



# Four Hills Ranch POA Board Meeting

September 7, 2019

High Country Fire & Rescue

Williams, AZ

## ATTENDANCE:

THAD JOHNSON, PRESIDENT  
KIM SHUEY, VICE PRESIDENT  
TONY KACK, TREASURER (By Phone)  
DENNIS VAN ROEKEL, SECRETARY  
ANNMARIE CONDES, DIRECTOR  
TOM MAKOFKSKE, DIRECTOR (By Phone)

## ABSENT:

SHERRIAN BLOOMQUIST, DIRECTOR

## Call to Order

- Meeting called to Order at 12:17 pm by President Johnson.

## Adopt Agenda

- **Motion: To Approve the Agenda**
  - o Moved by Dennis Van Roekel, Seconded by Kim Shuey.
    - **Motion approved unanimously.**

## Agenda Item: Approval of Minutes

- Copies of the June 1, 2019 minutes were provided as information for Board Members. The minutes were previously approved by an email vote and posted on the website. However, the minutes need to be amended to include that the Annual Meeting election results would be an action item on the Board Agenda at the September 7, 2019 Board of Directors Meeting. (See Below)

## Agenda Item: Past Business

- **Election Results from Annual Meeting**
  - o The Board reviewed the board election results from the June Annual Meeting.
  - o Ballots received at the meeting were provided to Secretary Van Roekel to update the file containing ballots received prior to the Annual Meeting. A copy of all ballots will be forwarded to the Board of Directors.
  - o **Motion: To approve the election results from the Annual Meeting board election.**
  - o Moved by Kim Shuey, Seconded by Dennis Van Roekel
    - **Motion approved unanimously.**
  - o **ACTION:** Secretary Van Roekel was directed to draft amended minutes of the June 1, 2019 Board meeting reflecting that the Annual Meeting election results would be an action item on the September Board Meeting agenda.
- **Mailboxes**
  - o Vice President Shuey provided a comprehensive report on the actions taken since the June Board meeting. President Johnson expressed thanks to Kim (and her husband, Todd) for all the time and effort she has provided. The transition to the new mailboxes has been a complicated and time-consuming effort.
  - o The new mailboxes have been installed on the west side of Highway 64.

- Estimated cost for the two (2) mailboxes and installation is \$3,050.46. FHR will reimburse HMR upon receipt of an invoice.
- HMR East will pay FHR \$750 for the purchase of the mailbox on the east side of Highway 64; payment has not yet been received.
- 22 of the 32 mailboxes are available. Owners of current mailboxes will not be charged for their new mailbox and owners obtaining a mailbox for the first time will be assessed a one-time fee of \$100. If a parcel is sold, the ownership of the mailbox is transferred to the new owner.
  - Mailboxes will be assigned to full-time residents only. “Full-time” applies to residents who live full-time on the ranch or continuously for periods of three or more months.
  - Payment for the new boxes will be made out to “Four Hills Ranch POA”.
  - **ACTION:** Vice President Shuey will provide owners with a payment receipt, record the key and serial number, and retain records of that information. Upon receipt of payment, Vice President Shuey will forward the payments to Bill Weiss, Four Hills Ranch CPA.
- No single mailboxes will be allowed on either side of Highway 64.
- Notification was provided to owners of mailboxes at the Annual Meeting and on 8/31/19 and the information was posted on the website on 9/2/19.
- Locks have been installed on the new mailboxes and owners contacted and provided three (3) sets of keys.
- Mail delivery to the new boxes will begin Monday, September 9, 2019.
- New postal regulations will be followed as the POA moves forward.
  - If you are not currently receiving mail in Williams, owners WILL NOT get mail delivery unless a letter is presented, on county letterhead, to the Williams Postmaster indicating one of the following:
    - Building permit
    - Certificate of occupancy
    - Conditional use permit
- Currently, no spaces for mailboxes are available on Espee Road. However, based on expressed interest, consideration will be given to adding a mailbox on Espee Road in the future.

