

TONTO HILLS IMPROVEMENT ASSOCIATION

MINUTES of the MEETING of the BOARD OF DIRECTORS

Wednesday, December 17, 2008
6:30 PM at Christ the Lord Lutheran Church

The meeting was called to order at 6:35pm by President Rick Nelson.

BOARD MEMBERS PRESENT: Rick Nelson, Denny Maple, Rick Pearson, Lou Frederick, Bob Swan, Cheryl Kaufman, Bill Victor

ABSENT: Carol Landauer, Joel Cohen

GUESTS PRESENT: Bill Hayes, Charlie Civer, Terry Glass, Mary Pearson

1. **OPENING COMMENTS:** Mr. Victor presented a proxy from Mr. Cohen naming Mr. Victor as his assignee for all THIA Board votes and decisions. Ms. Kaufman presented a proxy from Ms. Landauer naming Ms. Kaufman as her assignee for all THIA Board votes and decisions. Mr. Nelson asked for a Board member volunteer to be responsible this meeting's minutes. Mr. Victor volunteered to take minutes.
2. **OPEN FORUM:** Mr. Hayes asked if Maricopa County was going to have a meeting on the Domestic Water Improvement District (DWID) for Tonto Hills. Mr. Nelson replied that the county is still verifying petitions and then will announce the meeting. He believes notice of the meeting to THIA members should come from the THIA Board as well as the County.
3. **SECRETARY'S REPORT:** Ms. Kaufman offered some corrections to the November minutes. Mr. Swan motioned to approve the November minutes pending proposed changes in wording of Annexation Committee's Report. Ms. Kaufman seconded. Motion unanimously approved.
4. **TREASURER'S REPORT:**
 - Mr. Pearson reported that there are three remaining outstanding liens that have been filed on delinquent property owners. He reported that two of these are members owning multiple lots. He recommended in the future that liens should be filed for each lot individually because some lots for which liens were filed together for multiple-property owners have now been sold, requiring additional administrative work. He reported that lot 215A was sold, fees were received, and the lien release was sent to the County.
 - Mr. Pearson provided a draft budget worksheet for the board to complete as a 2009 recommended budget for consideration by the next elected Board.
 - Mr. Pearson requested clarification for financial procedures and will submit specific questions for Board consideration.

- Mr. Pearson asked if the \$200 budgeted contribution/donation to Christ the Lord Lutheran Church should be made. Mr. Nelson responded that it should.
- Mr. Pearson submitted the monthly Treasurer's Report, noting that the THIA checking balance is \$3,886.36, the money market account is \$70,155.57, and the total is \$74,041.93. Mr. Frederick motioned to approve the Treasurer's Report. Mr. Swan seconded. Motion unanimously approved.

5. COMMUNICATIONS AND REPORTS:

Vegetation along Cave Creek Road - Mr. Nelson commented that the vegetation across Cave Creek Road at the Old Mine Road entrance to Tonto Hills was a vision hindrance and traffic hazard. He commended Mr. Robert Kroger for taking the initiative to ask Desert Mountain to address this issue. He proposed that a "thank you" note be sent by the Board to Desert Mountain for trimming the vegetation. The Board agreed unanimously.

Desert Mountain property - Mr. Nelson also reported that Tom Klaussen, Vice President of Operations for Desert Mountain, notified him that Desert Mountain plans to divest itself of parcel APN 219-13-005-H by 2010. This property is a continuous strip of land along the west side of Cave Creek Road. Mr. Klaussen said their preference is to deed it to THIA; however, THIA is an improvement association that can not own property. Other alternatives include deeding it to THVFD, the DWID, if formed, or City of Scottsdale. Desert Mountain apparently does not prefer to deed it to individual property owners adjacent to the parcel. Mr. Nelson will contact THVFD and the proposed DWID Board to discuss the situation.

Architectural Control Committee - Mr. Frederick said there is nothing new to report.

Environmental Representative - Ms. Kaufman reported she made two calls to the County regarding chip sealing of Old Mine Road scheduled for October or November 2009. No additional information is available yet. Mr. Frederick reported that the soil cement test has not yet been conducted and that the roads are too wet at this time.

COS Annexation Committee –

- Mr. Maple recognized Ralph Spurgin for his research on comparative property values in Carefree Hills and Tonto Hills. Results indicate that the price per square foot for homes is generally higher in Tonto Hills than in Carefree Hills, which was annexed by City of Scottsdale (COS). Results suggest that COS annexation of Tonto Hills might not increase property values above present values.
- Mr. Maple suggests that property tax be considered: County property taxes have increased while COS taxes have decreased. Perhaps this information could be used by THIA members to request a decrease from the County.

