

Sierra Highlands Ranch Property Owners Association
Minutes of the Meeting of the Board of Directors
September 16, 2024
6:00 pm - 8:00 pm

Board Members Present (via Google Meet):

Wesley Johnson, President
Scott "Piper" Sowka, Vice President
Kristi Sharp, Secretary
Kathryn Reyes, Treasurer
Jada Allen, Director

The open meeting of the Board of Directors of Sierra Highlands Ranch Property Owners Association was called to order at 6:00 PM on September 16, 2024, at Sierra Highlands Ranch by Wesley Johnson, President.

I. Approval of Agenda

The agenda for the meeting was distributed and unanimously approved before the meeting.

II. Review of Previous Minutes

The minutes for the July 11, 2024 meeting had been previously distributed and unanimously approved before the meeting.

III. Reports

1. Treasurer's Report -

- a. Kathryn reported that no funds have been paid out for expenses to date.
- b. The POA will be using Citibank, there will be no fees, and if there are, the board will not be required to pay them.
- c. Financials were not available to report on.

2. Road Report -

- a. Piper reported that after several discussions with Paydirt, they recently sent an email to the POA withdrawing their bid for road work.
- b. There have been ongoing conversations with Iron Horses, who offered to do all seasonal grading for approximately \$34,500 and would also honor their previous bids for the bus wash area, however, the bids may go up slightly due to material cost increases.
- c. Kristi spoke with Western Grading who said they could not do any work until spring.
- d. Piper noted that without knowing what the operating and reserve budgets are, and still having outstanding invoices for Ray Bennett and Rick Pearce, we should wait to vote on moving forward with Iron Horses.

- i. Piper made the motion to vote on whether or not to ask Iron Horses to start road maintenance or the improvement work for the school bus wash area first.
 1. The board unanimously voted for improvement work first.

5. Well Report - No change since the last report on July 11, 2024

- a. Piper noted that there may not be a need to test again due to the lighter monsoons this summer. He stated that they are usually done in October and that the requirements are that they be done annually or after every wet season.
- b. He noted that more viral tests need to be ordered.
 - i. Katheryn and Piper will work together to order more tests and she will be reimbursed for the cost.

4. Committee Reports: Road Grant -

IV. Interim Business

1. ProtectOPV Update -

- a. Kristi reported that during a call with Michael Madrid (Registered Sanitarian) with the county health department he said that he had received another email just before the call to him. However, told her in a follow-up call that it was just a complaint, with no specific violations to inspect, that required only an acknowledgment of receipt of the email.
- b. Piper reported that he had an in-depth conversation with the county inspectors and found that wastewater (dishes, etc) under 400 gallons per day is covered under a general permit. Regarding human waste, a building permit is required for a flushing toilet. Nothing is legally required to be on your land but the county does have optional permits for a pit privy (outhouses) or various forms of composting toilets (including a barrel composter). There is no cost for the alternative permits, which saves time for inspection when complaints are inspected. The county is only concerned with putrescence (smell, maggots) that causes a legitimate health concern.
- c. The board learned through email responses from property owners that the name of the originator of the complaints, Jean Bailey, is not attached to ProtectOPV, it is not a registered company anywhere in the US, and the phone number they gave belongs to a private individual in Pinetop who knows nothing about the company (it is a spoofed account).

2. Insurance Proposal Update -

- a. Piper reported that in June of 2024, the insurance company made changes to the policy by adding additional coverages that were not necessary (ie. employee theft coverage) and how the policy was to be enforced, causing an increase to the annual policy rate by 30%. There were also additional insured on the policy that had been there since the creation of the ranch which is no longer applicable.

- b. The insurance carrier opted to not renew the policy because there was an open claim filed by Sentry for the injunction that was filed against them.
- c. RealManage found another carrier, but the rate proposed would cost over \$10,000 annually, and included coverages the POA did not need.
- d. The board worked with the agent who was able to make policy coverage changes that brought the cost down slightly. The policy now only covers the POA and the Management company.
- e. Wes reported that the new policy binder was signed and returned on September 13, 2024.