- **Website Revisions**

- Director Condes provided a report of changes envisioned for the website. Currently, information is difficult to find, and the site is difficult to navigate.
- The site needs to be a place that property owners can obtain information which will hopefully decrease the number of inquiries received by the Board. In addition, the website can be used to:
  - Allow owners to pay dues online with PayPal.
  - Provide detailed information on dues.
  - Create a comment section that does not post the owner comment but does automatically generate a response thanking the owner for their comment and informing them that a response would be forthcoming. Owners must provide their email address and comments will be sent to the Board for response.
- Board members may offer updates/formatting and/or suggestions to Director Condes. Board members are encouraged to check the site regularly.
- Any suggested new posts for the website should be sent to President Johnson for coordination with Director Condes.
- **ACTION:** Director Condes will make modifications to our current website based on her own ideas as well as suggestions provided by the Board. As changes are made moving forward, Director Condes will email board members to check out the website.
- **Motion: To approve Director Condes moving forward to update the website.**

- Moved by Kim Shuey, Seconded by AnnMarie Condes.

- **Motion approved unanimously.**

#### **Agenda Item: New Business**

##### **- Re-Establishment of Roads Committee**

- President Johnson reported that he originally planned to suggest the formation of a roads committee but is now considering not moving forward with the idea.
- As an alternative, owners will be invited to the December Board meeting to provide comments to the Board regarding the development of the 2020 Four Hills Ranch Road Plan. Time will be set aside on the agenda at the beginning of the meeting for owner input.
- Efforts will be made to invite owners to do their own surveys of roads and identify hotspots for potential inclusion in the 2020 Roads Plan. Owners will be encouraged to visit the website for additional information.
  - The map and comments developed last year by President Johnson and Vice President Shuey will be posted on the website.
  - **ACTION:** President Johnson and Vice President Shuey will review the material to assess what has changed since the development of the map and comments.
  - **ACTION:** President Johnson will create a form for inclusion on the website to allow owners to provide input electronically. Owners may provide comments on what they consider priorities for the coming year.

##### **- Possible Annual Dues Increase**

- The Board reviewed the history of dues increases for the Four Hills Ranch POA and the potential impact on revenue if a dues increase was implemented.
- Problems were cited that some owners did not receive their statement for annual dues in 2019 and the accuracy of the mailing lists was questioned.
- In addition, concern was expressed about the impact of a dues increase on owners, especially fulltime residents.
- After careful consideration, the Board determined not to increase dues for 2020 and wait until at least 2021.
- The Board also determined that efforts should be made to streamline records and the processes used to notify and collect annual dues from owners.
- **ACTION:** Secretary Van Roekel will work with Bill Weiss, CPA to assess current processes for annual dues collection and make recommendations for changes, if any, to the Board of Directors.

##### **- Bank Account Signature Cards**

- The National Bank of Arizona currently lists three (3) individuals on the signature card as authorized people on the Four Hills Account.
- Following the discussion, the Board decided to remove the three (3) individuals currently listed and add four (4) individuals to the signature card.
- **Motion: Move to authorize the following four individuals to be listed on the signature card at the National Bank of Arizona for the Four Hills Ranch account: 1) Thad Johnson, President, 2) Tony Kack, Treasurer, 3) Dennis Van Roekel, Secretary, and 4) Bill Weiss, FHR CPA.**
- Moved by Thad Johnson, Seconded by AnnMarie Condes.
  - **Motion approved unanimously.**
- **ACTION:** President Johnson will coordinate getting the signature card signed.

##### **- Dues for Divided Parcels**

- The Board reviewed a document listing divided parcels and the dues amount assessed to each parcel annually. The list clearly indicates a lack of consistency in the application of the dues obligation for owners of divided parcels.
- Following discussion, the Board determined the following:

- The CC&Rs clearly state that divided parcels shall be granted voting rights and an obligation to pay dues.
- The policy of the POA is that all parcels shall have the same dues, regardless of the number of acres in the parcel.
- Prior to January 1, 2007, dues were determined by the acre. Divided parcels purchased prior to that date were grandfathered in for the dues amount based on acres.
- Owners of property purchased after January 1, 2007, are obligated to pay dues consistent with all other parcels.
- The Board will divide the parcels into four groups and board members will use the Coconino Parcel Viewer to obtain the following information from lots 600-1068, including all divided properties:
  - Name and address of owner.
  - Parcel number
  - Last date of sale.
- **ACTION:** Secretary Van Roekel will provide a spreadsheet with ¼ of the total lots assigned to Dennis, Thad, Kim and AnnMarie to update.

