

**Minutes of Sunrise Mountain Ridge
Homeowner's Association Board Meeting
October 8, 2020
Via Zoom Videoconference**

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

1. Directors Present: President, Website Chair – Jim Warner, Vice President, Recreation Chair – Jay Flaherty, Treasurer – Bruce Moore, Secretary - Barbara Carbajal, Archive, Nominations, Roads Chair, John Mitchell, Architecture Chair – Janet Pearce Foster, Landscape Chair – Eloise Gore

2. Directors Absent:

3. Committee Chairs Present: Database Chair – Herb Burton, Hospitality Chair - Marc Adams, Neighborhood Watch Chair – Bob Shaff, Volunteer Liaison – Allen Hile

4. Committee Chairs Absent: Publications Chair – Alan Frankle

5. Guests: Dick Grisham, Carole Malan

President Report: Jim Warner

Last month I had a list of concerns about how to best run the annual meeting video conference. Many of you have had experience with participating in larger video meetings and gave some suggestions of how they were run. I did some research with using ZOOM and most of my concerns have been erased. Our plan allows 100 users at one time during a single conference which should be enough for our purposes. I am planning on conducting the meeting the same way that we do our monthly board of directors meeting.

I will provide Barbara with instructions for SMR members to follow to join and conduct themselves during the meeting to be included in the documents that she will be mailing to them later this month.

Additional comments/Discussion:

Jim asked for a volunteer to host the Annual Meeting on Zoom. Herb Burton said he has experience and would do it. This meeting will be recorded and placed on our website. Jim will request an RSVP from residents who want to attend virtually. Herb will also send out an email blast prior to the meeting as a reminder and have a link to the site.

Secretary Report: Barbara Carbajal

The September minutes were presented for approval. Motion made, approved and motion carried.

The Annual mailer is being finalized for the printer and will be mailed to the SMR homeowners around October 15. Return ballots will be collected by myself from the community mailbox to tabulate on the Monday before the annual meeting. I have a committee to assist in counting ballots consisting of Elisa Mitchell, Maureen Armijo and Joy Greenberg and myself. I want to ask the board if they think it necessary to have a ballot receipt box at my house inside the gate on a table to receive ballots not sent in by mail. If so, the instruction note from Jim will include this fact.

Director reports are due to me by November 2, one week before the annual meeting. Director reports are used in a similar way as the monthly reports. Directors may use them as a guide to speak extemporaneously or can read them if they are more comfortable with that at the Annual mtg. If any board member would like to see the annual mailing before I send to the printer let me know and I will email to you. After the annual meeting, minutes are reviewed by the board and then placed into the annual mailer for review before approving them at the next annual meeting.

Additional Comments/Discussion:

I will send the Annual mailer to all board members for final approval.

I will place a ballot box within the front gated patio of my home for the purpose of accepting resident ballots. It will be available beginning October 19, 2020.

Treasurer Report: Bruce Moore

1. The September 2020 financial statements have been distributed. For operating expenses, we continue to run well below budget through September.

2. In the past, the board has generally transferred prior year “excess operating income” to reserves at the end of each year. This was at least in part due to our understanding of IRS requirements in some years. For 2019, we had a net tax loss without making this transfer, so there are no tax reasons to make this transfer in 2020. If we were to do the transfer for tax reasons, the amount based on our audited financial statements would be \$9,451.

My recommendation would be to not make such a transfer at the end of 2020. It is likely we will do a reserve study in 2021, and as part of that, the board can decide to make additional contributions then. As reported last meeting, we seem to be doing better than the reserve funding levels projected in the last reserve study. In the past, we have often had operating fund liquidity crises at the end of the year, despite having plenty of funds overall, in part due to these transfers. Deferring this type of transfer now may help avoid that problem this year.

In reviewing the files on Dropbox, I found that in 2011 we were in a similar tax situation (filed a tax loss using 1120), and that year we did not make the transfer to reserve, so there is some precedent for this. It seems likely that we will be in that situation again for 2020, due to the heavy expenses on roads and a loss carryforward from 2019.

3. A related subject arises from the question of the regular allocation of member assessments to the reserves in 2021. The last reserve study called for a 2021 contribution of \$115,621. The comparable reserve study contribution number for 2020 was \$113,800; the board decided on a somewhat higher level of \$133,000. For 2021, I am recommending remaining with a transfer of \$133,000, in two installments of \$66,500 each, the level from 2020. As discussed below, it is recommended that we do a new reserve study in 2021, and that would be a good time to decide how aggressively we want to fund the reserves more.

