THE KNOLLS PROPERTY OWNERS ASSOCIATION

BOARD OF DIRECTORS MEETING MINUTES

Thursday, June 25, 2026 | 4:00 PM

Central Arizona Association of Realtors Board Room, Payson, AZ

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1. Call to Order

The meeting was called to order at 4:03 PM by President Mark Pelley.

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2. Welcome, Introductions & Quorum

President Mark Pelley welcomed attendees, and introductions were made.
Board Members Present: Mark Pelley (President), Stewart Osgood (Treasurer/Vice President), Whitney Fentress (Secretary), and Art Rogers (Board Member).

Absent: Marc Van Neuren (Board Member)

Residents in Attendance: David Haggist, Bob Hartman, Dee Hartman, Kathleen Quirk, Brian Page, Bill Doss, and Diana Doss.

A quorum was established.

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3. Treasurer's Report

Treasurer Stewart Osgood presented the Association's current financial position.
Current Cash Position
Checking: $4,082
Savings: $9,518
Certificates of Deposit: $25,627
Total Assets: Approximately $39,000

Stewart noted that this represents the Association's lowest cash position of the year, as annual assessments will begin collecting on July 1. Approximately $33,000 in annual assessments, along with additional revenue from ACC review fees and transfer fees, is expected during the upcoming fiscal year.

A comparison of the Association's projected financial position from June 30, 2025 to June 30, 2026 showed:

June 30, 2025		**June 30, 2026 (Projected)**	
Checking:	$28K	Checking:	$ 4K
Savings:	$14K	Savings:	$10K
		CD's:	$26K
Total:	$41K	Total:	$39K

Stewart explained that while cash reserves are projected to be approximately $2,000 lower than the previous year, the Association completed several significant capital projects during the past year, including:

- Monument sign improvements at Highway 260
- Pavement Preservation Program work on Tracts D, E, and T
- Erosion protection improvements on Tract O

These projects are not expected to recur during the coming year. If revenues remain consistent, the Association anticipates increasing cash reserves to approximately $65,000 by next June, allowing additional reserve funding and preparation for the 2028 Pavement Preservation Program.

Because the meeting was held prior to the close of the fiscal quarter, the final Balance Sheet and Profit & Loss Statement will be presented at the July 15, 2026 Board meeting, along with the proposed FY 2026-2027 budget.

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4. Committee Reports

<u>Architectural Control Committee (ACC)</u>

Mark Pelley reported that:
Two new homes remain under construction.
The Architectural Control Committee currently has six active requests in process.
The committee continues to review architectural applications in a timely manner to help maintain community standards.

<u>Streets & Common Areas Committee</u>

Stewart Osgood reviewed the recently completed pavement preservation work on Association-maintained streets and discussed ongoing efforts to preserve the Association's roadway infrastructure through long-term planning and preventative maintenance.

<u>Fire Safety Committee</u>

Art Rogers reminded residents that summer lightning season significantly increases wildfire risk.

Residents were encouraged to maintain at least five feet of defensible space around their homes by keeping vegetation and other combustible materials away from structures.

A resident also asked about a dead tree located near Saddleback and Highline Drive. Art stated that he would investigate the matter.

Social & Community Engagement Committee

Whitney Fentress reported that the neighborhood potluck held on May 31 was well attended and considered a great success.

She also noted that additional Ladies' Nights and other neighborhood social events are currently being planned to encourage continued community involvement.

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5. Old Business

Fire Hydrant Testing

Mark Pelley reported that annual fire hydrant testing is scheduled to take place during the week of July 6-11, 2026.

Alternate Fire Access Road

Mark reported on his ongoing discussions with Hellsgate Fire Department Chief Randy Haugen regarding the emergency access road located behind The Knolls.

Several portions of the access route have become unusable due to lack of maintenance and the installation of gates on private property.

Mark continues to work with Chief Haugen, the Town of Star Valley, and representatives from the neighboring Pine Ridge subdivision to explore options for restoring the road so it can be used by emergency responders and residents during wildfire evacuations.

