

THE KNOLLS PROPERTY OWNERS ASSOCIATION

BOARD OF DIRECTORS MEETING MINUTES

Wednesday, January 28, 2026 | 4:00 PM

Central Arizona Association of Realtors Board Room, Payson, AZ

1. Call to Order

The meeting was called to order at 4:00 PM by President Mark Pelley.

2. Welcome & Introductions

President Mark Pelley welcomed attendees, and introductions were made.

Board Members Present: Mark Pelley (President), Stewart Osgood (Treasurer/Vice President), Whitney Fentress (Secretary), Marc Van Neuren (Board Member) and Art Rogers (Board Member).

Residents in Attendance: Mary Pelley, Blake Fentress, Bill Davis, Carolyn Davis, Gary Williams, Heather Williams, Brian Page, Kathleen Quirk, Lauren Keffer, Gregg Herbert, Ann Herbert, William Rappaport, Sharon Rappaport, Russell Motzkus, and Michelle Motzkus.

3. Establish Quorum

A quorum was established.

4. Open Forum

Property owners were invited to share questions and comments:

Neighborhood Egress

(See Attachment 4 - A)

Lauren Keffer shared that a neighbor reportedly lost homeowners insurance due to the neighborhood's lack of a secondary egress route. She asked why the originally intended egress could not be pursued and whether fences could be legally removed.

Mary Pelley suggested exploring coordination with the Town of Star Valley. Stewart Osgood reported that discussions with the Town of Star Valley were unsuccessful and that the Hellsgate Fire Department was also not interested in pursuing the matter. Marc Van Neuren stated that legal action against affected property owners might be required to reestablish the originally intended egress route.

Art Rogers noted a possible egress route through the Pine Ridge subdivision that has not been maintained. William Rappaport noted additional intended egress routes at the ends of Edison Way and Saddleback Trail.

Stewart Osgood reviewed plats from the Gila County Recorder's Office showing a recorded but currently impassable 24-foot secondary and emergency access serving The Knolls POA and Pine Ridge. Research with the Gila County Assessor's and Recorder's Offices indicates that several lots (40, 41, 15, 16, and 57) were platted with easements intended to provide a secondary access route along the east side of the neighborhood, ultimately connecting to Highway 260. While this access exists legally, the route is discontinuous, obstructed, and overgrown, and reestablishing it would be costly and potentially contentious.

Lauren Keffer offered to speak with the Town of Star Valley Town Council.

Monument Walls / Signs

Gary Williams asked whether the monument sign lighting could be adjusted to focus on the signs rather than the surrounding area. Mark Pelley stated that the Common Area Committee will review the issue.

Javelina

Sharon Rappaport reported significant javelina activity on her property and asked whether others were experiencing similar issues. No additional reports were noted at this time.

5. Committee Reports and Updates

Architectural Control Committee (ACC)

Mark Pelley reported that homeowners have been doing well seeking approval prior to starting projects. Lauren Keffer asked whether approval is required to repaint a home using the same color. Mark Pelley confirmed that all exterior projects require preapproval, which typically takes one to two days.

Streets and Common Area Committee

(See Attachment 5 - B) Stewart Osgood reported that the committee reviewed all common-area streets in the fall and prioritized them based on repair needs. Tract D was identified as the highest priority, followed by Tract E, with the upper section of Tract T ranked third. These three streets will be addressed first and repairs will happen in the Spring.

Three bids will be obtained for the repair work. The POA budgets \$6,000 annually for street repairs, with work typically performed in even-numbered years at an approximate cost of \$12,000. Streets represent both the Association's largest asset and its largest maintenance expense. Stewart Osgood noted that he can provide a detailed list of street rankings upon request.

Russ Motzkus asked which streets are considered common-area streets. Mark Pelley explained that all unnamed streets are common-area streets, with the exception of Sunset Drive. Russ Motzkus also asked about maintenance of Town of Star Valley streets (like Highline Dr.). Mary Pelley stated that the Town maintains a priority list for street repairs.

Michelle Motzkus asked about setback requirements near the monument walls. Russ Motzkus also raised concerns about trees obstructing sightlines when exiting the neighborhood onto Highway 260. Stewart Osgood stated that the Common Area Committee will arrange for trimming as needed.

Fire Safety Committee

Fire Safety Chair Bill Davis reported on his participation in a wildfire safety webinar hosted by the Arizona Department of Forestry and Fire Management and the NFPA Wildfire Division. The webinar covered Firewise updates, highlighted Arizona communities, and shared best practices. A recording link will be shared once available.

Bill emphasized the importance of hardening homes, noting that approximately 90% of home ignitions are caused by embers. He encouraged removal of ladder fuels within 20–30 feet of homes and shared that embers from the Bush Fire traveled as far as his home, 25 miles away. Bill plans to contact the Hellsgate Fire Department to explore home assessments and guidance.