4. The last reserve study for SMR HOA took place in 2019. Normally, these studies are done every three years, which would make the next one in 2022. But some board members and some budget and finance committee members have suggested that we do the next one earlier, in 2021. I also believe revisiting this earlier would be a good idea for a number of reasons. Our approach to roads, a major component of the reserve costs, has changed significantly with the move to HA5 coatings and more time between complete replacements of the roads. For recreation, we have found some expenses occurring earlier and at a higher cost level than contemplated in the previous study. And we have encountered some unanticipated landscape reserve expenses. A new study would give us a combined view of all these factors.

5. The budget process for 2021 has been largely completed, subject to board approval and approval at the homeowners meeting. The budget and documentation for major assumptions has been sent to the board separately. It reflects input from the major cost-incurring committee chairs. I recommend that the board pass this budget, and include it in the submission for the annual homeowners meeting. The budget assumes the \$133,000 transfer to reserves mentioned above (and the 2020 reprojected assumes no transfer of net operating income). And it assumes continuing the assessment level of \$1,450 per home into 2021. Some other updates since the version reviewed at the last meeting include adding \$1,700 for a reserve study update, and significant increases to both reprojected 2020 and budgeted 2021 recreation reserve expenses based on research on costs done recently.

I have also attached the 2021 budget summary form that will be used in the mailer for the November homeowners meeting. (Note that, to match past forms, the neighborhood watch expenses here are included in Administration, rather than shown as in the Other Committee category that we use for the more detailed budgeting spreadsheet.) The improvement in the reserve funded percent from 61% to 71% in 2021 is notable, and well ahead of the 48% level projected in the last reserve study.

6. At the last board meeting, some questions were raised about the billing process. Specifically, whether we could more clearly inform homeowners of the option to pay the entire annual assessment in January, and whether we could enable automatic bank transfers to pay these assessments. The answer to both questions is Yes. For the automatic bank transfer option, we can inform homeowners of the option to do this, and ask them to email Sylvie at Cadden if they would like to do it. She will then email them instructions on how to do that, and help them as

required. Cadden has many clients where that is done, and it seems to work well. To do this, we will have draft an insert which Cadden will include with the invoices sent in early December (or distributed by e-billing). There will be a slight additional charge for this insert, and we need to provide it by Nov. 1. (Note that if a homeowner decides to pay the full annual amount in January, they will still get a bill for July, indicating a balance due of \$0.) We should also provide this information in a prominent place in the December newsletter.

7. The long-standing delinquency on lot 228 may be about to be cleared, as the current owner, HUD, seems about to sell it and we are told by Cadden that they expect the outstanding fees to be covered as part of that sale. The other long-standing delinquency case on lot 477, now in bankruptcy, is still unpaid, and we are discussing with the bankruptcy attorney how to pursue the post-bankruptcy assessments.

8. We have retained Scott Meyer, CPA, PC as our auditor and tax return preparer for 2020, the same as for 2019.

9. We maintain a special account balance at Alliance Bank to support our debit cards. The balance in that account is targeted at \$2,000, and it is topped up to that amount each month. In September, to provide for additional spending on plants, we raised that balance to \$4,000.

With our move to a new treasurer in December, we will provide him with a debit card as well, rather than continue with the past practice of credit cards issued personally to the treasurer. That debit card will be used primarily for regular payments to certain vendors (Ekonomy, Republic Services, Comcast) and other purchase needs that arise from time to time. Given the larger amounts for the regular payments, we will raise the target balance for the special Alliance Bank account supporting debit cards to \$8,000.

Additional Comments/Discussion:

2. The board decided that it should recommend at the homeowners meeting that \$9,451 should be transferred from Operating to Reserves. The board also recommended that research be done to better understand the legal and other restrictions on transfers to and from reserves.

3. The board decided to recommend a reserve assessment of \$133,000 for 2021.

5. The board decided that the homeowners dues per lot should be calculated as \$1450, to reflect anticipated underpayments of operating and reserve assessments by some homeowners.

7. The board approved an offer of a \$100 per month payment plan on post-bankruptcy arrears, plus resumption of normal billing and payment processes as of 1/1/2021 for lot 477.

Architecture Report: Janet Pearce Foster

The October AC meeting was held via Zoom teleconferencing due to COVID-19 social distancing recommendations.

