THE KNOLLS PROPERTY OWNERS ASSOCIATION

BOARD OF DIRECTORS ORGANIZATIONAL PLANNING MEETING MINUTES

Wednesday, July 15, 2026 | 4:00 PM
Central Arizona Association of Realtors Board Room, Payson, AZ

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1. Call to Order

The Organizational Planning Meeting of the Board of Directors of The Knolls Property Owners Association was called to order at **4:02 PM** by outgoing Vice President **Stewart Osgood**.

Stewart welcomed the newly elected Board members and residents in attendance. He explained that, in accordance with the Association's Bylaws, he would preside over the meeting until the election of officers, after which the newly elected President would assume the chair.

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2. Roll Call / Establish Quorum

Board Members Present: Stewart Osgood, Whitney Fentress, Art Rogers, Bob Hartman, David Haggist

All Board members were present, and a quorum was established.

Residents in Attendance: Gary Williams, Heather Williams, Bill Doss, Diana Doss, Blake Fentress, Michelle Motzkus

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3. Purpose of the Meeting

Stewart Osgood explained that this meeting served as the Organizational Planning Meeting for the newly elected Board of Directors.

He reviewed the objectives of the meeting, which included:

- Election of Association officers.

- Review of the Association's financial position.
- Consideration and approval of the Fiscal Year 2026–2027 Budget.
- Consideration of a resolution authorizing the President to call Executive Sessions in accordance with Arizona law.
- Appointment of committee chairs and committee members.
- Discussion of Board priorities and goals for the upcoming fiscal year.

Stewart also advised attendees that, because this was a working planning meeting, a general Open Forum would not be held. However, members would be provided with an opportunity to comment before the Board voted on each action item, and additional comments would be welcomed during the planning discussion.

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4. Election of Officers

Stewart Osgood opened nominations for the election of officers for the 2026–2027 Board term.

President

Whitney Fentress nominated Stewart Osgood to serve as President. Bob Hartman seconded the nomination.

There being no further nominations, the Board voted unanimously to elect **Stewart Osgood** as President.

Following his election, Stewart Osgood assumed the chair and presided over the remainder of the meeting.

Vice President

Stewart Osgood nominated Bob Hartman to serve as Vice President. Whitney Fentress seconded the nomination.

The Board voted unanimously to elect **Bob Hartman** as Vice President.

Treasurer

Whitney Fentress nominated David Haggist to serve as Treasurer. Stewart Osgood seconded the nomination.

The Board voted unanimously to elect **David Haggist** as Treasurer.

Secretary

Art Rogers nominated Whitney Fentress to serve as Secretary. David Haggist seconded the nomination.

The Board voted unanimously to elect **Whitney Fentress** as Secretary.

The Board congratulated the newly elected officers and expressed its appreciation for their willingness to serve during the 2026–2027 Board term.

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5. Treasurer's Financial Report

Outgoing Treasurer Stewart Osgood presented the Association's financial reports for the fiscal year ending June 30, 2026, including the Second Quarter Income Statement, Fiscal Year Profit & Loss Statement, and Balance Sheet.

Fiscal Year Financial Summary (July 1, 2025 – June 30, 2026)

- **Total Income:** $37,613.40
- **Total Expenses:** $40,052.01
- **Net Other Income:** $224.52
- **Net Profit (Loss):** ($2,214.09)

Balance Sheet (June 30, 2026)

- **Total Assets:** $38,228.37
- **Total Liabilities:** $10,000.00 (New build deposits likely to be returned)
- **Total Equity:** $28,228.37

Stewart explained that although the Association experienced a modest net loss during the fiscal year, the loss was primarily attributable to several significant capital improvement projects completed during the year, including the installation of new monument signage at the Highway 260 entrance and the Pavement Preservation Program completed on three Association-maintained roadways (Tracts D, E, and T). He noted that pavement preservation work is performed on a rotating schedule (once every two years) and is not anticipated to occur again until 2028.

Stewart also reviewed the Association's current cash position and reserve funding strategy. He reported that the Association has approximately $35,000 in savings and certificates of deposit, of which approximately $10,000 represents refundable construction deposits being held for two homes currently under construction. He further noted that all annual assessments for the prior fiscal year had been collected, leaving the Association with **zero outstanding assessment receivables** as of June 30, 2026.