- Mr. Maple reported there has been no new contact from COS since the last THIA board meeting. He is putting the Annexation Committee on hold until COS responds to our latest requests for information.
- Mr. Maple said that, if COS decides to go forward with annexation negotiations, THIA needs to decide who will negotiate on its behalf; the Annexation Committee recommends that THIA retain an experienced negotiator from outside THIA.
- Mr. Nelson said that the THIA board could hire a negotiator to obtain the best terms for a draft Annexation Agreement that could then be reviewed and voted on by THIA members. This funding could be a community decision via a special polling.
- Mr. Maple recalled that the Annexation Committee told Mr. Hadder that we need to gage our membership's interest in proceeding further, if COS decides it is interested in proceeding. This interest needs to be obtained based on all the new information produced by the committee since the last polling of THIA members. Mr. Maple does not expect to hear from Mr. Hadder until February, after the new City Council has been inaugurated, but Mr. Maple will try to obtain an update from him in January.
- Ms. Kaufman and Mr. Victor offered to make inquiries about order of magnitude costs for hiring an attorney who specializes in this type of negotiation. THIA should also ask THIA member John Stevens about such costs. A progress report will be given at the January THIA board meeting.
- Mr. Nelson would like to add a question about annexation to the AGM mailing, and will set an agenda item for January to consider wording for such a question.

DWID Committee –

- Mr. Civer reported that the county has set a tentative meeting date of January 28 to consider the formation of the Tonto Hills DWID. Property owners will be notified by county mailing, which is planned to be sent about January 8. The county will publish a notice in a newspaper and post it at the Post Office.
- County staff gave him a list of items that they need for consideration by the County Board of Supervisors.
- The county reported that between 60% and 70% of the property owners signed the petition in favor of the DWID. They are clearing up discrepancies for a few signatures regarding property records; the intention is to have those people re-sign the petition to comply with county rules.

6. OLD BUSINESS:

- Ms. Kaufman contacted Arizona Corporation Commissioner (ACC) Kris Mayes about the proxy rules for Home Owners Associations (HOAs) or Improvement Districts (IDs). These organizations are not regulated by the ACC; the ACC is a filing agency, but has no regulatory or enforcement powers over HOAs or IDs.
- Commissioner Mayes' assistant referred her to the Southern Arizona Chapter of the Community Associations Institute, specifically to Carolyn Goldschmidt of the Carolyn Goldschmidt Law Firm. The Arizona Planned Communities Act (Arizona Statute 331812A5 – effective date 9-26-2008) has a section on proxy voting, which Ms. Kaufman read to the board. Ms. Goldschmidt said that proxy voting at AGM meetings is no longer allowed under this Act (Ms. Mayes' assistant also said that proxy voting has not been “legal” for some time). Absentee ballots are acceptable, but can not be vague; each issue must be described in sufficient specific detail in the ballot and it must be signed in advance.
- Mr. Nelson explained that we send out the AGM agenda and ballots in advance. We need to send out a 60-day notice that only those agenda items noticed at least 30 days before the AGM meeting can be added to the AGM meeting agenda. Members may then submit absentee ballots on those issues in the agenda.
- Mr. Nelson relayed that he had asked THIA's attorney about this issue last year. The attorney said that there are three categories of associations: HOAs; Condominiums; and Planned Single Family Communities, which include Improvement Associations.
- Do all these types of associations fall under the Arizona Planned Communities Act? Ms. Kaufman thinks so; however, it does not apply to timeshares.
- To obtain an official determination on the proxy rules, Mr. Nelson will prepare a draft letter to THIA's attorney to submit to the THIA board at the January meeting.
- Ms. Kaufman will send the board an electronic version of the Act to review.
- Mr. Nelson said that THIA's attorney opinion and the Act will be posted on the THIA website for the community. Then a notice of the meeting in February will include this information.

7. NEW BUSINESS:

- The scope of work and price for Carefree Executive Services to again provide voting services for the AGM has been agreed upon. Ms. Kaufman motioned to send the proposed letter authorizing the services without modification. Mr. Swan seconded. Motion unanimously approved.
- Budget Recommendations for 2009 THIA Board:

- Board discussed 2009 budget amounts using a form provided by Mr. Pearson. Based on this discussion, Mr. Pearson will complete a typed version of the budget. The proposed budget will be included in the AGM mailing to all members.
- Mr. Maple expressed concern that the next board would be stuck with this budget. Mr. Nelson explained that the 2009 board is stuck with the dues (income) approved by membership at the AGM, but not the individual spending items; they can modify the budget when in office.
- When discussion was completed, Mr. Pearson motioned to approve the resulting draft budget. Mr. Maple seconded. Motion unanimously approved.
- Dog attack report:
 - Attacks in the neighborhood by Louis Lantz's dogs have been mentioned by several members and appear to be a repeated problem.
 - The most recent attack was reported to the County Animal Control and the Sheriff's Department.
 - Mr. Nelson said that THIA has no authority on this matter and that it should be left to the agencies to handle it.
 - Mr. Frederick suggested that the THIA board could send a letter to the county about these dogs. Mr. Nelson offered to contact Mr. Lance as a concerned neighbor.
 - Mr. Victor motioned to approve the board issuing a letter to County Animal Control and the Sheriff's Department, with copies to the County Board of Supervisors. Mr. Swan seconded. Motion unanimously approved.
 - Mr. Nelson will draft the letter and send to the board for review and approval.

8. ADJOURNMENT: Ms. Kaufman motioned to adjourn. Mr. Frederick seconded. Meeting adjourned at 8:55 PM. Executive session held from 9:00 to 9:30 PM.