Art Rogers noted that APS offers community fire safety education programs several times per year and emphasized that nothing combustible should be located within five feet of homes. He also shared that the Forest Service plans to treat the forest adjacent to the neighborhood in 2027.

Social & Community Engagement Committee

Whitney Fentress reported that the committee is still in its early stages and invited interested residents to participate.

6. Treasurer's Report

(See Attachments 6-A through 6-F)

Treasurer Stewart Osgood presented financial statements prepared by Rim Country Accounting for the fiscal year ending December 31, 2025.

Highlights:

Total income: Approximately \$40,000 (primarily from dues)

Total expenses: Approximately \$27,000 (budgeted \$20,000; higher expenses due to upgraded entrance signs)

Net income: Approximately \$13,000

Funds are being reserved for the Pavement Preservation Program (\$6,500) and reserve funding (\$6,000–\$10,000), both within current financial capacity. All residents are current on dues.

Stewart noted that income and expenses are expected to decrease next year. The Pavement Preservation Program is currently funded at a minimal level, and additional reserve savings are needed. The CC&Rs allow the Board to increase annual assessments by up to 20% without membership approval. A proposed increase of approximately 10%, from \$360 to \$400 annually, would increase revenue by more than \$3,000 per year.

Stewart also reported receiving a notice from a collection agency regarding unpaid federal income taxes from 2015. The original amount owed was \$250, which has grown to approximately \$750 with penalties and

interest. Stewart has requested abatement and noted that POAs generally should not be required to file federal income taxes.

Rim Country Accounting provided a quote of \$200 per year to handle annual assessments, invoicing, and follow-up. Stewart recommended engaging them for this service due to the time involved.

7. Old Business

Monument Wall Signage Refresh

(See Attachment 7-A)

Mark Pelley thanked Blake Fentress for leading the monument wall signage refresh project.

Firewise USA Certification Renewal

(See Attachments 7-B-1 and 7-B-2)

Whitney Fentress reported that the Firewise USA certification has been renewed and is available on the Association website under the Fire Safety tab. The certification renews annually, and homeowners are encouraged to track time and money spent on fire mitigation activities, which are required for renewal. Mark Pelley noted plans to coordinate Firewise activities with the Pine Ridge neighborhood, which has approximately 32 members.

8. New Business

Board Member Election

(See Attachment 8-A)

Whitney Fentress reviewed the board election process and timeline. Two board member terms—Mark Pelley and Marc Van Neuren—are expiring. Nominations will begin in March.

Annual Meeting

Bill and Carolyn Davis offered to host the Annual Meeting at their home in late spring or early summer. Additional details will be provided.

9. Adjournment

There being no further business, the meeting was adjourned at 5:09 PM (Motion by Marc Van Neuren; seconded by Art Rogers).

The next Board of Directors meeting is scheduled for Wednesday, April 29, 2026, at 4:30 PM, at the CAAR Board Room.

Attachments

Attachment 1 – A – Meeting Agenda 1-28-2026



THE KNOLLS PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
Wednesday, January 28, 2026 | 4:00 PM
Central Arizona Association of Realtors Board Room, Payson, AZ

Meeting Agenda

1. Call to Order

- Meeting called to order by the President

2. Welcome & Introductions

- Opening remarks and purpose of the meeting
- Introductions of Board members and attendees

3. Establish Quorum

- Confirm that a quorum of Board members is present

4. Open Forum

- Property owners are invited to share questions or comments
- Each speaker will be limited to three (3) minutes

5. Committee Reports & Updates

- Architectural Control Committee
- Streets & Common Areas Committee
- Fire Safety Committee
- Social & Community Engagement Committee

6. Treasurer's Report

- Review of current financial status
- Key financial observations and items to monitor

7. Old Business

- Monument walls signage refresh
- Firewise USA® certification renewal
- Review of any additional items carried over from prior meetings

8. New Business

- Board Member Election – timing, process, and next steps
- Discussion of other new issues raised by Board or members

9. Adjournment and Recess

- Adjourn regular meeting
- 15 minute recess
- Confirmation of next meeting date: April 29, 2026 | 4:30PM, CAAR Board Room