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6. New Business

2025-2026 Board Accomplishments

The Board reviewed the accomplishments completed during the 2025–2026 Board term. A summary of the Board's accomplishments is attached to these minutes.

The Board recognized the significant progress made during the past year in strengthening the Association's financial position, improving community infrastructure, enhancing wildfire preparedness, maintaining property values, and increasing communication and engagement with residents.

Community Mailboxes

Mark Pelley reported that several residents of both The Knolls and the neighboring Pine Ridge subdivision have been assigned mailboxes at the cluster mailbox location near Plant Fair along Highway 260 rather than within the neighborhood.

With additional homes expected to be built, this issue is likely to affect more residents in the future. Mark recently met with the local Post Office Supervisor, who agreed to investigate possible solutions that would improve mailbox availability closer to the neighborhood.

Executive Session Procedures

The Board reviewed recent legal guidance issued by Ekmark Pecor regarding Arizona community association executive sessions.

The guidance explains that Boards may continue to discuss appropriate matters during executive session; however, all votes must now occur during open meetings.

The Board also reviewed updated requirements regarding authorization for calling executive sessions and agenda requirements for both open and executive meetings.

To comply with the updated legal guidance, the Board formally delegated authority to the President to call executive sessions and establish executive session agendas as permitted by law.

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7. Open Forum

Residents were provided an opportunity to address the Board.
No formal action was taken.

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8. Hail & Farewell

The Board recognized President Mark Pelley for his four and a half years of dedicated service to The Knolls Property Owners Association, including his leadership as President and Chairman of the Architectural Control Committee. The Board thanked Mark for his commitment, leadership, and many contributions that have strengthened the community.

The Board also recognized outgoing Board member Marc Van Neuren for his two years of service to the Association. Although Marc was unable to attend the meeting, the Board expressed its appreciation for his volunteer service and contributions to The Knolls during his term.

As a token of appreciation for their service, the Board presented a gift to Mark Pelley and will present a gift to Marc Van Neuren.

The Board then welcomed newly elected Board members David Haggist and Bob Hartman, whose terms begin July 1, 2026.

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9. Adjournment & Recess

There being no further business, the meeting was adjourned at 5:12 PM.
(Motion by Whitney Fentress; seconded by Stewart Osgood).

The next Board of Directors meeting is scheduled for Wednesday, July 15, 2026, at 4:00 PM, at the Central Arizona Association of Realtors Board Room in Payson, Arizona.

Attachments Beginning Next Page:

- Agenda
- Checking Savings CD & Net Worth Summary
- Financial Position Comparison
- Draft Budget 2026-2027 vs. FY25 - 1
- Draft Budget 2026-2027 vs. FY 25 - 2
- The Knolls POA 2025-2026 Accomplishments

THE KNOLLS PROPERTY OWNERS ASSOCIATION

BOARD OF DIRECTORS ANNUAL MEETING

Thursday, June 25 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 & Quorum**
   - Opening remarks
   - Introductions of Board members and attendees
   - Confirmation that a quorum of Board members is present
3. **Treasurer's Report**
   - Review of current financial status
   - Key financial observations and items to monitor
4. **Committee Reports**
   - Architectural Control Committee
   - Streets & Common Areas Committee
   - Fire Safety Committee
   - Social & Community Engagement Committee
5. **Old Business**
   - Fire hydrant testing update
   - Status of alternate fire access road review
   - Other old business
6. **New Business**
   - Review of Board accomplishments during the 2025-2026 term
   - Discussion of community mailbox availability and resident access
   - Attorney guidance regarding Executive Sessions and Board meeting procedures
   - Other new business
7. **Open Forum**
   - Property owner comments (limited to three minutes per speaker)
8. **Hail & Farewell**
   - Recognition of outgoing Board members Mark Pelley and Marc Van Neuren for their service to The Knolls POA
   - Welcome incoming Board members David Haggist and Bob Hartman, whose terms begin July 1, 2026
9. **Adjournment and Recess**
   - Adjourn regular meeting
   - Confirmation of next meeting date: July 15, 2026 | 4:00PM, CAAR Board Room

Checking

Condense

Community Checking
******0172

$4,082.99
Available balance
Current balance: $4,082.99 Prior day balance: $4,082.99

