

STAR VALLEY HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES

DATE: August 21, 2008

TIME: 6:30 p.m.

PLACE: Santa Cruz Lutheran Church

HOMEOWNER INPUT:

Mrs. Anderson expressed concern about the weeds growing at the corner of her street. Mr. Williamson instructed Mrs. Borquez to find out where the easements are on the map. She will also provide the number to the County so Homeowners can call about weeds. Mr. Anderson asked why the weeds on some lots have been allowed to get as big as they are. Mr. Williamson explained that due to the heavy monsoon rains there are a lot of weeds in the Association. The Board agreed to suspend all violations until August 23rd due to the heavy monsoon season. The newsletter stated that the weed violations were suspended until August 23rd, at which time they would recommence. Mrs. Borquez stated that in most associations, the HOA was having to clean the yards of those homes lost to foreclosure.

Mrs. Vaughn stated that she has received two letters regarding the proposed road amendment. A public meeting was held on August 20th. A public hearing will be held Wednesday September 24th at or after 9:00 AM. There is also a public hearing before the Board of Supervisors on September 18th at or after 9:00 AM.

Dr. Borom requested to have a breakdown of schedule summaries from 2007 and 2008.

ROLL CALL:

Board of Directors Present: Jim Williamson

Devon Vaughn

Jill Chamberlain

Brian Hodge

Board of Directors Absent: Polly Bradway

Management Representation: Cindy Borquez, Community Association Manager

Minute Taker: Raylyn Winckler

QUORUM

A quorum was established to conduct an official meeting.

CALL TO ORDER:

The meeting was called to order at 6:45 PM by the Association President, Jim Williamson.

APPROVAL OF MINUTES

MOTION: To approve the minutes of the June 19, 2008 Board of Directors Meeting, as amended. Motion was seconded and passed unanimously.

OFFICER REPORTS:

- President

Mr. Williamson provided a written statement which is attached to these minutes. See attachment labeled President's Statement.

- Treasurer

Ms. Chamberlain reported on the financial status of the Association. She provided a written report which is attached to these minutes.

Ms. Chamberlain also discussed what the association fees are used for. She recommended that this report be posted to the website for the community to review. This written report is attached to these minutes.

MOTION: To accept the Treasurer's Report. Motion was seconded and passed unanimously.

MANAGER'S REPORT

Mrs. Borquez provided a written report to the Board prior to the meeting. The Board has accepted the report. This report is attached to these minutes. Ms. Borquez has provided a preliminary budget to Ms. Chamberlain.

COMMITTEE REPORTS:

> ACC - Brian Hodge, Rich Hildman, Raymond Perry

Mr. Hodge stated that the following requests have been approved by the Committee:

- o Lot 6 - Paint colors, body will be Travertine and the fascia will be Baja White
- o Lot 23 - Solar panels
- o Lot 28 - Two gazebo's which already exist
- o Lot 47 - Paint colors, body and fascia will be Foxtail and the pop-outs will be Cliff Brown
- o Lot 64 - Pool and ramada with tile roof to match the home
- o Lot 77 - Paint colors, body will be Travertine, fascia will be Colorado Trail and the pop-outs will be Baja White
- o Lot 78 - Extending current patio by an additional 70 square feet

NOTE to Brian - didn't he say that there were 9, and were some not approved? Review report that was sent in email.

> Welcome Committee - Richard Curtin

There was one new homeowner welcomed to 7264 Timberleaf.

> Basin Committee - Polly Bradway, Marc Borom co-chairman, Dan Brees, Dave Blankenbaker, Dick Curtin

Mrs. Bradway was not present at this meeting. Dr. Borom stated that he had received email confirmation from the county that the drainage channel does not need to be constructed in order to determine whether the

drainage basin is required. The channel does not need to be constructed unless the drainage basin is filled in. He stated that all of the questions have now been effectively answered. In his opinion the amount of information that has been received is good enough for the Board to make a determination. The final report has not yet been finalized.

Mr. Williamson thanked Dr. Borom and his committee for all the work they have put in so far. Mr. Williamson stated that the HOA will need a complete report so it can be released to all the Homeowners. Mr. Williamson suggests that, if possible, a representative from both the County and the developer be present at the Town Hall Meeting. He would also suggest that the Committee acquire as much as they can in writing from the County and the developer.