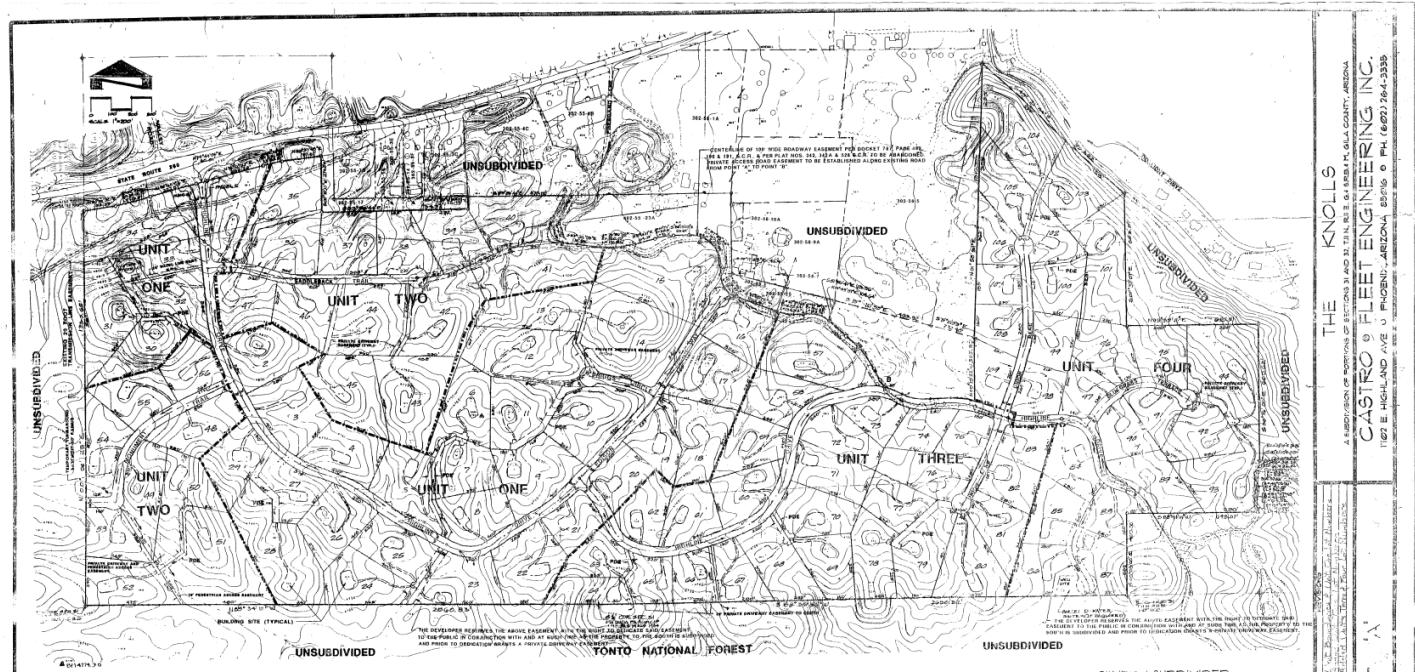
10. Executive Session (Board Members Only)

- Closed session for Board discussion, as permitted by the governing documents
- All non-Board attendees will be asked to excuse themselves