V. Ongoing Business

3. Transition to RealManage (previously referred to as Brown Property Management) -

- a. Wes reported that the RealManage contract became effective September 1, 2024.
- b. Jada noted that RealManage mailed out letters to the members with information regarding the portal access to log into their accounts.
 - i. Members who did not receive the letter from RealManage were asked to send an email to shrazboard@gmail.com with their contact information to be forwarded to RealManage.
- c. Piper reported that a community manager has not been assigned to us yet, however, Tiffani Jones will be the point of contact in the interim. The board will update the members when one has been assigned.

4. CC&R Adjudication Policy -

- a. Piper reported that he created a rough draft for a policy. He stated that the board discussed it and decided that this should not just be an internal board matter.

Motion -

Piper made a motion for a vote on whether or not to assemble a committee (chaired by Piper) of members interested in assisting with reviewing and working together to have the policy ready for further discussion at the next meeting.

- a. The board unanimously voted yes.
- b. Kristi will send an email to the members for volunteers.

5. Revisit Board Position on Using POA Funds for Litigation -

- a. Wes and Piper noted that the board previously voted and made it clear that it has no plans to use POA funds for litigation.
- b. Piper noted that the board agreed in the last meeting that they are willing to do two things:
 - i. Provide information or cooperation to law enforcement, non-financial, to assist

- any group of property owners trying to recuperate funds.
- ii. Cooperate with law enforcement in cases where someone has been accused of violating the law.
- c. Piper reported that with the new insurance policy (which carries General Liability, D&O, criminal liability, and other coverages) the POA board members are covered for litigation costs and awards in the amounts of 2 million dollars per annum and 1 million dollars per incident.

VI. New Business

5. Audit of Financials, 2023 to Current -

- a. Wes reported that the board agreed to have an audit performed for 2023 and 2024 through June.
- b. Regarding the question of what insurance would cover if misappropriation of funds is discovered, Piper noted that he is under the assumption that it would depend on when the event occurred. He stated that the policy in effect before July 7, 2024, was a loss policy. Under that policy, coverage is effective when the loss occurs. Under the new policy, which is a discovery policy, coverage is effective when occurrences are discovered.
- c. Kristi reported that the board received an email from RealManage stating that they did not have anyone to do the audits, but would be sending a referral when they confirmed one. Previous audits were approximately \$300-\$400.

Motion - Piper motioned to vote to move forward with getting quotes for the audits, either from the referral from RealMange or finding a CPA firm on our own.

- i. The board unanimously voted yes.
- ii. Kristi will follow up with RealManage and research other CPA firms.

6. Future Responses to ProtectOPV -

- a. Piper reported on topics discussed during a planning session prior to the meeting.
 - i. The board sent an email to the county a couple of weeks before the meeting asking what actions they were taking in response to the false complaints reported by Protectopv and offering to share any information the board had on the identity behind it.
 - ii. Kristi reported that because the county health department is required by state law to investigate any violation complaints, and having found nothing on the first several inspections, they decided to continue their investigations in teams (Michael Madrid, Scott Yarosh; Code Enforcement Officer; and Kimberly Cole, AC Health Director) as confirmations that the complaints were thoroughly investigated. They found that either the property owners were not in violation of any laws, or had/were in the process of addressing any potential violations. They are aware of the fact that this is a 'fishing expedition' and Mike Madrid stated that they have compiled a 'file' with the violation complaints and their investigation findings. They will reach out to us if they have any questions or need additional

assistance from the board.

1. No further action by the board is needed at this time.

VII. Closing

The next meeting will be held at 6:00 PM on November 11, 2024, at:
Sierra Highlands Ranch (via Google Meet)
St Johns, Arizona 85936

The meeting was adjourned at 7:02 PM by Wesley Johnson, President.

Minutes submitted by: Kristi Sharp, Secretary