

**CLIFF ROSE ANNUAL MEETING
SEPTEMBER 19, 2020
HELD VIA WEBINAR CALL**

Due to Covid-19, this year's Cliff Rose annual meeting was held by a webinar call. All residents were sent an invitation on how to call up to be included in the meeting.

The meeting was called to order at 5:04 p.m.

Catherine welcomed everyone to the meeting and introduced herself. She advised residents what the options were for listening in to the meeting. Then she gave the following opening presentation:

Hello everyone and welcome to the Cliff Rose Annual Meeting. I am Catherine Craig, the current President of our HOA.

Your Board has been very busy and diligent this past year. I personally want to thank them for volunteering to serve on the Board. Also, of note, several members took on more than one Board position – greatly adding to their responsibilities. They are a fabulous group and I am happy to have served with them.

Olivia – our ARC Director has processed 67 requests in the past 12 months. She is competent and efficient and is an active member of the Board. We also want to thank her wonderful and responsive ARC Committee Members for their contributions.

Marty – our Treasurer and Web Master has done his best to keep us on budget and well informed with posts to our website (he has a whole section for the CC&Rs and updated forms for easier submission, he added a map for the RV lot and a bunch of cute pictures).

Libby – Secretary and Social “Committee” – has taken on a tremendous project – that of updating our Homeowners contact list. She made numerous phone calls and follow-ups – but then, she is very tenacious and committed. Luckily for us she had been an executive secretary and so is more than able to document our discussions.

Peggy – Communications Director – she handles postings to Nextdoor. She is also very active in our discussions. Since she joined the Board mid-way through the year, she was a bit under-utilized – but recently we have started using her expertise more and more – I think she has four projects right now.

Ashley – HOAMCO Manager – she helps us get it all done. From billing & invoicing to compliance letters and phone calls. She handles what she can and escalates those issues requiring further responsibilities to Board members. She has taken over the everyday tasks allowing the directors to concentrate on the larger issues – the more intensive tasks. But be assured that HOAMCO does NOT make decisions regarding our community – that is the Board's responsibility.

Robert – VP, Maintenance Director and Compliance Officer – His experience as prior President has been invaluable to me. Maintenance and compliance work often entails going out to examine some property and talking with owners about the issues in order to come to a solution. Robert has held the positions of ARC director, maintenance officer, Compliance officer, VP and President. He will be leaving the Board after serving five of the six years we have lived here.

Linda Jones – left the Board last year after serving on the Board for 4 years. She was on the Board when I joined – and seemed as if she had been on the Board for quite a while. She knew the rules and applied the fairly across the board, she was vocal and confident in her opinion. I personally miss her. She remains active in our community – serving on our Firewise project.

Vote for Board of Directors

This meeting is the culmination of voting for volunteers for the Board of Directors for our HOA. This year we had three new volunteers in addition to our continuing members:

**Bill Colwell, Chris Lewis, Kamie Cismoski,
Libby Zwilling, Olivia Lee, Marty Zwilling, Peggy Walker and Catherine Craig**

I checked just before this meeting started and am pleased to announce that all candidates have received enough votes to be members of our 2021 HOA Board.

At our Oct 15th meeting the Board will meet to decide which individual occupies which position. After that meeting we will post that information on NextDoor and the Website.

Catherine turned over the meeting to Marty Zwilling, HOA Treasurer.

Marty gave an educational update on the size of Cliff Rose. It consists of about 430 homes as well as 35 empty lots. We also have two large common areas as well as 15 smaller ones, totaling about 23 acres. Over the last 30 years it has been our theme to let the open areas grow naturally. However, in the last two years, we have noticed that these areas have become mature and can be fire risks. We are now obligated to address the fire mitigation issues for these areas.

Prescott Lakes is at least twice the size of Cliff Rose and, in fact, their association dues are in the hundreds of dollars a month as opposed to our dues which are only \$84 a year. Because our dues are only \$84 a year, we have to watch very carefully all the finances.