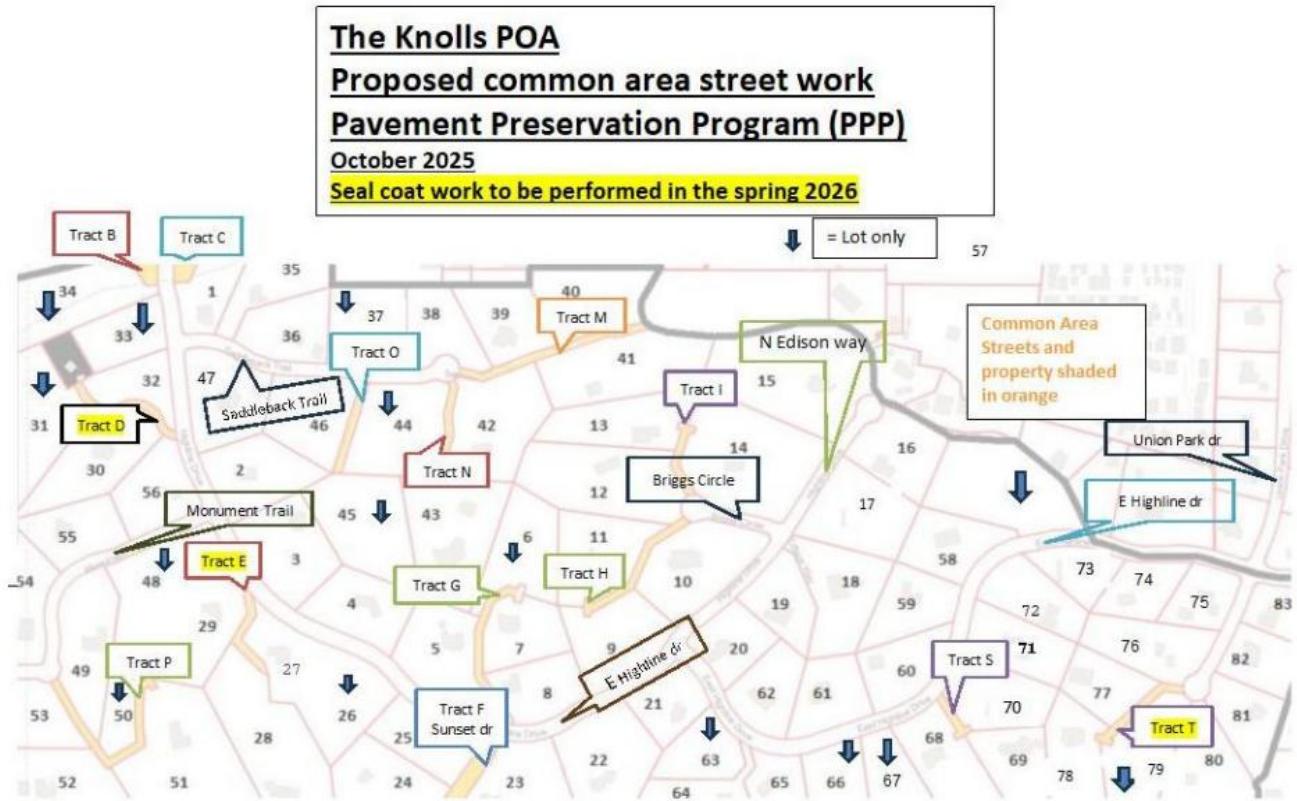
Attachment 2 - A - Why We Have A POA



Attachment 4 – A – Open Forum – Neighborhood Map



Attachment 5 - B - Knolls Tracts Proposed Street Work



Attachment 6 - A - Treasurers Report

The Knolls Treasurer's Report as of January 15, 2026

The balance sheet and the profit and loss statement are attached as of December 31, 2025. Note that this is the end date of our fiscal year.

I am also including a copy of our approved budget adopted for the period of July 1, 2025, to June 30, 2026. I have modified that document to add columns to compare against actual expenses in FY2025 (shaded light green). Yes, I know—the periods are six months out of sync. However, our income and expenses are pretty predictable month to month, which adds credibility to the comparison across any 12-month period.

If you do not want to wade through the specifics, let me summarize with a few bullets using rounded numbers:

- Income of \$40K, with \$37K in dues and the remainder from ACC review fees, late fees, and interest. Income was greater than expected due to the collection of aged A/R during this period. Budgeted income was \$33K.
- Total expenses were \$27K, compared to our budgeted amount of \$20K. This overage was primarily due to higher-than-expected expenses related to erosion control/repair (\$6K) and refreshing and repairing the monument signs (\$10K).
- Net income for the year (before funding the reserve account and the PPP obligations) was \$13K, which is exactly what we budgeted.
- By contributing \$6.5K each to Pavement Preservation and the Reserves Account, our adjusted net income for the year was \$0.

As we begin to consider budgeting for the upcoming year (July 2026 to June 2027) and think about annual dues amounts, I would like to add a little color to the discussion:

- One could argue that we incurred a large one-time expense with the sign refurbishment, and that next year our expenses will be lower by approximately \$10K.
- One could also argue that we collected \$6K in aged A/R as a one-time windfall, and that income may decrease without an adjustment to dues.
- I believe that our PPP is funded at a minimal level and that a more robust program moving forward is justified. However, we are currently financially constrained and have only \$12K programmed for every-other-year sealcoats and crack sealing for the common-area streets most in need.
- We have a relatively recent reserve study that recommends funding our reserve account at a much higher rate. Even if the recommended reserve funding were cut in half, we would still be significantly underfunded.
- The CC&Rs allow the Board to make upward adjustments to dues of up to 20% without a vote of the full membership. I suggest we discuss this matter and philosophically reach

consensus on our dues and budgetary approach moving forward. We can wait until the April meeting to discuss specific amounts.

Lastly, I am including two screenshots from our National Bank of Arizona account website that show our cash position as of January 15, 2026.

Looking ahead to the next quarter, here are a few items on my agenda and things you should be aware of:

- I anticipate hearing back from the IRS regarding Form 843 (submitted on January 12, 2026), which requests an abatement of interest and penalties associated with the POA allegedly not paying taxes in 2015. Assuming the abatement is approved, I recommend that we pay the bill and move on.
- I will file our taxes (Form 1120-H) for FY2025 at both the federal and state levels. We will show no taxable income and no tax due for the year. Anticipated filing date is around March 1, 2026.
- I will make our ACC annual filing in the coming months and pay the \$10 annual fee to keep us current.
- Our monthly bill with Rim Country Accounting will remain \$200 for the coming year. Filing our FY2026 tax returns will be an additional \$550.
- I have requested a quote from Rim Country Accounting to handle billing, A/R, and collections for business year 2026–2027. Their quote is \$200 per month for this service. I recommend that we retain them beginning in late June or early July.