The Board accepted the Treasurer's Report as presented.

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6. New Business

Review and Approval of the Fiscal Year 2026–2027 Budget

Stewart Osgood presented the proposed Fiscal Year 2026–2027 Operating Budget and reviewed the projected revenues, operating expenses, reserve funding, and planned capital expenditures.

The proposed budget includes:

- **Projected Income:** $37,800
- **Projected Expenses:** $37,700
- **Projected Net Income:** $100

Stewart explained that the proposed budget continues the Board's long-term financial planning strategy by fully funding the Pavement Preservation Program while also making annual contributions to the Association's reserve accounts. He noted that this approach will help ensure adequate funding for future infrastructure needs and reduce the likelihood of special assessments. The previous Board had set a goal of working toward a reserve account of about 2X our annual budget. This is still way below the recommendations in our most recent reserve study.

During Board discussion, Art Rogers expressed concern regarding the amount of money being accumulated in reserve accounts, noting that future Boards could potentially misuse those funds.

Stewart responded that maintaining adequate reserves is an important component of responsible financial planning. He explained that unforeseen events—such as severe storms, emergency infrastructure repairs, uninsured liabilities, or legal expenses—could require substantial expenditures, and maintaining reserve funds helps protect the Association's long-term financial stability.

David Haggist also commented that many homeowners are on fixed incomes and emphasized the importance of carefully managing Association expenses while keeping annual assessments as affordable as possible.

Following discussion, the Chair invited comments from members in attendance.

Motion: Whitney Fentress moved to approve the Fiscal Year 2026–2027 Budget as presented. Art Rogers seconded the motion.

Vote: The motion carried unanimously.

Resolution Authorizing the President to Call Executive Sessions

The Board reviewed recent legal guidance regarding Arizona Court of Appeals decisions affecting community association executive session procedures.

The Board discussed the requirement that all votes and final actions must now occur during properly noticed open meetings and that associations should formally delegate authority for calling executive sessions and establishing executive session agendas.

Following discussion, the Chair invited member comments.

Motion: Art Rogers moved that the President be authorized to determine whether to call Executive Sessions pursuant to **A.R.S. § 33-1804** and to establish Executive Session agendas as permitted by law. David Haggist seconded the motion.

Vote: The motion carried unanimously.

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7. Committee Organization and Board Planning

Committee Appointments

The Board reviewed the Association's committee structure and discussed committee responsibilities for the 2026–2027 fiscal year. Position descriptions for committee chairs and members were also reviewed to help clarify roles and responsibilities.

Architectural Control Committee (ACC)

The Board discussed Arizona Revised Statutes governing the composition of Architectural Control Committees, including the requirement that at least one member of the Board serve as Chair of the committee.

After discussion, the Board appointed the following members to the Architectural Control Committee to join Mark Pelley who will remain for a transition period:

- **Stewart Osgood – Chair**
- Bill Doss
- Gary Williams
- Mark Pelley

The committee appointments were approved unanimously following a motion by Art Rogers and a second by David Haggist.

Streets & Common Areas Committee

The Board discussed the responsibilities of the Streets & Common Areas Committee, including oversight of Association-maintained streets (tracts), common areas, signage, erosion control, and maintenance planning.

The following committee members were appointed:

- **Blake Fentress – Chair**
- Bob Hartman

Motion: Art Rogers moved to approve the committee appointments. Whitney Fentress seconded the motion.

Vote: The motion carried unanimously.

Fire Safety Committee

The Board reaffirmed its commitment to wildfire preparedness and Firewise USA® initiatives and appointed the following members to the Fire Safety Committee:

- **Art Rogers – Chair**
- Whitney Fentress
- Bob Hartman

Motion: Art Rogers moved to approve the committee appointments. David Haggist seconded the motion.

Vote: The motion carried unanimously.

Social & Community Engagement Committee

The Board discussed continuing neighborhood social events to encourage community involvement and strengthen relationships among residents.