- **Annexations of Land Locked Properties**

- The Four Hills Ranch POA was approached by the owner of land for possible annexation to FHR. The land is adjacent to FHR, but owners have no legal access to the land. Currently, their only access to the land is by using FHR roads.
- President Johnson met with Coconino County and the following represents highlights of the conversation:
  - The County does not consider FHR as a “Subdivision under Arizona Law” and therefore does not get involved with POA business.
  - A declaration of annexation is required, but this is a legal document, not a County form.
  - The Association plat map will “probably” need to be modified and recorded to include the new property.
  - The County Parcel Viewer would need to be updated for the parcel to include the “platted subdivision” and this will probably happen automatically when the updated plat map is recorded.
  - The County does not get involved with parcels under 40 acres.
- The Board reviewed the annexation requirements of the CC&R’s and based on the information obtained from the FHR attorney, President Johnson developed a draft of a policy for “Annexation of Properties into Four Hills Ranch POA”.
  - The draft proposal will be again discussed at the next Board meeting. Following the discussion, the proposal will be either finalized or cancelled.
  - **ACTION:** President Johnson will amend the draft to change the “Road Benefit Fee” based on years and dues, to be a “Road Impact Fee” in the amount of \$5,000.
  - **ACTION:** President Johnson will send a letter and the draft proposal to the owner who requested information on possible annexation of land to FHR.

- **“Hobby Farms” on Four Hills Ranch**

- Questions were posed to the Board regarding “farming” on Four Hills Ranch and how the Board interprets the CC&R’s language that “No poultry farms or any other commercial activity involving animals be permitted.”
- Vice President Shuey did considerable research to assist the Board in determining what constitutes “commercial activity” vs. “ranching”, which is permitted by the CC&R’s.
- FHR is zoned General 10AC and the ordinance provides high levels of flexibility and allowances for small-scale agriculture and keeping of animals which provide a source of food and fiber.
- In general terms, these types of enterprises are called “Hobby Farms” and adhere to several criteria. The Board determined to use that definition and the following criteria.

- Small farm, 10 acres or less
- Not the owner's main source of income (Usually operate at a loss).
- Grows what the family uses and sells excess at Farmers Market, friends, or neighbors.
- Property shall be maintained in a neat and orderly fashion.
- Adheres to the following criteria:
  - No excessive noise.
  - No use of industrial equipment or trucking.
  - No additional road traffic by buyers or commercial equipment/trucks.
  - No hiring of outside help.
  - Respects dark sky ordinance.
- The draft proposal will be discussed further and finalized or cancelled at the Board's next meeting.

### **Agenda Item: Roads**

- **West Bright Sky Crossing Repair Update**
  - President Johnson provided an update on the repairs on W. Bright Sky crossing repair. The project is expected to be completed soon.
- **Painted Rock Trail Crossing Repair Update**
  - President Johnson invited interested Board members to join him when he meets with Steve at the Painted Rock Trail crossing. The purpose of the meeting is to indicate to Steve the problem areas and obtain Steve's recommendation for repairs.
  - The Board agreed to proceed with the Painted Rock Trail crossing in 2019 to ensure all expenses are recorded during the 2019 fiscal year.
- **2019-2020 Common Roads Plan**
  - Secretary Van Roekel reviewed the 2019-2020 Annual Common Roads Plan with the Board. The Plan has a \$16,600 budget and outlines FHR's responsibilities as the Primarily Responsible Association. FHR will have these responsibilities from May 1, 2019 through April 30, 2022.
  - The Board also received a copy of the Budget/Expense report for the Common Roads. The report details all expenses on the common Roads since May 1, 2019. The fiscal year for the Common Roads is May 1 – April 30.
- **2019 Quarterly Road Expense Report**
  - Secretary Van Roekel reviewed the materials that had been sent to the Board which included 1) 2019 Quarterly Road Budget/Expense Report, 2) Report on road repairs indicating the expenses paid so far out of the up to \$55,000 allocated from the Reserves, and 3) Road Maintenance Log listing location and expenses for road maintenance since January 1, 2019.
- **ACTION:** President Johnson will meet with Steve Fuller the week of September 8 to get an update on the West Bright Sky repair, Painted Rock Trail repair, common roads grading and arterial roads grading. President Johnson will provide an update to the Board after the meeting with Steve.