Marty said he would be showing slides that are a high-level summary of our expenses. If you want to see detailed financials, they are on the web site under Board Activities.

HOA Budget Operating Summary

	2019 Actual	2020 Actual	2021 Budget
Income			
Annual Assessments	\$34,776.00	\$34,944.00	\$35,868.00
RV Lot Rentals	\$4,396.75	\$8,312.83	\$7,500.00
Violations/Fines	\$3,990.00	\$3,300.00	\$3,500.00
Miscellaneous	\$8,602.25	\$2,428.19	\$2,525.00
Total Income	\$51,765.00	\$48,985.02	\$49,393.00
Expenses			
Administrative	\$23,822.20	\$25,353.60	\$20,050.00
Landscaping/Maint	\$14,758.69	\$41,221.36	\$35,200.00
Utilities	\$0.00	\$54.61	\$100.00
Taxes/Misc	\$153.39	\$388.86	\$510.00
Total Expenses	\$38,734.28	\$67,018.43	\$55,860.00
Operating Net Income	\$13,030.72	-\$18,033.41	-\$6,467.00
Checking Acct Balance	\$47,195.56	\$15,697.38	
Total Reserve CDs	\$44,120.64	\$54,756.40	

HOA Major Expenses Last 12 Months

Common Area Fire Mitigation	\$16,100.00
Repair RV Lot Access Road	\$16,267.25
Legal Fees - Updated CC&Rs	\$8,432.00
Management Company HOAMCO	\$6,000.00
Landscape & Maintenance	\$5,325.00

HOA Board Priorities Next 12 Months

- Continued Fire Mitigation Efforts
- Common Area Landscaping/Maint
- More Online/Email to save Printing
- Renewed Social Events after COVID-19
- Continued Efforts to Reduce Expenditures

Catherine emphasized the legal requirement to have a certain amount of financial reserves, generally in the range of one year of expenses.

Catherine then went on to the questions she received from members to be discussed at the meeting. She shared those questions and provided answers.

Questions, Answers and Comments

Question:

This Board, like most Boards of any type, should be in odd numbers of Director's positions and not even numbers in the event of voting ties, etc.

Answer:

Cliff Rose By-Laws: Section 5.1. The Association shall be governed by a Board of Directors (Herein referred to as the "Board"). There will be at least four (4) and not more than nine (9) Directors on the Board.

This election is to vote for people to serve on the Board – not specific positions – the fact that we have eight candidates does not equate to eight Directors. Not all positions are Directorships.

Director positions:

President
Vice President
Treasurer
Secretary
ARC
Maintenance

Non-Director positions:

Webmaster
Social
Compliance
Communications
RV Lot Manager

Question: (This resident sent in three questions)

The First: Why is there a husband and wife on this ballot?

Answer:

Because they volunteered. It is not against the rules – and I for one am VERY GRATEFUL to each person serving on the Board.

I started when the then-Treasurer called my husband (the then-president) one Saturday morning saying that she was resigning – effective immediately. It was Dec 5th – she brought all her documentation and laptop and deposited them in our living-room. My husband looked at the pile and said “we haven’t mailed out the invoices for the Annual Assessments yet – now we have no one to do it. We may have to have HOAMCO do it since we do not have enough Board members and those that we have cannot according to our By-Laws add the position of Treasurer to their current position.”

I looked at the stack and thought – I may be able to get this done. I was a computer programmer – I should be able to make sense of this. I volunteered, was voted on as Treasurer - I also got the mailing out within the month.

In the case of Marty: He was already serving on the Board as web-master and for his first year had done a wonderful job of updating the forms to make them interactive (meaning that you could fill out the form on-line opposed to having to print it out). After last years’ Annual Meeting, Linda Jones announced that she would not be continuing on the Board (after having served four years). Again, we did not have enough people volunteer to serve on the Board – we were short - We only had four people for six Directorship positions! Marty volunteered to take on the position of Treasurer.

