Approved Copy
558th Minutes of the Hillcrest Improvement Association Board of Directors
October 14, 2025- 6 p.m.
(Pool Pavilion)

Board Members Present:

President, Steve Larson; VP/Architecture Chairperson, Mike Yore; Treasurer, Cheri Gries; Secretary, Sandy Kaye; Membership Chairperson, Jeremy Grimm; Infrastructure Chairperson, Dave Hendrickson; Landscape Chairperson, Judith Levin;

Absent: Hospitality, Sandy Matchette

Joining from the Community: Wendy Sticht, John Bosch, Thomas Doely, Barbara Frandsen, Brenda Boyd, Micki Eckels, Nancy Kroening, Vicki Greenfield, Karen Yore, Stephen Hayes, Kenny Roynestad, Ted Gates, Kathy Hellan, Kendra York, Molly York, Ellen Kirschbaum, Winkie Schwartz, Anne Compton, Antoinette Schindlbeck, John Mazich, Ken Groom, Lea Stewart

Steve Larson called the meeting to order at 6:01 p.m.

President's Report

Steve announced guidelines for speaking.

Speak when recognized by the President and please respect the 3-minute limit.

State your name for the Secretary to note in meeting minutes.

Call to Public

Nancy Kroening, Block Watch Chair, announced that the second Block Watch meeting would take place on Thursday, October 16th, at 4:00 p.m., at the Pool Pavilion. Candice, Chair of the Black Mountain Community Alliance will also be there. We need 10 people attending to make it official.

Secretary's Report

Sandy Kaye made a motion to approve the minutes from the September Board of Directors' meeting. It was approved unanimously.

Sandy Kaye made a motion to approve the minutes from the Working Board of Directors' meeting, held September 30th. It was approved unanimously.

Treasurer’s Report – Cheri Gries

Treasurer’s Report

10/14/2025 Meeting
Butler Hansen finished and filed our 2024 taxes. Our previous Treasurer, John Lavender used Butler Hansen for our Compilation and Taxes beginning in 2023. I'm still waiting for our 2024 Compilation. The past two years Butler Hansen filed an extension for us. This year they estimated our Federal taxes to be $4,710 and our State to be $790. We overpaid Federal by $1,611 and State by $270. We now have a credit with both.
We are getting some quotes for our insurance due on 11/16/25. Thanks, Steve, for taking the reigns on this. CAU gave us a quote of $ 9,688. Last year we paid them $10,465.
Our 2026 budget is a work in progress.
September Financials: see report emailed on 10/12/2025.
Total Expenditures for September 2025: $ 8,654.27
Thank you, Board, for reviewing the Financials.
Motion: I move that the Board approve the September 2025 Financials. It was approved unanimously.
Largest expenses:
Water $ 5,117 Last month - $ 5,632
Landscaping $ 2,738 Last month - $ 2,738
APS $ 867 Last month - $ 881
Pool $ 398 Last month - $ 1,669
Operating Flourish interest earned on 9/03/25 - Reserve Flourish interest earned on 9/03/25 - $ 631.95
$ 560.95
Total Assets: **$ 353,302.80**
Thank you,
Cheri Gries – Treasurer
Hillcrest Improvement Association

Old Business

Questions for Mulcahy

Steve commented on the questions for the Mulcahy Law Firm that had been sent out to the HIA members. He said there were 2 major items of concern, architectural structures and topics needing clarification, like individual pickleball courts. He said he received useful and valuable information for the letter from the community. Steve said the letter would contain some scenarios, possible Board decisions and the rationale for those decisions. We are seeking Beth Mulcahy’s opinion of those hypothetical decisions. Are we on track? Are we legal with current laws or do our CC&R’s need updating? Specific measurements were mentioned by the community to make clear what is allowed.
Steve brought up the Architectural Guidelines from Ted Gates that is in the works. Is it possible that this document would suffice for the specifics? Steve said we are trying to be proactive. The letter should go next week. Board approval was granted at the September 30th meeting for this action.

Approve Completed Long Term Asset Study as Guideline/Tool for future planning

Mike Yore introduced this segment with some background as to what drove him to become a member of the Board. He wanted something done to better manage our dues increases which were nearly 10% a year. Mike got the Budget Maintenance Committee together. He thanked his members, Lynn Graham, Ellen Kirschbaum, John Bosch, Ed James, Wendy Sticht, Mike Farrell and alte Winkie Schwartz and Anne Compton.