Please reach out to me if you have any comments or questions prior to the meeting.

In service,

Stewart Osgood
Treasurer
The Knolls POA
425-949-2110

1:28 PM
01/09/26
Accrual Basis

The Knolls Property Association INC
Balance Sheet
As of December 31, 2025

	<u>Dec 31, 25</u>
ASSETS	
Current Assets	
Checking/Savings	
National Bank Checking 0172	9,319.40
National Bank Savings 9282	19,515.11
	<hr/>
Total Checking/Savings	28,834.51
Other Current Assets	
CD 4799	25,000.00
	<hr/>
Total Other Current Assets	25,000.00
	<hr/>
Total Current Assets	53,834.51
	<hr/>
TOTAL ASSETS	53,834.51
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Refundable Building Deposits	11,500.00
	<hr/>
Total Other Current Liabilities	11,500.00
	<hr/>
Total Current Liabilities	11,500.00
	<hr/>
Total Liabilities	11,500.00
	<hr/>
Equity	
Opening Balance Equity	29,108.34
Net Income	13,226.17
	<hr/>
Total Equity	42,334.51
	<hr/>
TOTAL LIABILITIES & EQUITY	53,834.51

1:25 PM
01/09/26
Accrual Basis

The Knolls Property Association INC
Profit & Loss
January through December 2025

	Jan - Dec 25
Ordinary Income/Expense	
Income	
Dues	36,580.00
Late Fees	158.40
Plan Review	3,000.00
	<hr/>
Total Income	39,738.40
Expense	
Accounting Fees	1,560.00
Bank Service Fees	18.00
Dues and Subscriptions	268.00
Insurance Expense	1,456.55
Meeting Costs	431.50
Office and Postage Expense	1,141.15
Professional Fees	5,022.50
Repairs and Maintenance	
Signs	10,264.99
Repairs and Maintenance - Other	<hr/> 5,780.89
	<hr/>
Total Repairs and Maintenance	16,045.88
Taxes	245.44
Utilities	<hr/> 544.82
	<hr/>
Total Expense	26,733.84
Net Ordinary Income	13,004.56
Other Income/Expense	
Other Income	
Interest Income	<hr/> 221.61
	<hr/>
Total Other Income	221.61
Net Other Income	<hr/> 221.61
Net Income	<hr/> 13,226.17