The following volunteers agreed to serve on the committee:

- Whitney Fentress
- Dee Hartman
- Kathy Shumaker

Because this committee serves in an advisory capacity and does not exercise decision-making authority on behalf of the Association, the Board determined that a formal vote was not necessary.

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8. Board Planning & Priorities

The Board discussed goals and priorities for the 2026–2027 fiscal year and invited residents in attendance to share ideas and recommendations.

Discussion included the following topics:

Community Address Signage

David Haggist suggested encouraging homeowners to install address signs displaying street addresses rather than lot numbers to improve property identification for emergency responders and visitors.

Whitney Fentress and David Haggist agreed to research local sign companies that may be able to provide attractive, standardized address signage for interested homeowners.

Community Mailboxes

David Haggist expressed interest in continuing efforts to work with the United States Postal Service to increase mailbox availability within The Knolls. The Board agreed that this remains an important issue as additional homes are constructed within the community.

Firewise and Wildfire Preparedness

Board members reaffirmed that wildfire mitigation will remain one of the Association's highest priorities.

Bob Hartman emphasized the importance of continuing efforts to encourage homeowners to remove dead and hazardous trees from their properties.

David Haggist suggested exploring the possibility of reinstating a community brush collection program.

Stewart Osgood noted that the previous brush collection program had been one of the Association's largest annual expenditures, costing approximately $14,000. Whitney Fentress added that residents documented record levels of vegetation removal during the previous year without a community-funded brush collection program, largely due to residents utilizing the nearby Blattner brush disposal site.

Art Rogers emphasized the importance of continuing homeowner education regarding wildfire preparedness and Firewise practices.

Community Involvement

Stewart Osgood encouraged increased homeowner participation in Association committees and volunteer projects, noting that greater community involvement benefits the entire neighborhood.

Emergency Access

Gary Williams asked for an update regarding efforts to restore the emergency evacuation route behind The Knolls.

The Board discussed ongoing conversations between former President Mark Pelley and the Hellsgate Fire Department regarding the access route and potential assistance from the Town of Star Valley in addressing easement issues affecting the roadway.

Short-Term Rentals

Blake Fentress initiated a discussion regarding short-term rentals within the community and asked whether the Association should consider future restrictions.

The Board discussed the need to review the Association's governing documents, applicable state law, and local regulations before considering any potential changes. It was also noted that amendments to the Declaration would likely require affirmative approval of 2/3 of the membership. Whitney and Blake agreed to do a little research on what an amendment might look like, what other HOAs have done, and generally help get the Board 'smart" on the subject.

Future Meeting Times

A resident suggested that future Board meetings be scheduled later in the day to improve attendance by homeowners who work during normal business hours.

The Board agreed to consider alternative meeting times for future meetings.

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9. Board Member Comments

Board members were provided with an opportunity to offer closing comments regarding the upcoming year.

Several Board members expressed their appreciation to the residents who attended the meeting and to the volunteers who agreed to serve on Association committees. The Board emphasized that homeowner involvement is essential to the continued success of The Knolls and encouraged residents to remain engaged by participating on committees, attending meetings, and sharing ideas throughout the year.

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10. Adjournment

There being no further business, **Bob Hartman** moved to adjourn the meeting. **Art Rogers** seconded the motion.

Vote: The motion carried unanimously.

President Stewart Osgood adjourned the meeting at **5:42 PM**.

The Board thanked everyone in attendance for their participation and looked forward to working together during the 2026–2027 Board term.

The next regular meeting of the Board of Directors is scheduled for **Wednesday, October 21, 2026**, at **4:00 PM**, at the **Central Arizona Association of Realtors Board Room, Payson, Arizona.**

Attachments Beginning Next Page:

The following documents are attached to and made a part of these minutes:

- Meeting Agenda
- Second Quarter Profit & Loss Statement (January–June 2026)
- Fiscal Year Profit & Loss Statement (July 1, 2025 – June 30, 2026)
- Balance Sheet (June 30, 2026)
- Approved Fiscal Year 2026–2027 Budget
- Budget Allocation Table FY25 – Allocation of Actual Expenditures

THE KNOLLS

THE KNOLLS PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS PLANNING MEETING

Wednesday, July 15 2026 | 4:00 PM
Central Arizona Association of Realtors Board Room, Payson, AZ

Presiding Officer: Vice President Stewart Osgood (until election of the President)

Meeting Agenda

1. **Call to Order**

2. **Roll Call / Establish Quorum**

3. **Election of Officers**
   - President
   - Vice President
   - Secretary
   - Treasurer

   (Following the election of officers, the newly elected President will assume the chair.)