Mike talked of the reports that were available before the Long Term Study by ARS which were a Report from former Treasurer, John Lavender, one from Frank Civil Engineering and another old study from, maybe, 2008. Those reports used the figure of $1.3 million to re-do our streets.

While we no longer face that large an expense, having the dues increases with that expectation, gave us a good cushion for our Reserve Fund going forward. We are in good shape to pay for our future street maintenance. We are funded at 68% now. He said that Gordon and Jayne Weagle were very helpful as well.

Mike Yore made a motion that we approve the use of the Reserve Fund Study.
The motion passed unanimously.

Initiation Fee Plan

John Bosch presented his plan to the membership which was previously attached to the Agenda.

The plan proposed to adopt a 1% initiation fee on all home sales, effective 1/1/2026. He anticipated having $720,000 over 20 years to spend on long-term improvements, like a community center, wellness facilities and upgrades to park/pool. The funds would not be used for 5 years, dues would be frozen for 3 years, a better Hillcrest would be left to future members and we would create a Digital Hillcrest Presentation for realtors and future buyers.

Much discussion ensued.

Wendy Sticht read a prepared response which follows:

Initiation Fee
An initiation fee will simply cause buyers to reduce their offers by that much so the seller will actually take the hit. Buyers will pay what they will pay minus this fee. And those reduced prices will ultimately reduce the market values of all of our homes by lowering our comps and price per square foot.
There are enough people already who don't want to live in an HOA neighborhood and an initiation fee will make that even worse. Our homes are already worth at least $100,000 less than they would be worth if they were not in an HOA or age restricted community with private streets that we have to maintain at our expense.

This idea came up when we thought we desperately needed to raise a million dollars for our streets which we now know we don't need to do. It would severely hurt our investment in our homes and there is no need for it.

If we want a fancy clubhouse, we could build one in the north park for an assessment much lower than what this initiation fee would cost us. Make no mistake about it, we as homeowners and sellers would be the ones paying one way or another. I prefer a way

that would make our homes worth more, not less.
If an expense like this is to be taken on, I believe it must be approved by the majority of members of this community.

Other thoughts:
Kenny Roynestad - We should have a Town Hall to discuss this and invite renters as well as owners

Lea Stewart – This will lower home values as the seller would end up covering the fee

Ellen Kirschbaum – The reason we moved here was that we didn't want to pay for amenities not used, Moon Valley Country Club can provide for those that want them; historical, attractive grounds are difficult to find and we have them

Other questions. How are we going to maintain extra facilities? How much would that cost? Who would do it? What about neighborhood discontent with one member paying thousands more than another for the same amenities?

Steve read a memo sent from Mike Farrell. The first sentence is:

"The Board should reject this proposal." Please see the full memo at the end of the Minutes as an addendum.

In the end, everyone agreed with Barbara Frandsen that it was a good discussion to have and we would like to have some facility that would enable us to meet year 'round.
No motion was made and we moved on.

Overseeding

Plant, tree and grass maintenance continues to be discussed. Winkie Schwartz brought up

reclaiming water but is afraid it is an expensive option. She has not had time to thoroughly investigate this. Winkie also mentioned a new grass called Pearls Premium but upon investigation, it appears ill-suited for Phoenix.

Tom Doely brought up helping to water the trees and receiving no appreciation.

There was discussion on the communication cycle of *member →landscape committee→vendor* on watering and what needs to be done and what is done.

Judith reminded us of the Landscape Committee mission to find solutions that use less water because the day is coming when water may not be available.

We agreed we need well managed irrigation.

Nominating Committee

Steve introduced Ellen Kirschbaum as the volunteer to chair our Nominating Committee. Barbara Frandsen said she would help. The Board appreciates their willingness to help.

Agenda Item Help for Treasurer was postponed until the November 11, 2025 meeting.

New Business

Insurance Renewal

Steve expressed appreciation to Ed James for his review and time. Steve said we have a quote and are waiting on 2 others before committing to a plan.
Our current policy is $10,465 and the new quote is $9688. We must decide at next month's meeting.

Committee Reports:

Architecture report: Mike Yore

ARCHITECTURAL REPORT

October 14, 2025

There were four requests for architectural approval since the last board meeting.