Savings

Business Savings
******9282

$9,518.97
Available balance
Current balance: $9,518.97 Prior day balance: $9,518.97

CD

Business CD
******4799

$25,627.79
Current balance

Net worth summary

Your assets and liabilities

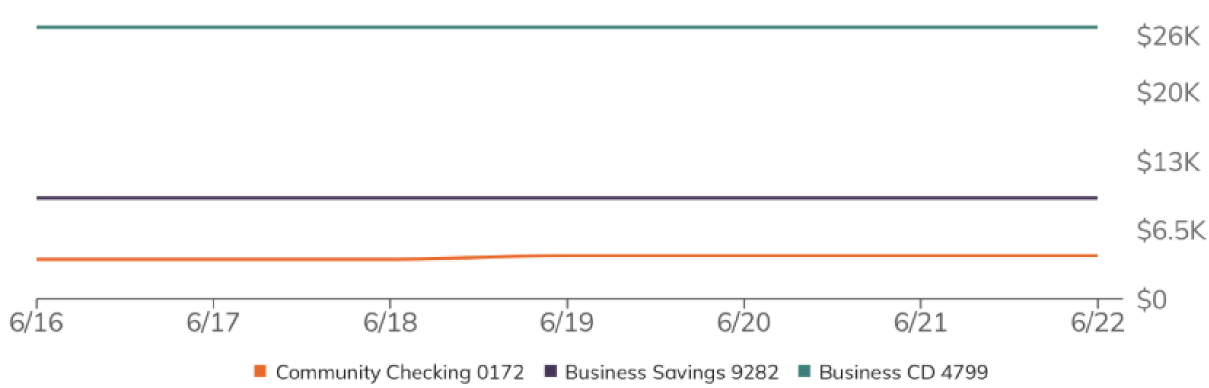
$39,229.75

Balance trends

Last 7 days

Accounts (3)

Week Month Quarter



Financial Position Comparison

All figures rounded to the nearest $1,000

	June 30, 2025	June 30, 2026 (Projected)
Checking	$28K	$4K
Savings	$14K	$10K
Certificate of Deposit	—	$26K
Total Cash & Investments	**$41K**	**$39K**

Key Takeaway

- Projected year-end cash and investments are approximately **$2,000 lower** than last year.
- This difference is largely due to several significant one-time expenditures completed during the past 12 months:
  - Monument Sign Project (Highway 260) – **$11K**
  - Pavement Preservation Program (Tracts D, E & T) – **$11K**
  - Erosion Protection Project (Tract O) – **$4K**

Looking Ahead

Assuming assessment income remains stable and no major unexpected expenses occur, total cash and investments could grow to approximately **$65K by June 2027**.

This would allow the Association to:

- Strengthen reserve funding
- Continue building funds for future capital needs
- Fully support the **2028 Pavement Preservation Project** for **Tracts H, I, and F (Sunset Drive)**