Without the two married couples we would not have enough people to run the Board.

We have ten positions and only six people to fill them (2019).

If you were to remove the married couples (Catherine/Robert and Marty/Libby) you would be left with two people (Olivia and Peggy) to run the Board. Eight of the ten positions would be unfilled.

POSITION	CATHERINE	ROBERT	MARTY	LIBBY	OLIVIA	PEGGY	Unstaffed
President	X						
VP		X					
Treasurer (not Acct)			X				
Secretary				X			
ARC Dir					X		
Maintenance Dir		X					
Compliance Off		X					
Website			X				
Communications						X	
Social Committee				X			
RV Lot Manager							HOAMCO

The Second Question:

Question: Conflict?? Why bother voting if you have eight out of eight names for, I guess, eight positions?

This is not a full sentence or thought – so I'm not sure – but, extrapolating... I think they are referring to a "Conflict of Interest" situation.

Answer:

That is hardly the case: The definition of "Conflict of Interest" is: a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.

The Board is made up of five or six members. No married couple has the numbers to take advantage of their position.

His last (third) question:

Question:

Why bother voting if you have eight out of eight names for, I guess, eight positions?

Answer:

There are only eight volunteers, even though as I just showed, there are ten positions available on the Board.

You don't have to "bother to vote," but it is in the By-Laws that we offer you the opportunity to do so. You can abstain if you choose. There could also be a situation where no one votes for a particular candidate – meaning that only seven people are voted onto the Board. But the point is – it is a choice for the community to make.

This next resident sent an email with recycled questions. These questions were asked previously. They were asked during last years' Annual Meeting or at the March 12th meeting and were answered during those meetings. I will give a short, condensed answer to these questions again, in the hopes of informing others who might be interested.

Questions:

(1) Local bank – 90% of checks go through an ACH. (2) CC&R's approved by community. (3) The Board manages the affairs of the CR HOA. (4) Community elects Board members. (5) Prior Boards were fully staffed.

Answers:

First, he doesn't like me in the position of President, however, this vote is not to elect me as President, but to elect individuals to serve on the Board. The Board then determines who serves in which positions.

Regarding CC&Rs: they would be changed by a vote of the community – not the Board. We are trying to update them after 30 years – we had a meeting and conversations and posted Q&A's to ensure that the community members are represented in this process. He alleges that we, the Board, aren't doing our job. The duties are described as "managing the affairs of the Cliff Rose Homeowners Association – including entering into agreements with third parties *and* authorizing such parties" to act in our name. The Board is still responsible for making the decisions – not HOAMCO – they assist us.

He claims that we aren't doing it like prior Boards. He is right. But, keep in mind that over the last 30 years the number of homes have increased to more than 400. Also know that in 2011 there were 11 people serving on the Board – this year there were five. Recently we were a skeleton crew- doing the best with the wonderful volunteers we have.

He goes on to complain about checks going thru ACHs – which 90% of ALL checks do – it is how banks' balance with other banks. At last years' Annual we offered him a solution which he declined. Also, our bank is local as stipulated in our CC&Rs.

Well, it goes on – but as I said "recycled." I will post a more thorough response to the website after this meeting.

Original Question/Comment not read during the meeting: A new president is needed. Yes, our CC&R's needed an update. But the proposed "updating" of the CC&R's is completely gutting the

vision the Savage's had for our community and turning it into one of those HOA's we read about and hate. Seems like if you can't follow the rules of the original CC&R's that we all purchased our homes in, then update the rules and make everything you've done and want to do, legal. Pay someone to do the job you volunteered to do instead of doing it like all the previous Boards. The attorney must be loving this, as he gets paid to add and subtract more. Like he said at the March 12th meeting, a lot of what he has added is what he has seen other HOA's have in their CC&R's. Doesn't make a difference that it has no bearing on our HOA. It does mean money for him and his firm though. Someone driving around looking for violations instead of the Board responding to complaints and addressing them person to person. Our "dues" no longer handled locally just by our treasurer and deposited in a local bank. Now our payments with our personal financial information (account numbers, names, addresses etc.) is sent to a multi-state clearing house where it is recorded and open to anyone employed in that organization not to mention that it could fall victim to hacking. Looks like the president and vice-president have brought their CA experiences to Prescott.

