

**Sun Mesa Town home Owners Association
General Membership Meeting
Thursday, May 3, 2007
Antelope Trails Elementary School**

A. CALL TO ORDER: President Joe Pertl at 7:00 p.m.

1. Roll Call: Ron Pierce, VP; Roger Browne, Secretary; Phil Book, Treasurer;
Members: Bill Frier, Coleen Abeyta, Bob Dyster.
Z&R Management representative: Kerry Cantrell
33 SMTOA Owners either present or represented by proxy created a quorum.

2. Proxies were certified by Z&R Representative as complete and correct.

3. Minutes for the last General Membership Meeting, May 4, 2006, were read by the Secretary. President Pertl moved and Dyster seconded that the minutes as read be approved by the membership. Vote for approval was unanimous.

B. REPORTS

1. Financial report given by Phil Book, Treasurer

Using the SMTOA General Meeting Treasurer's Report as an outline, Phil reported that the total for major expenditures has held constant for the past 5 years. Reduced watering cost has offset slight increase in the Management and Landscape Maintenance contracts and enabled us to increase reserve accruals significantly. Donala has indicated there will be rationing this year, and the cost will increase to \$6/thousand from \$5/thousand. Thus far this calendar year, SMTOA is in good shape. The sprinkler system is scheduled to start 1 May, so future expenditures will start to increase.

There is an increase in accrual rate to \$47750 due mainly to eventual replacement of window wells and concerns about the north and northwest stucco wall.

The total of major expenses, \$116k for 2006 was a large part of the gross income of \$153k.

Reserve expenditures for 2006 include: \$11395 for garage entryway concrete replacement; \$11855 for Phase 3 of painting garage doors and trim; \$6723 to repair west drainage; \$925 for new tree rings and sod replacement. The result was a reserve expenditure of \$30899.

An investment of \$20k was added to the Long Term account at Dain Rauscher in January of this year. We have about \$179k invested at a yield of about 5% in short term CDs and money market funds. What SMTOA now has invested tracks closely with our accrual model.

The EOY 2006 showed a net income of \$1141. However, the late December snow storms expensing (\$4800) was carried over to 2007. Accounting for that actual expenditure in 2006 would cause a deficit of \$3659. The seasonal winter months were costly because of snow removal. The October storm was billed out as \$3800, the January storms were billed out as \$7400. Additionally, the aging of our tile roofs are beginning to increase our expenditures in this area. So far, the budgetary expenditures are generally satisfactory with the reserve accrual progressing satisfactorily and the general operating funds holding the line.

Members expressed their appreciation to Phil for all the work he has done to track the SMTOA financial records.

2. Presidents Report: Joe Pertl, President

Joy Baldwin raised a question from the floor about the question of qualifying for a discount on the water billing because of a 25% xeriscaping within the community. Pertl discussed the efforts SMTOA has taken to reduce water expenditures, rain sensors, closely monitoring watering for example. No estimate has been made of just how much of the landscape has been xeriscaped. The new Board will have to investigate that. Pertl reviewed the

history of sod installation by the original developer, indicating a probable requirement for extensive and expensive work to convert areas from sod to xeriscape, especially in the drainage area (currently covered with grass and large rock) outside the stucco fence along Gleneagle Drive.

Dale Meesy asked if there had been any break-even point computations between water costs and costs of conversion to the xeriscape areas. None have been made yet. Another question regarding car washing restrictions from Donala was asked. Since the use of water would be coming from owner's meter, it was not pertinent to the SMTOA budget.

Pertl reviewed the past three years of his presidency, noting the increase of reserves, installation of street signs, planters in the west entrance, publication of the new Rules and Regulations reflecting the requirements of SB 89 and SB 100, email newsletters, new guest parking policy, a SMTOA web site currently operated by Z&R. He noted that concrete replacement will continue, the erosion problem was proactively addressed, options to reduce water consumption should be addressed, the western stucco wall may become problematic. The possible issues will come under the consideration of the new Board.

C. NEW BUSINESS: President Pertl

Two nominees for the Board, Wayne Skora and Bill Roche. Skora remarked that if members have any disagreements with how the Association is being operated, they should become a Board member. However, he also reported that he agreed so far with actions taken by the Board. Roche was absent, but Pertl noted his biography had been provided members earlier.

Pertl asked for nominations from the floor. A motion was made and seconded to close nominations. Members voted unanimously to approve the motion.

Pertl moved that the nominations be approved by acclamation, second from the floor. Motion passed unanimously.

Pertl expressed his personal thanks, the thanks of the Board, and members in general to Bob Dyster for all his efforts while on the Board.

Ron Pierce expressed the Board and SMTOA thanks to Pertl for his work during the past three years. Jan Meesy and Marge Briggs presented Pertl with a small token of the SMTOA appreciation.

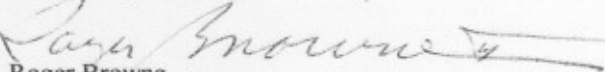
Pertl asked for additional questions. Several members reported the new assessment, some with questions, which the Board cannot address.

A comment commending the snow removal efforts was offered to be passed on to the SMTOA contractor. Pertl will ask the new Board to relay the kudos.

D. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:45 p.m.

Respectfully submitted



Roger Browne
Secretary SMTOA