OLD BUSINESS

> Liability Insurance Renewal

Mrs. Borquez has provided quotes for liability insurance which the Board has reviewed.

MOTION: To accept the bid from Lebarr/Oksnee and combine D&O and Liability for an annual fee of \$1,891.00. Next year if it is decided that property liability insurance is not needed for the basin then it can be removed at that time. Motion was seconded. Discussion ensued. Motion passed unanimously.

> Speeding Solutions

This will be tabled until the October meeting. The Board requested Mrs. Borquez contact Mrs. Dukes to inform her that we would like to discuss the Speeding Solutions at the October meeting.

> Special Trash Pickup

MOTION: To have the special trash pickup on November 3rd, the Monday following the next yard sale. Motion was seconded and passed unanimously.

> Small Balance Write-offs:

MOTION: To identify and write off all balances less than \$3.00 remaining on Homeowners accounts. This will be done automatically by Cadden Management each month. Motion was seconded. Discussion ensued. Motion passed unanimously.

NEW BUSINESS:

> Coupon vs Statements, Cadden Policy:

MOTION: To instruct Cadden Management to add a revision to the management contract stating that Star Valley requires quarterly statements rather than coupons. Motion was seconded. Discussion ensued. Motion passed unanimously.

> Motion to ratify Weeds suspension violations

MOTION: To ratify the motion taken by an Action in Lieu of a Meeting with regards to suspension of weed violations until August 23rd. Motion was seconded and passed unanimously.

> Fence and irrigation repair

Mrs. Borquez will submit a claim to the insurance company for the irrigation and fence on Monday. This is to repair the monsoon damage to the irrigation and fence between the drainage basin and the channel on Ironstone. Mrs. Borquez should forward the insurance response back to the Board as it becomes available.

Mr. Williamson suggests having three signs made with emergency contact information to be hung on the basin fence.

> Expanding the Rules and Regulations for the HOA

Mr. Williamson recommends adding the following items to the Rules and Regulations:

- * Assessments due dates
- * Standards / conduct for Board members, committee members and homeowners
- * Election procedures
- * Variances / waivers procedures
- * Collection procedures
- * Hearing procedures

MOTION: To complete the work that was started at the working session, adding the above information to the Rules and Regulations, to be distributed at the March Annual Meeting. Motion was seconded and passed unanimously.

> Legal review of documents for Basin

Mr. Williamson suggests that the Board solicit advice from a Real Estate Attorney with regards to the wording in the documents as it pertains to the basin.

Cindy Borquez reported that Wendy Ehrlich has said that she would charge a minimum fee to review the documents. If Ms. Ehrlich cannot provide advice she will recommend another Real Estate Attorney that can.

MOTION: To request that Wendy Ehrlich review the documents at a maximum of \$300.00. Motion was seconded. Discussion ensued. Motion carries, three for and one abstention.

> Variances and Waivers

MOTION: To accept the definition of a variance as permission to break the rules and the definition of a waiver as asking for forgiveness after the fact. The ACC should be responsible for approving variances and the Board should be responsible for approving waivers. Motion was seconded. Discussion ensued regarding the difference between a variance and a waiver. By our governing documents, a waiver is not binding on future decisions. It does not commit the ACC to making the same decision in the future. Motion passed unanimously.

> Variance for Lot 121

.

MOTION: To grant a waiver to lot 121 for the paint color as chosen by Lennar. The Board specifies that the garage doors, vents and coach lights must be painted the same base color as the home. Motion was seconded.

Discussion ensued. Lot 121 has requested a variance for the paint color. By the definition above, this is a waiver, and it is necessary for the Board to decide whether to approve or deny it. Mr. Williamson spoke to the builder and was told that the garage door will be painted the same color as the home. Mrs. Vaughn feels that granting this waiver would set a bad precedent; Mr. Hodge does not agree with her.

Motion passed unanimously.

FUTURE ACTION ITEMS:

- > Speeding Solutions - October
- > Rules and Regs - September
- > Basin report to be finalized and sent out via email prior to September meeting.
- > Basin repair (fence/irrigation) - September
- > Follow-up on coupon versus statements and contract addendum - September
- > Review of legal opinion on the basin - September

NEXT MEETING:

The next meeting will be held September 18, 2008 at 6:30 PM at the Santa Cruz Lutheran Church.