- Brent Laizure asked to install new lights on his exit path. It was approved.
- Jack and Kathleen Yardley asked to remove a diseased tree from their front yard. It was approved.
- Anne Compton asked to repaint her home with the proper paint color. It was approved.
- Cindy Kerr asked to plant a tree in her front yard. It was approved.

Submitted by Mike Yore

Membership report: Jeremy Grimm

Data Current, As Of: 10/14/2025

Last HOA meeting: 9/23/2025

Home Sales Closed Since Last Meeting: 0

Homes In Escrow: 3

- 136 East Boca Raton Road

- 6 East Piping Rock Road

- 110 East Piping Rock Road

Homes for Sale: 2

- 43 East Boca Raton Road

- 113 East Boca Raton Road

Rentals: 2

- 3 East Piping Rock Road

- 14029 North Medinan Drive

Vacant properties: 0

Properties with under age 55 occupants: 2 (17 allowed):

- 9 E Calavar Road

- 109 E Tam Oshanter Drive

Hospitality/Social report: Sandy Matchette (Sandy Kaye in Sandy Matchette's absence)

- Oktoberfest is now on 10/25. Deadline for refunds is 10/15. Deadline for new reservations is 10/20
- Arts and Crafts Fair is 11/15.
- La Posada is 12/6
- Cookie Exchange is 12/12.
- Senior Bowling 10/19

Infrastructure: Dave Hendrickson

HILLCREST IMPROVEMENT ASSOCIATION

INFRASTRUCTURE REPORT

OCTOBER 14, 2025

Pool:

Our pool continues to receive quality care from our vendor and from our pool testers, Barbara, Vicki, and Clay.

Because the pool water temperature has dropped into the low 70's, I have turned off the aerators. They will remain off until the next swimming season.

Thanks go to Sandy Kaye for procuring 4 new pool lounge chairs. The plan is for these chairs to get us through to the beginning of next summer at which time (or prior to) the Board hopes to replace all the current furniture with longer-lasting furniture.

Island lighting:

Kenny Roynestad, Ed Jeter, and Steve Hayes have, I believe, narrowed their choice for new island lighting to a bollard mounted solar light. As reported last month, they made a nighttime visit to a community south of Phoenix to see the lights that have been installed in a park. As I understand it, they were very impressed. Kenny, Ed, and Steve would like to have a Town Hall meeting sometime early next year and invite the lighting vendor to speak, answer questions, and show us the light.

Lamplighters:

Steve and Kenny have made a considerable contribution to Hillcrest by keeping our lights on every night.

It was unknown to me until recently that Steve has been replacing burned out bulbs in Hillcrest for about 18 years, and Kenny has done so since he became a neighbor several years ago. Many thanks, guys!

Recently, however, I have become concerned for their safety when climbing to the top of a 10-foot high wall. For that reason, I have had discussions with them about the possibility of turning over this chore to someone else, perhaps a licensed and insured handyman-type.
We will meet to go over the options and share ideas, then report back to the Board at a later date.
In the meantime, Steve and Kenny will continue replacing bulbs for us.

At the meeting, Winkie Schwartz mentioned a handyman, Britt Harms, who advertises in the Moon Valley Tattler who may be able to help us with this.

Landscape: Judith Levin

September 2025 Landscape Committee report

Four bids were received for Landscape maintenance and pruning and our current vendor Impact Landscaping who had the most reasonable bid. We will encourage them to allow our plants to have a more natural look by pruning less often.

Removal of grass from island on West Piping Rock Rd is scheduled to be removed 10-13-25 after receiving 3 bids and one was chosen.

A request has been made by the LAC for the board to reconsider their overseeding decision based on further community input at the Oct 14th meeting.

Plans are being discussed about replanting plants where you see red flags. We will also be planning in stages ideas raised in renewing the main entrance.
We lost a prickly pear that fell and needed to be removed on the Boca Raton cul de sac
At the meeting, Kenny Roynestad said the cactus was infected with bugs.

Next Meeting: November 11, 2025

Motion to Adjourn: Mike Yore made a motion to adjourn at 7:41 p.m. It passed unanimously.

Addendum

Mike Farrell Memo

SUMMARY

The Board should reject this proposal. It is unaccompanied by any analysis or underlying research, which one would expect for a proposal of this magnitude, which encompasses things as far-reaching as construction of a community center and wellness facilities, as well as a new fee that will devalue each of our homes by one percent.