4. **Treasurer's Financial Report**
   - Second Quarter Income Statement
   - Balance Sheet (as of June 30, 2026)
   - Fiscal Year Income Statement (July 1, 2025 – June 30, 2026)

5. **New Business**
   - Review and discussion of proposed Fiscal Year 2026-2027 Budget
   - Consideration and approval of the Fiscal Year 2026-2027 Budget
   - Resolution authorizing the President to establish agendas for Executive Sessions

6. **Committee Organizing and Board Planning**
   - Confirm committee assignments and committee chairs
     - Architectural Control Committee (ACC)
     - Streets & Common Areas Committee
     - Fire Safety Committee
     - Social & Community Engagement Committee
   - Discuss priorities and goals for Fiscal Year 2026-2027
   - Review upcoming Board meeting schedule

7. **Board Member Comments**

8. **Adjournment**

2:54 PM
07/06/26
Accrual Basis

The Knolls Property Association INC
Profit & Loss
January through June 2026

		Jan - Jun 26
Ordinary Income/Expense		
Income		
Transfer Fee		1,440.00
Total Income		1,440.00
Expense		
Accounting Fees		1,800.00
Annual Meeting		348.01
Insurance Expense		255.00
Meeting Costs		420.00
Office and Postage Expense		215.86
Professional Fees		1,234.50
Repairs and Maintenance		
Paving Maintenance	11,000.00	
Total Repairs and Maintenance		11,000.00
Utilities		277.05
Total Expense		15,550.42
Net Ordinary Income		-14,110.42
Other Income/Expense		
Other Income		
Interest Income		1.87
Total Other Income		1.87
Net Other Income		1.87
Net Income		**-14,108.55**

The Knolls Property Association INC
Profit & Loss
July 2025 through June 2026

		Jul '25 - Jun 26
Ordinary Income/Expense		
Income		
Dues		34,515.00
Late Fees		158.40
Plan Review		1,500.00
Transfer Fee		1,440.00
Total Income		37,613.40
Expense		
Accounting Fees		3,360.00
Annual Meeting		348.01
Bank Service Fees		6.00
Dues and Subscriptions		268.00
Insurance Expense		719.55
Meeting Costs		560.00
Office and Postage Expense		1,357.01
Professional Fees		5,762.00
Repairs and Maintenance		
Paving Maintenance	11,000.00	
Signs	10,264.99	
Repairs and Maintenance - Other	5,703.58	
Total Repairs and Maintenance		26,968.57
Taxes		147.16
Utilities		555.71
Total Expense		40,052.01
Net Ordinary Income		-2,438.61
Other Income/Expense		
Other Income		
Interest Income		224.52
Total Other Income		224.52
Net Other Income		224.52
Net Income		**-2,214.09**

2:52 PM
07/06/26
Accrual Basis

The Knolls Property Association INC
Balance Sheet
As of June 30, 2026

	Jun 30, 26
ASSETS	
Current Assets	
Checking/Savings	
National Bank Checking 0172	3,708.98
National Bank Savings 9282	9,519.39
Total Checking/Savings	13,228.37
Other Current Assets	
CD 4799	25,000.00
Total Other Current Assets	25,000.00
Total Current Assets	38,228.37
TOTAL ASSETS	**38,228.37**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Refundable Building Deposits	10,000.00
Total Other Current Liabilities	10,000.00
Total Current Liabilities	10,000.00
Total Liabilities	10,000.00
Equity	
Opening Balance Equity	29,108.34
Retained Earnings	13,228.58
Net Income	-14,108.55
Total Equity	28,228.37
TOTAL LIABILITIES & EQUITY	**38,228.37**

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%