ADJOURNMENT

MOTION: To adjourn the meeting at 8:22 PM. Motion was seconded and passed unanimously.
4of 4

August President's Statement

First of all I would like to start out by thanking those of you in the community for taking the time during this extremely busy monsoon season, for maintaining your yards in a very appropriate manner. I'd also like to address those of you that feel the rainy season has overwhelmed your yard with weeds to please feel free to contact me, so we can work as a group of neighbors to combat the heavy weed population. It is my wish that we bond together to tackle the weed problem that is overtaking our community. I'm asking for volunteers for a committee to work with homeowners, our managing agent, and the Board, to come together as a group to tackle the unwanted vegetation problems. My goal is very ambitious and bold. It involves the Board offsetting the cost of chemicals to tackle the weed problems and that we have volunteers from the community to supply the labor. With enough support from homeowners and volunteers participating, I estimate tackling the weed problems at a cost of no more than \$50 per lot per year. This would be front yard only, but lot line to lot line, covering the side yards which cause so many of our problem areas. Part of the weed control problem that also needs to be tackled is the basin. There again, as a community, we can help ourselves and cut down on the outside expenditures. I would like to have a volunteer group to clear the basin rather than paying an outside vendor to do it. Hopefully, we can come together as a group and set a date in October to clear the basin.

Earlier this year, the Board enacted a new version of the Design Guidelines, which changed the requirements for ramadas and gazebos. Again I am reaching out to those of you in the community that erected your ramada or gazebo prior to the effective date of the new Design Guidelines. Simply notify our managing agent, Cindy Borquez, so your records on file can be updated. This will ensure there won't be any question of an approved structure or a violation in the future. While we are on the subject of violations, the suspension of weed violations ends August 23rd, 2008. Also, the Board cannot enforce what it does not see. The Board interpretation of "see" or "visibility" is what can be seen from the public street. These are also the rules that our managing agent must follow. And these have been validated by the court system. Although violations that do occur but are not visible from the public street can be reported and investigated; however, the requirement is there must be someone willing to go on record to report the violation. I know this second half is a problem for some of our homeowners; however, these are the rules we have to operate by.

This next issue is near and dear to all of you. My fellow Board members have done a great job in cutting and controlling costs. However, I am officially going on record that I will be asking the Board of Directors to increase the assessments for 2009 by 6%, as allowed in the CC&R's. Some of you are going to ask, "Why should my assessments go up when I gain nothing from it?" The reason that I am asking for roughly a 90 cent per month increase: the Consumer Price Index (CPI) is up 5.6% since July, 2007 according to the Bureau of Labor Statistics. These are the latest figures available. And we have some possible big expenditures looming in the near future. Neither the Board nor to my knowledge any Board member has committed to the funding of a hydrology study. The estimated cost of funding a hydrology study to determine the need for the Basin may be as much as \$100 per lot owner. An expenditure of this magnitude is something that the Board can act on. However, tying it with a special assessment is an avenue that we may want to explore. A special assessment would require at least a

30 day notice be sent to all homeowners. I propose that we hold a Town Hall meeting in early October to address the basin and its continued use and/or vote for a special assessment to fund a hydrology study to see if the Basin is still required. This is an issue that we must all be in agreement on because I cannot jeopardize our reserve funding without the community understanding the consequences. I would at this time be willing to invest in legal advice on the wording in our documents on the legality of the basin being reverted back to SVA ownership. Why would I be willing to invest in legal advice before I would be willing to fund a study? If it was stated in a study that the Basin isn't required, but SVA was to fight the decision to accept the basin, how much could we then spend in legal fees to force the issue. The study could be only a small percentage of the costs required to fight a legal issue to transfer the basin.

Some of our homeowners feel that we do not need a management company, or that we should change management companies. I would agree that if we did not have a management company, it would save a tremendous amount of money in operating cost. But, I don't think we would have a functioning community. Most of our homeowners do not realize what a management company accomplishes for us as an association. Some feel that all a managing agent does is perform site tours and man phone calls. I can assure you this is not the case. But why do people feel that way? The Board can delegate a lot of its Association duties to a management company, but it's the responsibility of the Board to make sure that the business of the Association is carried out. Much of the day to day work is actually being done by the management company, under the guidance of the board. If there are issues or concerns that individual homeowners feel that the management company is not handling, the Board needs to know this information. Much like violations not visible from the street, the Board can't act on what we don't know. For those that believe this community does not need an Association, our governing documents address this.