BACKGROUND

I copy the Maintenance Budget Committee on this Memo because this proposal is no stranger to us. It was proposed to and tabled by the Maintenance Budget Committee but not before I had written an email that asked a number of questions and expressed a number of concerns, none of which was answered at that time and none of which appears to be answered in the October 14 Board meeting materials.

The proposal has two broad components. First, it has a nebulous reference to building fitness, wellness, and community facilities because, in its words, “we cannot compete long-term with just a pool and a patio.” Second, to fund this building, at least in part, it would adopt what it calls a one percent “initiation fee” on all home sales, effective Jan. 1, 2026.

I take this proposal seriously because it is so far-reaching. But it is not a serious proposal in the sense that a serious proposal is generally backed up by extensive evidence, research, analysis, and the like. Contrast this proposal, with its potential far-reaching social and financial impacts, with the Budget Maintenance Committee’s proposals to the Board of earlier this year and the recent casita-build proposal. Say what you might about those proposals, at least they provided specificity and detail. This proposal, by contrast, is little more than a back-of-the-envelope wish-list. Maybe it has merit, or some merit, maybe not. But it should not be the Board’s responsibility to spend an undue amount of time trying to figure things out. You spend enough time at these meetings. Nor should the Board, on this record, create a committee to do the same thing. Another waste of time at this point. Yes, there is a great deal to be done on these matters if they are to be followed up on. But the time and effort, at least at first, should be spent by the people proposing this. It should not be dumped in the lap of others, at least at this point. With that, here are some specifics.

AMENITY PLAN

The basis of the entire proposal is: “Newer 55+ communities offer fitness, wellness, and community facilities--we cannot compete long-term with just a pool and a patio.” Unfortunately, we are not given any backup for this statement. No examples of various 55+ communities. What the trends are, if any. The sizes of the communities are not discussed. Nor are the types of facilities. I have a pretty good idea what a fitness facility is – it probably pales in comparison to all of the gyms that are within a 15-minute roundtrip of here. But what is a wellness facility? I have no idea. Or a community center? Same thing. As for “competing,” what does that mean? Who are our competitors? What are the terms of the competition? How is the competition going? And what is meant by “long-term?” Again, any studies on this? Anything that we can look at and evaluate? Not in the proposal. Also, are there any comparable 55+ communities who have done what the proposal suggests we do? I’d like to know, to see what their experience has been. Or are we going to be the first to try this?

Here is another thing. If some or all of the proposed facilities are built, what goes away? Park space? Is that a good tradeoff? Wouldn’t this also imply increased reserve funding? And what about day-to-day maintenance? Fitness centers tend to have equipment that is expensive – and breaks down. Any analysis of projected cost? Not in the proposal. And what about the increased attention that this will need – from a Board that is already stretched managing the current facilities? Would this break the camel’s back and call for bringing in a management company?

But let’s say that we get interested in building some or all of these facilities. What would they cost? The proposal does not say. It does not even provide a range of projected costs, let alone backup for same. And how will all of this “strengthen our financial position?” Again, no studies, no comparisons, no analysis, nothing to look at.

INITIATION FEE

“Initiation Fee” is a term coined by developers and HOA managers to mask what this really is – a Tax. (It’s a lot like Madison Avenue renaming “toilet paper” to be “bathroom issue.”) In any case, it’s in effect a sales Tax on each of our houses that springs to life when we sell the house and that, like any form of Tax related to real property, creates a lien to enforce it, a lien that can be erased only by payment of the Tax, in this case a proposed one percent of the sales price. Analytically, it would give HIA a one percent interest in the sales price of each home, diminishing it by that value. So, suffice it to say, I disagree completely with the proposal’s statement that this Tax, if imposed “costs current residents nothing.” Of course, that statement, like every other one in the “Initiation Fee” proposal, is not backed up by any analysis.
Turning to specific points, I have not seen any analysis as to whether or not this Tax is permitted by law or the CCR's and if so what the limitations are. There is a reference to “Standard practice in many HOAs” without a single example or telling us what “standard practice” means. That should not suffice for us. (By the way, it is also also common in HOA’s of our size to have a

management company but we do not. My only point is that a monkey-see-monkey-do approach has its limits.)