A. Project Applications/Approvals/Denial

There were four project applications all of which were approved.

B. Resale Inspections

There were two resale inspections.

C. New residents

1) Maynor and Kathleen Davison, 6840 E Via Colorada, Lot #458. Reported by Cadden Mgt on 9/18/20

D. Ongoing Issues and Updates

- 1) **6810 Loma del Bribon** was reported by a neighbor to have had its **roof recoated in white**. Still pending; no new developments as the owners have yet to return to SMR.
- 2) **4490 N Trocha Alegre**-missing front lamp post. Still pending.

E. Architecture Committee Projects.

1. Updates to the current ADR are being considered.
2. Two new forms have been introduced: 1) documenting a non-compliant structure or system that the committee has allowed to be grandfathered and becomes part of the Architecture file on the property and 2) an express checklist for homeowners who leave SMR for extended periods.

Additional Comments/Discussion:

The new express checklist form will be uploaded to the website for resident information use.

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.

Hospitality: Leslie and Marc Adams

Sadly, all events are on hold until it is safe to resume. This month Leslie and I spent some time taking inventory of our supplies so we could replenish anything needed for the future. We will be purchasing an ice bucket, two beverage tubs (we have been using ours), and a few everyday items. We look forward to the time when we can get together again as a community.

Landscape: Eloise Gore

We are hoping to soon be turning the page from summer to fall, but with no rain for more than six weeks and temperatures still in triple digits, it is difficult. Even so, we are turning our attention to planting. This year all the Committee members submitted their lists of plants and trees needed in their zones, from hedgehogs to ocotillos. Darrin is shopping for the best prices and we will buy them in groups, perhaps getting a quantity discount. We immediately had two great sales pop up: golden barrels at Home Depot in three sizes and all at excellent prices and then the Tucson Cactus and Succulent Society (TCSS) "rescue" sale. Our major coup was a six foot Saguaro for \$200, which is now standing watch over Carrillo Hill. So we have jump-started the planting and intend to continue through the end of the year.

Darrin and his team spent many weeks on clean up in Zone 3, along the northside of Bribon and up Trocha Alegre as far as Toros. A lot of work, but I hope you will notice the improved appearance, especially the trimmed agaves and removal of dead and sickly plants. We are moving on to Zone 4 for a combination of clean up and new planting.

We have a couple of issues we are addressing. First, we have irrigation problems at both pools and will be replacing the irrigation systems there. We are awaiting Darrin's estimate. We have Reserve funds for this work. Next, we have persistent rodent damage to the plants and the irrigation lines at the East Pool. We are going to hire a Pest Control company. I am getting estimates from at least two firms. I expect these charges will be within our Operating Budget. Third, we have a continuing resident issue at the northernmost house on Trocha Alegre. The absentee owner has dying Cypress trees and a dead pyracantha on the front and side of her house. She has been informed and reminded. She did address two issues behind the house and has promised to address these unsightly and potentially dangerous items, but as yet she has not. The zone representative for this part of Trocha Alegre has been very successful with this resident in the past, so I am hopeful that he will get her to follow through on her promises. Finally, we have some palm trees throughout the community that need trimming, including our very tall palm at the East Pool. I am trying to get a few folks with palm trimming needs to work together so we can get someone in to do them all at once. I mentioned this idea in my newsletter article, and I have had two responses.

I want to mention again what a terrific team we have on the Committee, from longtime members to very new volunteers. I want to memorialize here that I really cannot imagine a more effective and congenial Committee:

Marc Adams (Zone 1), Elaine Mathas (Secretary and Zone 2), Sue Cole (Zone 3 and so much institutional memory), Janet Gething (Zone 4), Greg Adams (Zone 5 and spreadsheet guru for finances and tracking zone work), Wendy Malone (Zone 6), Sandy Glasser (Zone 7), and Sue Triplett (Zone 8). In addition, Colleen McAuliffe has been helping out over the summer, particularly in Zone 4, and pitching in every time and everywhere she is needed.