Attachment 6 - D - Budget v Actuals

The Knolls Property Owners Association 2025-2026 Budget vs FY2025 Actuals

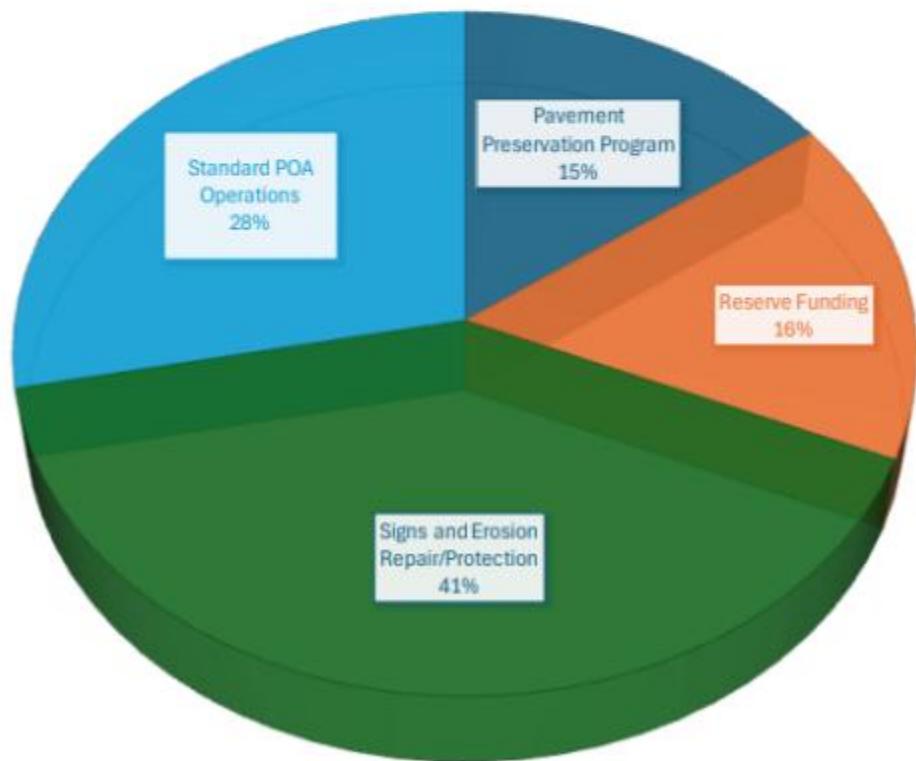
Category	Description	Unit	Qty	Amount	Annual Budget, Jul '25 to June '26	Actual FY25	Variance	Treasurer Comments/Assumptions
Income								
HOA Dues	Annual dues collected	Lots	83	\$ 360.00	\$ 29,880.00	\$ 36,580.00	\$ 6,700.00	100% collections plus A/R plus Transfers
ACC Review Fees	Assume 2 per year	EA	2	\$ 1,500.00	\$ 3,000.00	\$ 3,000.00	\$ -	Two Reviews
Other Income	Late fees and interest	LS	1	\$ 300.00	\$ 300.00	\$ 158.40	\$ (141.60)	Minimal penalties for interest and late fees
Total Income					\$ 33,180.00	\$ 39,738.40	\$ 6,558.40	
Expenses								
Accounting fees	Tax preparation, ACC filing, Monthly accounting support	Month	12	\$ 200.00	\$ 2,400.00	\$ 1,000.00	\$ (1,400.00)	Monthly charges Aug to Dec.
Tax Preparation Services	State and Federal	EA	2	\$ 550.00	\$ 1,100.00	\$ 560.00	\$ (540.00)	Two Years Returns
Legal fees		LS	1	\$ 6,000.00	\$ 6,000.00	\$ 5,022.50	\$ (977.50)	No comment.
Insurance	GL, D&O, Fidelity, P&C	Annual	1	\$ 1,500.00	\$ 1,500.00	\$ 1,456.55	\$ (43.45)	paid through July '26.
Meeting costs		LS	1	\$ 500.00	\$ 500.00	\$ 431.50	\$ (68.50)	Summer gathering and room rental.
Administrative	Office supplies, postage, website, filing with ACC (FY24 and FY25, 2 x \$10)	Month	12	\$ 140.00	\$ 1,680.00	\$ 1,427.15	\$ (252.85)	Miscellaneous account. Includes website and other expenses that don't fit elsewhere.
Repairs and maintenance	Sign, lighting, erosion protection, drainage, street sweeping and clean-up	LS	1	\$ 6,000.00	\$ 6,000.00	\$ 16,045.88	\$ 10,045.88	Monument signs and erosion protection on Tracts O and D.
Taxes	State and local	LS	1	\$ 400.00	\$ 400.00	\$ 245.44	\$ (154.56)	Gila County.
Utilities	Electrical	Month	12	\$ 50.00	\$ 600.00	\$ 544.82	\$ (55.18)	Electrical.
Total Expenses, w/o PPP and w/o Funding Reserve Accounts					\$ 20,180.00	\$ 26,733.84	\$ 6,553.84	
Net Income, w/o PPP and w/o Funding Reserve Account	Income - Expenses				\$ 13,000.00	\$ 13,004.56	\$ (4.56)	
Reserve Funding and Capital Improvements	Pavement Preservation Program and Reserve Funding	LS	1	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ -	\$ 6.5K for Pavement Preservation Program and \$6.5K to build reserve account.
Total Expenses					\$ 33,180.00	\$ 39,733.84	\$ (6,553.84)	
Net Income	Income - Expenses				\$ -	\$ 4.56	\$ (4.56)	