I have not seen any analysis by people knowledgeable in real estate as to whether this Tax will impede the ability to sell property in the community. Further, will it diminish the value of each house, as I surmise? There should be studies on this. Real studies, not the anecdotal opinion of someone who is not versed in these matters.

Also, what is the expected revenue? For some reason we are told to assume six home sales per year at an average price of $600,000. Why? We have data on the number of home sales and sales prices going back 25 years. Even a rudimentary analysis should include them. But they are not here. Also, while the Tax would increase the amount of revenue going into HIA, that amount will vary year by year, depending on the number of sales. How will we deal with that fluctuation? The proposal does not say.
Next, what will be the social effect of this Tax on the community? For the near and medium term, will it create a "two-tiered" community of those who did not pay the Tax and of those who did? How are new residents going to feel about this? Will it create tension within the community?

Then there is the amount of the proposed Tax. One percent sounds like a little but it actually is quite a lot, in my opinion. Taking as true the unsupported $600,000 average house valuation, it amounts to $6,000 per sale, which is more than three times the annual assessment, a number that most HIA residents agree is too high already. Also, tying the Tax amount into sales price creates incentives for buyer and seller to manipulate the stated sales price, to make it lower, which would have a spillover effect that would lower the fair market value of each of our houses, in addition to the one percent bite. Also, how does one percent per sale compare to the supposed “Standard practice in many HOAs?” We are not told because the proposal lacks any comparable data, let alone data for communities similar to ours. We are not even told whether these “many HOA’s” tie their Tax to sales price or make it something less subject to manipulation, such as a flat amount or an amount tied to the annual assessment.

FINAL NOTE

All of the above said, I am open to considering both of the changes that the proposal makes, although as a new resident my initial reaction is: If I'd wanted to live in a community with a fitness center, community center, and wellness center (whatever that is), I would not have moved to HIA in 2024; I would have moved somewhere else. But this proposal, in this form, is not worthy of consideration.

We are a $250,000-per-year business and this proposal spitballs estimated revenue of $720,000 over twenty years. It concerns a serious matter but is not serious itself. It leaves all of the hard work, to flesh it out, to analyze it, to really weigh it, to others. This should not be allowed. Board meetings and committees should not be debating societies for every idea that members have. If someone has an idea of this magnitude and they are really serious about it, they should put in the time and effort before expecting others to do so.

I say this having critiqued this proposal in writing in the Maintenance Budget Committee some three months ago, and having that critique ignored. So if you think I am being harsh, consider my position of having spent so much time already providing feedback on this proposal.

To flesh out this proposal, to make it even semi-serious and worthy of consideration, I'd estimate that it would take one person 150 hours +/- 50 hours. This would involve filling in all of the information gaps that I (and others) point out (which would include compiling and reviewing data, searching the literature, interviewing others and writing memos to document same), getting something detailed in writing from at least two contractors who have built facilities of the type the proposal discusses, so that we can assess possible cost and other issues, and then writing a formal proposal that pulls all of this together and discusses also possible objections to the proposal. I know that this sounds like a lot of work, but it will be dwarfed by the number of person-hours spent if the Board decides to set sail today on what the proposal proposes to do, to the extent it can be understood. (To take one example, if the Board meeting is attended by 30 people and you spend even 30 minutes discussing this – a discussion that will be in almost total ignorance because the proposal has no detail in it – it will already have consumed 15 person-hours.)

The Board is very busy and overstretched as it is. Part of what you should be doing is managing your limited time. This management should involve driving down work to the lowest level before you consider it. Unfortunately, this proposal inverts that, because it would require those at the top and in the middle to invest time in orders of magnitude greater than what has been spent on the proposal itself. Also, there is no emergency or urgency here. HIA has been around for more than fifty years. You can surely wait another year or so, or however long it takes, to come up with a detailed, serious proposal, if that can be made.

CONCLUSION

A proposal of this magnitude should be supported by a wealth of data and analysis, including rebuttal of the fair points that have been made against it. This proposal comes nowhere near to meeting that standard. In any well-run outside business the size of ours, a proposal of this type would be rejected out of hand, with the proponents told that management will consider it, and at that time perhaps form a committee to spend time and effort on it, once the proposal has sufficient detail and analysis. That is what the Board should do with this proposal.