is requesting Board approval for soliciting a bid from Holbrook. The first phase is to apply HA5 to the following streets: Camino de Carrillo from Tanuri past mailbox island, Placita de Carrillo, Upper Colorada, Paseo Penoso, Pico del Monte, Sendero Chico, and Placita del Tio. These streets comprise about one-third of the street surface area in SMR. The plan is to treat most of the remaining streets in 2021 and 2023. Via Bronzino and the east trash chute need restoration work and will be address separate from this project.

I would like to make the following motion:

“That the Board approve the submission by the Roads committee of an RFP for road preservation to Holbrook Asphalt Co.”

The estimated cost of the proposed work is \$ 35,000. The cost would come from Reserve funds as discussed in the following documentation.

Background for the proposed work

It is common to apply a coating to all asphalt roads periodically in order to preserve the surface. The common approach is to use an asphalt-based “seal coat.” A new proprietary product called HA5 was developed by Holbrook Asphalt about 15 years ago that would replace conventional asphalt-based seal coating and improve the durability and life of a road. HA5 is termed a “high density mineral bond” since it is composed of minerals in addition to asphalt. The product was developed specifically for roads in the southwest and has been used in Utah, Nevada, and Arizona for over 15 years. It is projected to be ideal for residential, low traffic volume roads.

HA5 protects the surface and preserves the asphalt binder in the underlying material. Compared to conventional asphalt seal coat material, it reduces cracking of the surface, hinders the water penetration that can degrade the asphalt, and protects the surface against the ultraviolet rays that cause oxidation. Case studies and testimonials confirm that the surfaces of roads treated with HA5 are more durable and in better shape after several years than those treated with conventional materials. These factors contribute to an expected significant extension of the life of a road. The product is guaranteed for five years; asphalt seal coats are warranted for only one year.

The Roads committee has studied the use of HA5 on SMR roads over the past year. We recently had a meeting with Justin Holbrook, owner of Holbrook and developer of HA5, and Mike Polletta, Asset Preservation Consultant of Holbrook Asphalt in Tucson to review the product. We have reviewed the testimonials provided by Holbrook, have obtained independent assessments from other HOAs, and discussed the product with other SAC roads chairs. The City of Tucson engineers were contacted and they believe that HA5 is a good product that will extend road life for seven years or more. Over ten HOAs in the immediate Tucson area have applied HA5 on their streets in the last eight years. Members of the committee have visited and assessed some of the roads in these subdivisions and compared them to roads treated with conventional seal coat products.

The Roads committee has concluded that HA5 is an attractive replacement for conventional asphalt seal coat. We

are convinced it will preserve SMR roads better than with our current approach and that it has the promise to extend the life of our roads significantly.

Economic comparison between conventional seal coat and HA5 applications.

There are about five miles of roads in SMR with a total surface area of 548,000 sq. ft. These roads were constructed in 1984-1985. The life of an asphalt road in Tucson is 30 to 35 years, and we have replaced all of the roads within that time frame. Replacement involves removing the top 2 to 3 inch layer of asphalt, grading and compacting the top 6 to 8 inches of the roadbed, and then installing a new layer of asphalt. The cost of the replacement in the last three years has been \$ 2.10/sq. ft. of road. In today's dollars, the total cost to replace all of the roads is \$ 1,150,000.

Conventional Seal Coat:

SMR has always applied a seal coating to a road the year after it has been paved. A second seal coat is usually applied within the next five years. Over the remaining life of the road, other treatments such as crack sealing have been applied. These treatments cost \$ 0.12/sq. ft. Assuming that three treatments are applied over the 30 year life of a road, the cost of seal coating all of the roads is \$ 197,000 in today's dollars.

The cost of SMR roads, which is the sum of the replacement and seal coating costs is \$ 1,347,000. The annual cost, which will allow comparison against the cost using HA5, is the total cost divided by the 30 year life. The annual cost using the conventional approach is \$ 44,900.

HA5 Application:

It is recommended that HA5 be applied every seven years. The cost of an HA5 application is \$ 0.19/sq. ft. The total cost for one application of HA5 on all SMR roads is \$ 104,000.

Because HA5 will extend the life of SMR roads, the number of applications will depend on the road life. HA5 is expected to extend the life of the less-traveled roads, like Rosada, longer than that of the more heavily traveled roads, like Colorada. A realistic assumption is that the life of the heavily traveled roads will be increased to 42 years, requiring 5 coats at 7 year intervals, and that of the less traveled roads will be increased to 50 years, requiring 6 coats at 7 year intervals.

The total costs will be greater than that for conventional seal coating, but the time frame is longer. The annual cost, which is the sum of the replacement and HA5 costs over the longer time period will be less. The annual cost of the roads if HA5 is used is \$ 36,900.

The use of HA5 is estimated to reduce the annual cost of the SMR roads by \$ 8,000. The roads are financed by Reserve funds and the reduction in the Reserve funding over a 30 year period is estimated to be \$ 240,000.

Similar calculations show that if the life of SMR roads is extended by only 7 years the cost of using HA5 will still be less than that of conventional seal coat and be the economic choice.

Effect on the Reserve Budget:

The proposed annual \$ 8,000 reduction in the Dues contribution to the Reserve funds will require a change in the current accounting method. Currently, only the replacement cost for the roads is a Reserve cost and seal coating is an Operating cost. Because all roads are seal coated at least two times in their life time, and often three times, it would be appropriate to take the seal coat/road preservation costs out of Reserve rather than Operating expenses. For the 2018 reserve study, the then Treasurer and Roads chair advocated that approach. However, it was decided that since all previous Reserve studies had considered seal coating an Operating expense the 2018 study should do so too for comparison purposes.

If SMR is going to apply HA5 as recommended, then the expenses are known, regularly scheduled, and used to preserve the capital equipment (roads). It is appropriate to consider the HA5 expenses as Reserve expenses. In considering the HA5 expenses as Reserve, the Roads Operating budgets will be reduced accordingly.

For the current proposal to Holbrook, the total estimated cost is \$ 35,000. The 2020 Roads budget has uncommitted Operating funds of \$ 20,000 intended for seal coating. The Colorada, Penoso, Pico repaving project, financed from Reserve funds, was \$ 15,000 under the budgeted amount. The total of uncommitted

Operating funds and under-budget Reverse expenses equals the expected cost.

The Roads committee requests that the unspent \$20,000 Operating expenses be transferred to Reserve funds to help pay for the HA5 project. In addition, we request that the below-budget Reserve funds be made available for the proposed HA5 project. The approval of this request will result in funding this project entirely out of current Reserve funds. An increase in HOA dues will not be necessary.

It is further recommended that all future road preservation projects be funded from the Reserve rather than the Operating budgets. This will necessitate an internal transfer from Operating expenses to Reserve expenses of approximately \$ 8000 a year. Dues will not be increased due to these changes.

John Mitchell, Chairman

Roads Committee