The Knolls Property Owners Association

2026-2027 Budget vs FY2025 Actuals ******DRAFT******

Category	Description	Unit	Qty	Amount	Annual Budget, July '26 to June '27	Actual FY25	Variance	Treasurer Comments/Assumptions
Income								
HOA Dues	Annual dues collected	Lots	83	$ 400.00	$ 33,200.00	$ 36,580.00	$ 3,380.00	Assumes 100% collections.
ACC Review Fees	Asssume 2 per year	EA	2	$ 1,500.00	$ 3,000.00	$ 3,000.00	$ -	Assume two reviews.
Transfer Fees	Assume 4 per year	Lots	4	$ 400.00	$ 1,600.00	$ -	$ (1,600.00)	Typical based on last year.
Other Income	Late fees and interest	LS	1	$ 150.00	$ 150.00	$ 158.40	$ 8.40	Minimal penalties for interest and late fees
Total Income					$ 37,800.00	$ 39,580.00	$ 1,780.00	Income slightly less with no additional A/R.
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.
Tax Preparation Services	State and Federal	EA	1	$ 550.00	$ 550.00	$ 560.00	$ 10.00	only one year of returns.
back Taxes and Penalties for FY 2015	Due the IRS	LS	1	$ 800.00	$ 800.00	$ -	$ (800.00)	
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	Room rental and misc expenses.	EA	5	$ 150.00	$ 750.00	$ 431.50	$ (318.50)	Summer gathering and room rental.
Administrative	Office supplies, postage, website, filing with ACC	Month	12	$ 150.00	$ 1,800.00	$ 1,427.15	$ (372.85)	Miscellaneous account. Includes website and other expensese that don't fit elsewhere.
Repairs and maintenance	Sign, lighting, erosion protection, drainage, street sweeping and clean-up	LS	1	$ 4,000.00	$ 4,000.00	$ 16,045.88	$ 12,045.88	Smaller M&O projects that arise throughout the year.
Taxes	State and local	LS	1	$ 300.00	$ 300.00	$ 245.44	$ (54.56)	Gila County.
Utilities	Electrical	Month	12	$ 50.00	$ 600.00	$ 544.82	$ (55.18)	Electrical/lightiing
Miscellaneous Expenses	Gift cards, flowers, appreciation gifts, utensils and picnic supplies/meat, etc.	LS	1	$ 1,000.00	$ 1,000.00	$ -	$ (1,000.00)	Unanticipated items that arise from time to time.
Total Expenses, w/o PPP and w/0 Funding Reserve Accounts					$ 19,700.00	$ 26,733.84	$ 7,033.84	
Net Income, w/o PPP and w/o Funding Reserve Account	Income - Expenses				$ 18,100.00	$ 12,846.16	$ 5,253.84	
Reserve Funding and Capital Improvements	Pavement Preservation Program and Reserve Funding	LS	1	$ 18,000.00	$ 18,000.00	$ 13,000.00	$ 5,000.00	$7K for Pavement Preservation Program and $11K to build reserve account.
Total Expenses					$ 37,700.00	$ 39,733.84	$ (2,033.84)	
Net Income	Income - Expenses				$ 100.00	$ (153.84)	$ 253.84	

Notes as of 6/15/26:

1. Balance in checking (Operating Account) is about $3700.

2. Current balance in CD and Savings is about $35K. $10K of that is a deposit being held on new construction (Mullins & Lucci $5K each). Net available is $25K +/-.

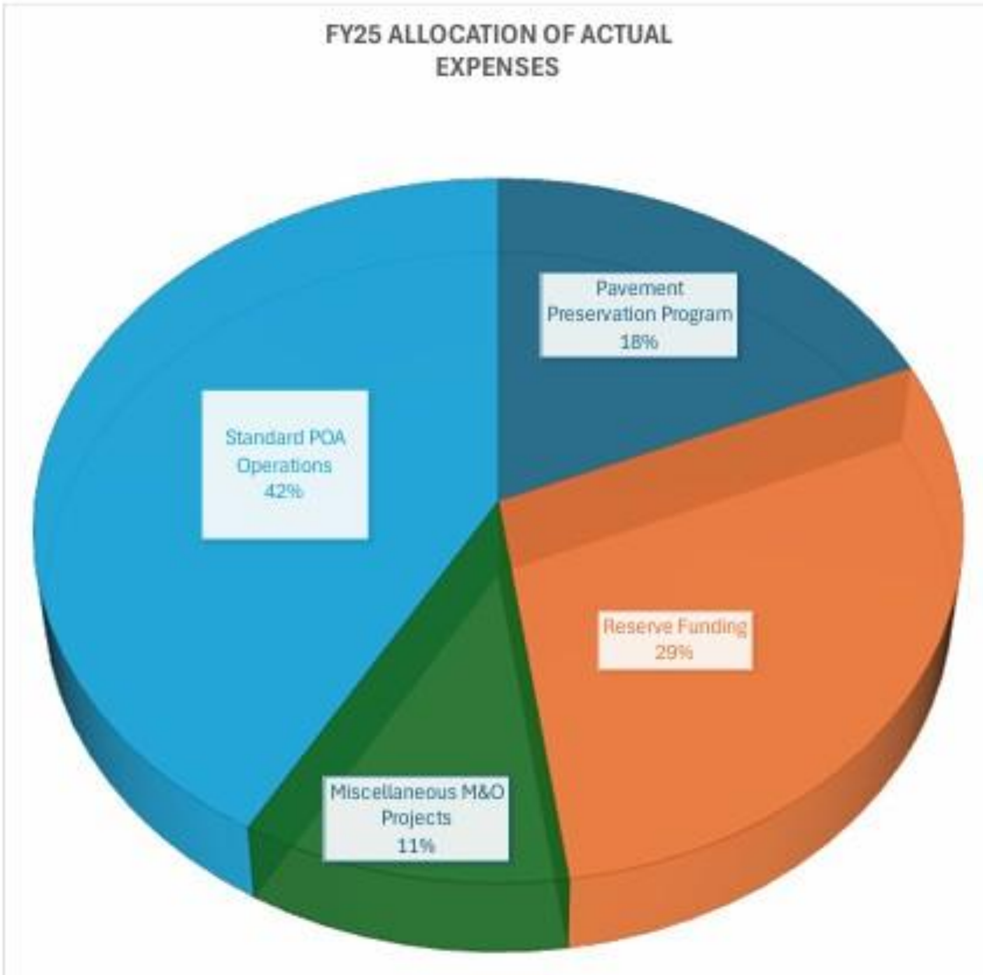
3. Current A/R on dues is $0.