Full Answer to Question/Comment – only a few were covered in the meeting. These are recycled complaints. They were asked during last years' Annual Meeting or at the March 12th meeting and were answered during those meetings. I will answer these questions again, in the hopes of informing others who might be interested.

This individual tends to use a lot of emotionally charged words ("gutting," "read about and hate") and complains without fully understanding the issue: There is a lot to unpack... so let's dive in – I will try to be brief.

1) A new president is needed.

Answer: I am not sure if this individual realizes that the election is for acceptance onto the Board and not a specific position on the Board. Once an individual is elected to the Board, the Board meets and decide the President, VP, Treasurer and all other positions. I have served on the Board for 3 years already and intend to serve one more– I have no need to be President again – but I will go along with the Board's decision.

2) Can't follow the rules – then change them. (a repeated complaint of his)

Answer: The CC&Rs would be changed by a vote of the community – not the Board. We are trying to update them after 30 years.

3) Pay someone to do the job you volunteered to do: (a repeated complaint of his).

Answer:

Per our By-Laws the main duties of the Board are: "The Board of Directors shall manage the affairs of the Cliff Rose Homeowners Association."

To enter into agreements with third parties authorizing such parties to carry on any activities.....etc. The Board meets monthly to make decisions about our community – thus we are not abdicating any responsibilities that we volunteered to do. We hired HOAMCO to do the Accounting, Escrow and Compliance reporting – none of those are Director positions.

4) Instead of doing it like all the previous Boards (a repeated complaint of his).

Answer:

In 2011 there were 11 people serving on the Board – in 2020 there were five.

Note: there are five Director positions: President, Vice President, Treasurer, Secretary, ARC. Over the years the number of homes has increased. We now have over 400 homes.

5) Someone driving around looking for violations instead of the Board responding to complaints and addressing them person to person (another repeated complaint of his).

Answer:

I am not sure if "someone" refers to a Board member or HOAMCO. But we have asked HOAMCO to appoint someone to drive around Cliff Rose to report violations.

I am not sure if he is implying that this "someone" is the only person who lodges violations of Cliff Rose properties. But please know that ANYONE can lodge a violation/complaint by calling HOAMCO or sending an email.

We always respond to complaints – some in person (if the individual wants to meet), by phone or text/email. Not everyone wants a face-to-face meeting.

6) Our "dues" no longer handled locally (another repeated complaint).

Answer:

There are two different functions required to "handle our dues". The Accounting function has to do with cashing the check and adding the cash to our books, paying bills, etc. The other function (Treasurer) is at a higher level and is to determine the health of the association, investments, budget, spending, etc.

Our accounting is handled by HOAMCO. The Treasurer is a Board member.

Checks are sent to a processing center (an Automated Clearing House (ACH)) in Nevada and deposited into a local bank here in Prescott (Alliance Bank).

Note: CC&Rs Section 3: Banking of funds: The funds of the ASSOCIATION are to be deposited in a bank in the Prescott area as designated by the Board of Directors.

- Your name and address are already public information.
- All checks ever written anywhere are processed through what is called an ACH – full of employees where it could "fall victim to hacking." Unless you deal in cash-only, you are vulnerable.
- In fact, at last years' Annual Meeting we pointed out that anyone could bring their payment to HOAMCO – but this individual complained that the drive to the intersection of Willow Creek Road & Willow Lake Rd was too long.

I used to work in Chevron's Credit Card Division doing programming for the interface with VISA. I also worked for an ACH. I may have "brought (my) CA experiences to Prescott". But I think that is of benefit to Cliff Rose HOA and take his comment as a compliment.

End of Answer

A new question

Question:

Have speed bumps ever been considered on some of the side streets to slow down some of the over-zealous drivers?

