DATE:  January 18, 2017

LOCATION:  Desert Hills Social Center, Green Valley

CALL TO ORDER:  Marian Miskell called the meeting to order at 12:00 P.M.

ROLL CALL:  Directors Present:  Marian Miskell, Bob Thul, Bev Bear, Barbara Coleman, Tim Johnson Dan Hryciw and Roy Dashen.

Management:  Linda Hansen, Manager

QUORUM:  All Board Members were present to conduct an official meeting.

MINUTES:  Motion:  To approve minutes of November 16, 2016 as submitted.  Motion made, seconded and passed.

PRESIDENTS REPORT:  Marian Miskell reporting:

Data from Zillow listing 2016 home values indicate Green Valley homes increased in value 5.1 percent in 2016.  Projection for 2017 is 4.4 percent increase in home values.  Local realtors call Green Valley a very healthy market with fewer than 1 in 10,000 homes in foreclosure.  Rentals are hot; property managers report zero inventory for current season.

TREASURERS REPORT:  Bob Thul reviewed the current Financials and reported nothing changed from November figures.  Landscape expenses exceed budgeted amount; otherwise expenses are pretty much on-budget.  The HOA Budget for 2017 has been approved.

Motion:  To approve the Financial Statement as presented.  Motion made, seconded and passed.

COMMITTEE REPORTS:  Reports will not be given today to allow more time for Roads and Special Assessment information, discussion and questions.


UNFINISHED BUSINESS:  None

NEW BUSINESS:

1.  **New Insurance**:  Marian reported the Board had requested Linda Hansen to obtain bids to upgrade current insurance coverage; specifically, coverage against Cyber Theft of HOA funds, and coverage of homeowners currently volunteering to maintain grounds, etc.  Bid submitted by The Mahoney Group was included in Board Packet.

   Motion:  to approve The Mahoney Group Insurance Bid.  Motion made, seconded and passed.

2.  **2016 Taxes and Compilation**:  Bids for Accounting Services to prepare 2016 Taxes and Compilation solicited by Linda Hansen.  Bids received from three CPAs.  Bob Thule recommended that the bid from Scott Meyer, CPA for $500.00 (including Taxes, Compilations and footnotes) be approved.

   Motion:  to approve Bid from Scott Meyer, CPA for $500.  Motion made, seconded and passed.

3.  **Slate of Board Nominees for 2017 Annual Meeting Ballot**:  Marian announced names of homeowners who have volunteered to serve on the volunteer Board of Directors for 2017:  Yens Breining, Tim Johnson and Terry Kriesel.
Motion: to accept the slate of nominees, Yens Breining, Tim Johnson and Terry Kriesel for the Board of Directors for the Annual Meeting. Motion made, seconded and passed.

4. Roads and Special Assessment. Summaries of the question had been mailed to Homeowners prior to meeting. Bob Thule opened the discussion by describing fact-finding by Board:
   - 2.5 years' study of Desert Hills 2 road conditions;
   - Experts consulted were Michael Frank, Pima County Road Maintenance department and Tucson asphalt companies.
   - General consensus from experts is that roads have eight to ten years before rebuild will be necessary, however, significant road maintenance will need to be performed in the interim.
   - As streets approach 40 years, Street and Arroyos Reserves currently are underfunded
   - Two approaches to sufficiently fund Reserves:
     o Special Assessment, $400/year/4years (plus Dues $400/year/4years) equals road build in four years.
     o Or Dues increase (20%/year/10years) equals road build in 10 years with increased annual maintenance costs during period of accumulation
     o Road rebuild costs for each homeowner will be less if Reserves are funded through Special Assessment in 4 years rather than increased annual dues for 10 years.

Bob Thule read an email submitted by a homeowner with questions/suggestions in lieu of Special Assessment:
   1) Homeowner suggested that the Desert Hills 2 HOA pay for 50% rebuild from Road Reserves upfront and obtain financing for the balance. HOA governing documents restrict the Association from doing this.
   2) Homeowner suggested a Tar/Chip seal/heavy rolling approach in 2 phases to rebuild the road.

Thule introduced Michael Frank who provided general information about his company, the services they provide and years of experience accumulated to indicate their expertise, emphasizing that company provides expert information, advice and is not a contractor benefitting from a decision to rebuild.

Frank then outlined the processes and the types of engineering and processes required to successfully design a quality road surface including substrate, construction and maintenance. He described types of maintenance processes (slurry seal, tar and chip seal) cost of process and years of use the process would yield. Frank discussed why the second option in homeowner’s email was not a cost-effective solution to long-term need to replace forty-year-old roads.

OPEN FORUM: A very large number of homeowners attended the meeting, with approximately 27 members taking the microphone to ask questions and comment about the existing road surfaces and the proposed Special Assessment. A few points of discussion follow:
   - “how much money will be saved by rebuilding roads in 4 years” ($440,000);
   - “why replace all roads at once” (if road built in phases, it increases cost: inflation, lost economy of scale, whose street replaced first and who decides);
   - “could we use asphalt overlay [instead of rebuild]” (a 2-inch asphalt overlay could be done: appearance like new road, structure already in place, surface wear 12-15 years, 60% to 65% cost and 30% lifespan as rebuild)
   - “won’t I have to pay entire assessment in order to complete sale of my home?” (just as yearly taxes are pro-rated in closing documents, so too, are Special Assessments. Special Assessment stays with land and passes to new owner.)
   - “will roads last until 2025?” (not likely)
   - “will Board guarantee that no money from Special Assessment by used for Los Lomas” (yes)
   - Total Special Assessment will be $1550. Special Assessment will be on each property. Each property will have one ballot to cast.
   - Cadden Management will mail the votes to Homeowners next week; please call Cadden and speak to anyone in the office to provide them with accurate mailing information before next week.
• Votes for (or against) Special Assessment must be by secret Absentee ballot according to Arizona statutes. Measure will pass if 67% of votes cast are for the Special Assessment. Results of the vote will be announced at Annual Meeting.
• If Special Assessment is voted down, dues will increase 20% each year until funds are accumulated.

Next Meeting: February 15, 2017, 12:00 PM @ Desert Hills Social Center – Annual Meeting

ADJOURNMENT: The meeting adjourned at 1:44 PM.

Minutes prepared by: Colleen Walech, Cadden Community Management.