Attachment 6 - E - Budget Allocation

Budget Allocation Table

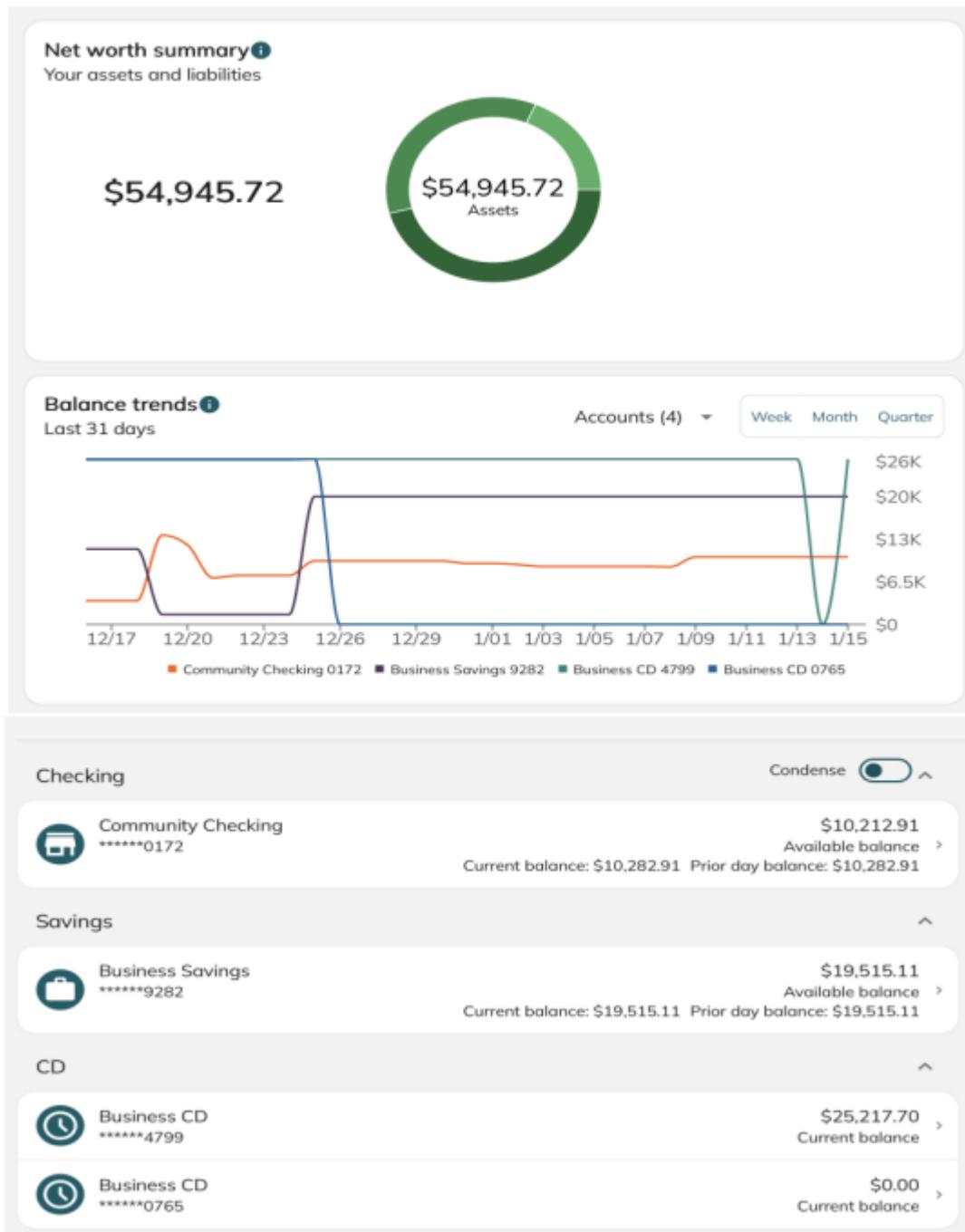
Pavement Preservation Program	\$	6,000.00	15%
Reserve Funding	\$	6,500.00	16%
Signs and Erosion Repair/Protection	\$	16,045.88	40%
Standard POA Operations	\$	11,187.96	28%
Total Expenses	\$	39,733.84	100%

FY25 ALLOCATION OF ACTUAL EXPENSES

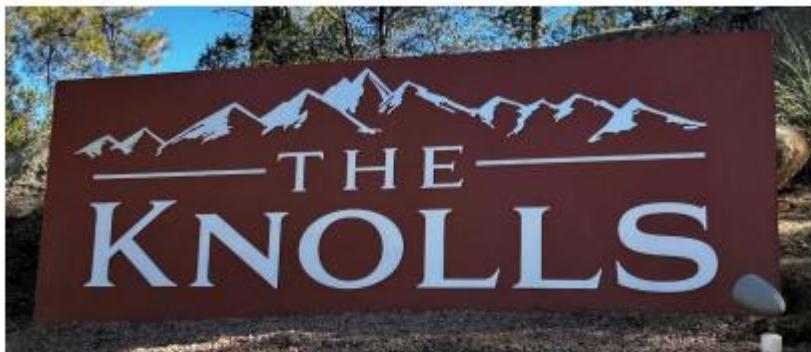


Attachment 6 - F - Bank Account

National Bank of Arizona Account Cash Position as of January 15, 2026



Monument Wall Upgrade



The Knolls Beautiful New Monument Walls

- A stunning first impression for our neighborhood
- Original cinderblock walls, fully refreshed
- Rich, dark reddish-brown finish
- Elegant metal lettering and mountain artwork
- Designed for durability and long-term value

These are the original monument walls, but completely refreshed with a darker finish and custom metal lettering and artwork. The result is a timeless, durable look that really reflects the beauty of The Knolls.

Design & Construction Details

- Wall size: 191" x 64.5"
- Custom metal lettering and mountain artwork
- Existing lighting reused

The committee intentionally kept the design simple and elegant. Reusing the existing lighting helped control costs while still providing great nighttime visibility.