One of the main issues that the Board should always seek and tackle is maintaining home values. That's why I have stated the issues above. But I do not wish to stop there. I am asking that the Board in the future invite guest speakers to some of our meetings, to explain what we as a community can and should do to protect and even increase the value of our homes. How can we make ourselves more marketable to potential buyers than the community up the street? There are still new homes being built, and more and more up for resale. We need to stay above the curve to maintain our property values. Although we are individuals, our home values rise and fall together. For example, this is the response to an email that I sent out a few weeks ago in regard to problems with what appears to be an abandoned property. If someone lives next door to a situation like an abandoned pool of water or an unsightly weed problem and decides to take action, say putting the mosquito-killing donuts in stagnant water, or even spraying the yard for weeds – that's a decision to be made between them and their neighbors. For most of us, our home is our single largest asset. Let's protect ourselves and each other, by making this the best community it can be.

As a Board member it is my job to work for what is in the best interests of the community as a whole. And as your Association president it is my job to help set the direction and the agenda for the community. As always, I look forward to hearing from you - including the silent majority.

August Treasurer's Report

For August 21, 2008

Summary of Financial Report	Balance
Operating Account Balance	9849.05
Reserve Account Balance	4605.13
Reserve Investment Account	20,000.00
Delinquent Balances	6115.92
Prepaid	1500.84
Income	2614.40
Expenses	1243.70

Concerns:

- Delinquency continues to be an issue. We will be writing off just under \$600 this year, due to a quick claim deed, and a foreclosure. This our first expense of this kind based on what I can find in the records.
- We received our credit for missing February and March financials in June.
- Overall, we are in reasonable shape on the budget at this time. I am concerned about pending expenditures on the basin, depending on the outcome of the basin study and the ravages of monsoon season, particularly the fence repair.

Recommendations:

- Need to evaluate collection effectiveness given our delinquency situation I received a report and am working with Cadden on modifying the data.
- We need to look at options for the accounts still with attorneys, to reduce the overall expense to the homeowner.
- I would like to post an income sheet by month on the website (could be replaced every month) so the community can see where their money is going. See attached sample.

Website Proposal

Where does the money go?

This is an attempt to demonstrate to the community where we spend the money that the association brings in through dues. I welcome any suggestions on making this more understandable, restating categories, etc.

The categories that I have used for the summary are:

- Management fees – which is what we pay Cadden for the management services they provide – accounting, billing, payment processing, site tours and violations, and answering questions, among other things.
- Landscaping – this is where the Basin expenses fall, including planting, irrigation, weed control, and water.
- Government requirements – this includes property tax, income tax, filing fees, license and permits, etc.
- Communication expenses includes copies, postage, the newsletter printing, and fax services, coupon books and statements.
- Collections – this includes bad debt (write-offs), which are a new expense category for 2008, having reached a significant enough amount to be categorized separately, and legal expenses for collections.
- Insurance includes both liability insurance for the property, and the Directors and Officers insurance mandated by the CC&R's, which protects the association assets and personnel from lawsuits.
- Savings – this is transfer of operating funds into the reserve – in essence our savings account. Savings is zero for 2008 because we aren't putting money into the reserve this year, we are spending what we bring in, based on the budget.
- Other includes supplies, meeting expenses, committee expenses, and so on.

I have included 2007 and 2008 summaries, so that you have a basis for comparison. 2008 Actual year to date (YTD) is expenses through July. Management expenses are not higher than normal, we are spending less on other items, and management expenses are staying the same, so they become a higher percentage of expenses. If we stay on track as we are, we should be able to transfer about 8% of our income to savings, depending on repair expenses.

	2007 Actual	2007 Budget	2008 YTD	2008 Budget
Management	43.16%	44.67%	56.31%	48.17%
Landscaping	27.40%	29.35%	4.67%	17.08%
Communication	14.40%	8.97%	20.82%	16.70%
Insurance	6.72%	4.48%	7.05%	8.54%
Legal	-5.91%	1.02%	3.22%	2.31%
Savings	4.59%	4.74%	0.00%	0.00%
Government	1.10%	1.26%	2.57%	1.62%
other	8.54%	5.50%	5.36%	5.59%
	\$ 25,385.00	\$ 24,528.00	\$ 10,886.00	\$ 23,418.00