Neighborhood Watch: Bob Shaff
New Neighborhood Watch Block Captains

I sincerely apologize to my fellow Board Members that I failed to request Board approval prior to announcing 3 new Block Captains for the SMR Neighborhood Watch Committee. There have been 3 Block Captain vacancies on the committee since I was appointed Chair in February. The COVID-19 pandemic set in in March, and I chose not to actively pursue filling these positions... to see where the virus led us. In September I decided to try to fill them and sought suggestions from other Block Captains and Board members. I was delighted that Leslie Adams (Ferreo), Maureen Armijo (Carrillo), and Celia Balfour (Rosada) volunteered. My inexperience on the Board and my enthusiasm for these 3 new Block Captains resulted in my bypassing the required Board approval.

I apologize, seek forgiveness, and now ask your approval of these 3 wonderful volunteers.

2020 New Residents in SMR

Attached is a compilation of all the new owners and renters that I, the Block Captains, and Janet's Architecture Team have gathered year-to-date. It is interesting to learn that there are 24 new residents. I can't wait until we can open up the Clubhouse and welcome these folks into our remarkable neighborhood and HOA.

Additional Comments/Discussion

A motion was made to accept the three new Block Captains of the Neighborhood Watch Committee. It was approved and carried. Welcome to Leslie Adams, Maureen Armijo and Celia Balfour.

Nominations: John Mitchell

The Nominating Committee has prepared to nominate three candidates for the three open Director positions for 2021. The positions are Treasurer, Architecture Chair, and Landscape Chair, and the candidates are Neil Schneider, Janet Foster and Eloise Gore. All three would be elected to three year terms that would terminate at the end of 2023.

Anticipating their successful election, the three candidates would come onto the Board without specific committee duties. Following our Bylaws, they would need to be appointed by the Board as Committee Chairs of their respective committees. As Nominating Chair I would propose a motion at our December Board meeting to appoint them as Chairs of the appropriate committees.

A suggestion was made at the September Board meeting that I add an explanation of how a Director is replaced to the "Board of Directors, Officers, and Committee Chairs Explained" document. Eloise and I agreed on the following statement and it was added to the document.

- Replacement of a Director: In the event of the death, resignation, or removal of a Director, his or her successor is selected from SMR Members by the remaining Directors and appointed to serve until the end of the original term.

Publications: Alan Frankle

No report this month.

Recreation: Jay Flaherty

Pools and Spas

Pools and Spas have received very heavy use this Summer and for the most part equipment performance and water quality has done well. We will continue to operate under the State and County Covid guidelines.

The East pool is in need of replastering. The last replaster took place in 2010. There are several spots where the plaster has come loose. I have obtained three quotes and I am in the process of evaluating each and will provide a recommendation to the Board. The major issue we have is that the East pool will need to be completely shut down for 4-5 weeks for the work to be completed. We can discuss the best timing for the project. The East spa and West pool and spa would remain open during construction.

Tennis/Pickle Ball Court

Elite Sports will be performing court maintenance the week of October 26th. Surface cracks will be filled and smoothed and the surface will be repainted and relined. New 9 ft. windscreens will be installed and the tennis net replaced. This should have the court in great condition for the next three-four years. Since the court was masterfully rebuilt by Paul Greenberg in 2017 it has received heavy use and is a great asset for SMR. Clubhouse remains closed.

Additional Comments/Discussion

Pima Pool Plastering will probably be the contractor employed to replaster the east pool. Jay will advise as to exact dates for closing of the pool. Cost is approximately \$25,000 and is in the reserve fund for this purpose.

Roads: John Mitchell

The Roads Committee plans to assess the performance of the HA5 coating on the roads treated last spring to see how well they fared over the summer. We are aware of a few places where the coating may have come off. We know that heavy trucks, such as the trash removal trucks or construction pickups, can dislodge the surface if the front wheels are turned when the truck is not moving. We will contact Holbrook Asphalt to see what the repair possibilities are. This has been an issue with other seal coatings as well and we will continue to us preventive maintenance to preserve the roads.

Volunteer Liaison: Allen Hile

Nothing to report.

Old Business:

Jim brought up the fact that we, as an HOA, are required to have 10 board meetings a year. Previous boards have counted the Annual Meeting as a board meeting. We will count the November Annual meeting as a board meeting for this year.

New Business:

Member Comments:

Motion was made and seconded to adjourn the meeting. Motion passed unanimously. Meeting adjourned at 10:35am.

Next regular meeting of the SMR HOA Board will be held on December 10, 2020 at 9:00am.

Respectfully Submitted,

Secretary, Barbara Carbajal *Barbara Anne Carbajal* Date 12/10/2020

President, Jim Warner *Jim Warner* Date 12/11/20