### **Agenda Item: Financial Reports**

- **2019 Four Hills Ranch Quarterly Financial Report**
  - President Johnson presented the Quarterly Financial Report listing expenses through August 31, 2019.
  - As of 8/31/19, the POA has received 98% of the budgeted income and has expended 76% of budgeted expenses, not including the expenses for road repairs from the Reserves.

- **Delinquent Accounts Report**
  - President Johnson presented the Delinquent Accounts Report as of 8/31/19.
  - The POA, as of 8/31/19, has 51 outstanding accounts totaling \$121,511.72.
  
- **2020 Four Hills Ranch Basic Expenses**
  - President Johnson reviewed a draft of the 2020 FHR Budget. The draft, at this point, reflects similar numbers to the 2019 budget. As we move forward, legal actions taken to further the POA's attempts at collecting past-due balances may impact our projections for the 2020 year.
  
- **2020 Net Income & Reserve Targets**
  - President Johnson reviewed a document entitled "Account Balances". The document lists the account balances in the National Bank checking and savings account as of 8/31/19.
  - Based on the current balances and the estimated remaining expenses for 2019, the estimated reserve balance on 12/31/19 is \$127,502.92, which is 114% of the annual budget.
  - The Board discussed the reserve as we move forward, specifically should the 2020 Budget include more funds, less funds, or about the same as allocated to the Reserves in the 2019 Budget?
  - Following the discussion, the consensus was that in 2020, we should allocate about the same amount to the Reserves as in 2019.
    - The POA consistently built up the Reserves to a point where it contained 163% of the annual budget.
    - 2019 was an exceptional year with extensive road damage caused by heavy rain and snow melt runoff. The Board allocated up to \$55,000 from the Reserves to repair the damage.
    - In the coming years, by allocating the same amount to the Reserves as in 2019, the Board will again build the Reserve balance in anticipation of future major expenses.

#### **Agenda Item: Board Administration**

- **Board Director Appointment**
  - President Johnson recommended the appointment of Tom Makofske to fill the remaining position on the Board of Directors.
  - **Motion: To approve the appointment of Tom Makofske to the Four Hills Ranch POA Board of Directors**
  - Moved by Dennis Van Roekel, Seconded by AnnMarie Condes
    - **Motion approved unanimously.**
  
- **Board Communications**
  - President Johnson inquired of the Board regarding the frequency of communications to the Board: Too much, too little, or about right?
    - Several comments by Board members indicated support for the current level of communication with the Board. Members appreciated that all information was sent to all board members.
    - Consensus of the Board members was to maintain the current level of communication.
  
- **Public Notice Required for Board Meetings**
  - Postponed to the next meeting agenda.
  
- **Future Meeting Dates**
  - Next meeting is Saturday, December 7, 2019.

### **Agenda Item: Executive Session**

- **Motion: To move into Executive Session to discuss contemplated litigation and legal advice from the POA attorney.**
- Moved by Dennis Van Roekel, Seconded by Kim Shuey
  - o **Motion approved unanimously at 4:04 pm.**
  
- **Rise and Report**
  - o The Board rose and reported at 4:20 pm.
  - o **Motion: To approve a letter be sent by the FHR attorney to all owners with delinquent accounts of four (4) or more years.**
  - o Moved by Dennis Van Roekel, Seconded by AnnMarie Condes
    - **Motion approved unanimously.**

### **Agenda Item: Adjournment**

- **Motion to Adjourn at 4:26 pm.**
  - o Moved by Kim Shuey, Seconded by Tony Kack
  - o **Motion approved unanimously.**