Vendor Selection & Cost Savings

- ~12 companies contacted, Narrowed to 5 finalists
- Summit West Signs (Mesa) selected
- Original quote: ~\$26,500
- Final cost: ~\$10,500 (\$500 to prep wall and \$10,000 to sign company)

The Common Area Committee prepared the monument walls, which allowed us to negotiate the price down significantly — saving about \$16,000.

Thank You Common Area Property Committee

Mark Pelley, Stewart Osgood, Blake Fentress

We now have a beautiful and lasting first impression as you enter The Knolls.



Firewise USA® Recognition – 2026

The Knolls Star Valley is proud to be recognized again as a Firewise USA® Community by the NFPA



Fire Environment (Why Firewise is Critical Here)

- Borders Tonto National Forest with moderate to high wildfire risk
- Wildfire risk from lightning and human activity

Why This Matters

- Reduces wildfire risk and protects homes
- Supports property values and insurance confidence
- Demonstrates proactive, community-wide safety efforts

What Is Firewise USA®?

Helps communities:

- Assess wildfire risks and reduce hazards
- Create defensible space using fire-resistant practices
- Educate residents and participate in annual fire safety activities

Learn more: <https://www.nfpa.org/education-and-research/wildfire/firewise-usa>

Community Investment

- **2024:** \$56,000 + 300 volunteer hours; **2025:** \$103,000 + 1,100+ volunteer hours
- Actively tracking investments and exploring grants for future mitigation work

Accomplishments

- Firewise certification maintained since 2021
- Significant fuel reduction, including 3,500 cubic yards of vegetation removed in 2025
- Strong community engagement, with 1,122 volunteer hours in 2025 plus ongoing training and workshops

Community Goals

- Increase Firewise-compliant properties to 40% by 2027 (Currently at 23%)
- Host annual Firewise events with Hellsgate FD and DFFM
- Promote education, fuel management, and Action Plan updates

Annual Renewal & Resident Participation (Important)

- Firewise USA® recognition is valid for one year and must be renewed annually
- Renewal depends on documenting homeowner time, expenses, and mitigation efforts
- Residents should track activities using the Firewise Volunteer Worksheet:
<https://theknollsstarvalley.com/fire-safety>

Thanks to volunteers, especially Bill Davis, for helping maintain Firewise certification. Together, we keep our community safer and more resilient.

The Knolls Property Owners Association

Board of Directors Election – Overview

Purpose of the Election

The Knolls Property Owners Association (POA) conducts an annual election to fill open seats on its five-member Board of Directors. Directors serve staggered two-year terms to ensure continuity of leadership and effective governance.

Open Seats & Terms

- Each year, **two (2) or three (3)** Board seats may be open for election, depending on the staggered term cycle.
- Directors elected through the annual election serve **two-year terms**, with newly elected members beginning their terms on **July 1** following the election.

Board Organization

After election results are certified, the newly constituted Board meets to appoint officers for the upcoming term, including:

- President
- Vice President
- Secretary
- Treasurer

Voting Eligibility

- Each property owner in good standing is entitled to **one vote per lot owned**.
- Only owners who are current on POA dues at the time ballots are issued are eligible to vote.

Voting Method

- Voting is conducted by **secret written ballot**, typically using a secure electronic voting platform approved by the Board.
- Owners may vote for **up to the number of open seats** in a given election year.
- Once submitted, ballots cannot be changed or withdrawn.

Participation & Transparency

- Election details, candidate information, voting instructions, and key dates are communicated to all members in advance.
- Election results are shared with the membership after voting closes and results are certified.

2025 Board of Directors Election – Timeline

Nomination & Planning Phase

- **March 19, 2025:** Nominations opened for Board of Directors candidates.
- **April 17, 2025:** Election planning email sent confirming key details and proposed timeline.
- **April 20, 2025:** Candidate questionnaires distributed.
- **April 22, 2025:** Test election conducted; five test ballots sent, three returned.

Candidate Information & Member Notification

- **April 26, 2025:** Deadline for candidates to return completed questionnaires.
- **May 1, 2025:** Email sent to property owners announcing the upcoming election.

Voting Period

- **May 15, 2025:** Election officially opened using the ~~ElectionBuddy~~ platform (cost: \$19). Four candidates ran for three open seats; property owners could vote for up to three candidates.
- **May 31, 2025:** Reminder email sent to members who had not yet voted.

Election Close & Results

- **June 10, 2025:** Voting closed at 11:59 PM. A total of 38 of 83 ballots were submitted, representing **46% voter participation**.
- **June 11, 2025:** Election results were certified and shared with homeowners.

Transition

- **July 1, 2025:** New Board term officially began.

Looking Ahead – 2026 Board Election

Board Members with Terms Expiring in 2026

- Mark Pelley
- Marc Van Neuren

These seats will be open for election as part of the 2026 Board of Directors election cycle.