Answer:

Back in 2006 the Board investigated speed bumps. Their conclusion was that "The City does not allow speed bumps to be installed on "collector roads."

Ending our Questions, Answers and Comments portion of the meeting.

We also received some Notes of Appreciation.

Notes of Appreciation

- I am so pleased to see the resumes of all 8 candidates. Their life stories were a pleasure to see. I'm glad we could choose 8 out of 8!!!!!!
- Thank you for serving our community.
- Thank you to all of you for your commitment to Cliff Rose. I have lived here for 23 years and it great to see all of you running for the Board. Looks like it is in good hands.
- I am a Cliff Rose homeowner for the last 24 years, and like Kamie a Minnesota girl & do not miss the snow and cold!
- Thanks for all you do for Cliff Rose homeowners!
- Looks like a wonderful group of candidates!

Our last bit of business to discuss:

We Will Be Voting to Approve CC&Rs

- Clearer guidelines in a variety of areas
- An assessment calculation which is less ambiguous than the current calculation: % increase of legal, expenses and fees over last year (without regard to the “last antecedent” rule)
- “Self Help” rule.
 - If a lot becomes a nuisance or substantially detracts from the quality of surrounding lots, the Board may take corrective action with the cost to be paid by the owner. (Example: vacant lots and weeds).
- Changes to the Rules & Regs now require
 - That the Board post the changes 30 days prior to any vote
 - During that time the membership can veto them

Soon, you will receive a ballot to vote to approve the new CC&Rs...which have not been updated in about 30 years! The Board has spent over a year working on this document. We have held meetings where members concerns were discussed. We took questions during the meeting and from emails sent to ContactCliffRose@gmail.com and answered them on our website. We have had the CC&Rs posted on our website for the last six months and have repeatedly asked for comments and suggestions. I have personally had discussions with individuals who had suggestions for changes – where we negotiated a solution. We have been transparent throughout the process.

What this document offers:

- Clearer guidelines in a variety of areas
- An assessment calculation which is less ambiguous than the current calculation: % increase of legal, expenses and fees over last year (without regard to the “last antecedent” rule)
- “Self Help” rule.
 - If a lot becomes a nuisance or substantially detracts from the quality of surrounding lots, the Board may take corrective action with the cost to be paid by the owner. (Example: vacant lots and weeds).
- Two-story homes above street level are not to be built – in keeping with our Southwestern themed community
 - But walkout lower levels are still permitted
- Changes to the Rules & Regs now require
 - That the Board post the changes 30 days prior to any vote
 - During that time, the membership can veto them
- Home businesses have been more clearly defined.
 - The idea is to allow home-based businesses without infringing on a neighbor’s ability to enjoy their home.
 - The main stipulation is that you should not be able to tell that a business is being conducted.
- Late fees, collection fees and costs incurred by the Association in seeking to collect are covered under a lien
 - Are now covered under a lien – whereas before they were not.
- More robust ARC guidelines
 - Reply within a specified period of time
 - Backup delegate
 - Auto reply to notify owner that their request has been received.
 -

These are a few of the improvements – but please review the full document on our website.

I will proudly acknowledge that several people have told me that they would support the passage of the CC&Rs.

- **"Sounds Good"**
- **"I can't see anyone having a problem with that draft."**
- **"Will support our new CC&Rs via postings to NextDoor or in discussions with neighbors."**

**You can find the proposed CC&Rs on our website www.CliffRoseHOA.org
Please vote to approve them.**

Catherine closed the meeting advising the members that everything will be posted on the website, notes from this meeting, the financial information. If you have any questions, please send them to CONTACTCLIFFROSE@GMAIL.COM and we will respond to your questions.

**Good night and thank you all for attending
the 2020 annual meeting
and being supportive members of our
Cliff Rose community.**

The Annual Meeting adjourned at 5:30 p.m.

Submitted by Libby Zwilling, Cliff Rose Secretary