4. Forecast ending '25-'26 BY on June 30, 2026 with $25K in cash, before funding PPP and Reserves.

5. As we collect dues throught the summer and fall, we can replenish our cash accounts, fund PPP ($7K), and fund reserve accounts ($11K).

Budget Allocation Table

Pavement Preservation Program	$	7,000.00	19%
Reserve Funding	$	11,000.00	29%
Miscellaneous M&O Projects	$	4,000.00	11%
Standard POA Operations	$	15,700.00	42%
Total Expenses	$	37,700.00	100%



THE KNOLLS PROPERTY OWNERS' ASSOCIATION
2025–2026 Accomplishments

Financial Stewardship – Treasurer - Stewart Osgood

- Strengthened financial controls, compliance, and insurance coverage
- Established a long-term reserve funding strategy and implemented professional accounting support
- Collected outstanding assessments and reduced accounts receivable to zero as of January 2026
- Resolved legal and financial issues that existed at the start of the fiscal year

Community Improvements – Common Area Committee – Stewart Osgood

- Refreshed neighborhood entrance signs and monument walls
- Addressed erosion issues in common areas
- Completed a Pavement Condition Index (PCI) inspection of all 12 POA-owned tracts and developed a long-term maintenance plan
- Completed repairs and preventative maintenance on Tracts D, E, and T

Architectural & Property Management – ACC Committee – Mark Pelley

- Reviewed and acted on 20 Architectural Control Committee (ACC) requests, including new home construction, garages, carports, re-roofing, exterior painting, decks, sheds, driveways, retaining walls, screen walls, and RV screening
- Continued timely review and oversight of architectural and construction projects to help maintain community standards and protect property values
- Addressed architectural compliance matters and worked with property owners to resolve violations
- Managed six active ACC requests currently in process

Firewise & Community Safety – Fire Safety Committee – Bill Davis

- Renewed Firewise USA® Certification for the fourth consecutive year
- Residents contributed more than 1,100 volunteer hours and invested over $103,000 in wildfire mitigation efforts
- Removed approximately 3,500 cubic yards of hazardous vegetation, the largest reduction achieved to date
- Expanded wildfire preparedness through community education, bark beetle awareness efforts, and Home Ignition Zone Assessor training

Communication & Community Engagement – Social/Community Committee – Whitney Fentress

- Maintained the POA website and Facebook page to keep residents informed of community news and projects
- Conducted successful Board elections and continued transparent communication with property owners
- Expanded resident involvement through committees, neighborhood events, and volunteer programs

A Year of Progress

The Board has focused on preserving property values, improving community appearance, strengthening wildfire resilience, maintaining critical infrastructure, and ensuring the long-term financial stability of The Knolls.