

Sunburst Farms East, Inc. February 21, 2023, Annual Meeting Minutes for Annual Year 2022

Location: Embassy Suites, Paradise Parkway, Room: Palo Verde I, 7:00 pm

Attendance: All BOD present. Lot owners: 12 lot owners in attendance.

Stephanie Wilson – Legal Counsel in attendance

Greg Luebkin – Irrigation Contractor in attendance

President Jeff Hauke welcomed everyone, and the BOD introduced themselves and their responsibilities.

Stephanie Wilson, legal counsel for SBFE introduced herself and gave a brief history of the final court decision then the reasoning behind the proposed Amended Bylaws.

Property owner lot 89 asked why the community did not have input in amending the Bylaws. Stephanie clarified that the community reverted back to the original Bylaws which were not valid and not consistent with the CC&R's. The BOD held workshops to work on updating the verbiage of the Bylaws to come in line with the CC&R's and operations of the community. Sending out multiple mailers to the community would have further delayed the process in getting the documents completed and voted in, especially since the updates were mainly related to verbiage.

Property owner lot 21, expressed concern with the verbiage in the Bylaws stating the dues could be increased by 10% as allowable by Arizona law but Arizona law is 20%. He was concerned that the BOD could raise the dues 20% per annum. Stephanie clarified that the BOD has not increased dues in several years and it could be a concern, but a responsible BOD would increase dues appropriately based on operational expenses and need to run the operations of the community. The BOD took this under advisement for further discussion. Stephanie clarified that the verbiage was in the original Bylaws and changes/updates could be addressed by the BOD if the vote did not pass that night.

Property owner lot 89 felt that there was no protection for the property owners and more for the association. If a future BOD became controlling and difunctional there would be no protection for the property owners against increases, he felt that this portion of the Bylaws should be looked at and add an additional clause relating to increases.

Property owner Lot 277 expressed concerns relating to the future handling of the operations and BOD control.

Stephanie had additional open conversation with the attendees and addressed concerns about the verbiage within the Proposed Amended Bylaws, answered questions about other communities and how they operate, and Stephanie stated that SFE had the most lenient governing documents compared to most communities. The operation of the community is to maintain the irrigation system, bridle paths and integrity of the system to retain property values and provide the services in which the community was designed. The R&R gives the BOD the process and procedure in which to facilitate the operations and work in conjunction with the CC&R's and Bylaws. The R&R notify the property owners of the process and procedures and further covers the operations of the community. Statues 15-20 provide additional clarification on the operations of communities. Discussion about BOD insurance and coverage for the community.

Property owner lot 101 requested the BOD post the policies relating to the D&O and Insurance for the community on the website.

Irrigation system – Greg Luebkin spoke to the attendees and gave an update on the irrigation system and what repairs and preventative maintenance was happening.

Jeff Hauke presented an overview of the irrigation and what was projected for repairs. Review of preventative maintenance on the irrigation system, Standpipe gates, pump motor and electrical and root removal on irrigation lines. Bridle path maintenance was scheduled for the first question of 2023.

The entrance to the wellsite is under review and to make it safer and more usable, Jeff Hauke is working with Greg Luebkin and the BOD will review.

Attendees expressed concerns about having enough money in the communities' accounts to take care of a large financial repair. Desiree addressed everyone and let them know that the 2007 Amended documents provided the community the ability to have and maintain a Capital Reserve account, however with the results of the law suit the community reverted back to the original CC&R's that offer no protection or venue to allow the BOD to have a Capital Reserve Fund or process. This is why the documents in 2007 were important as they allowed for the operational future of SBFE and provided a procedure and processes to bring the community together as a whole and protect the unique community we have.

Property owner lot 95, expressed that the BOD should increase dues annually to prepare for future repairs. If this is the only way the community can develop a future reserve to offset a large assessment, this should be reviewed.

Property owner lot 89 requested the BOD to prepare and plan a five-year financial plan. Stephanie referenced that having a Capital Reserve fund is the norm in most communities and essential to maintain the infrastructure and integrity of the communities in which have them.

Property owner lot 101 asked what the well water depth was, and this information was not available at the meeting. It was requested that this information be posted on the website.

The cement box and cover were discussed that was installed at the back of Lot 101. This was built as a prototype as there are several properties in the community that have their valve and risers open on the bridle paths and this is a safety concern. The box and gate are working well, and the BOD will discuss the process and plan to have these boxes and risers installed on the other properties where this is a concern and work with the property owners on the cost of installation.

Judy Nowlin reviewed the Budget and finances that were mailed to all property owners. The budget is created based on historical data and projections of what is needed in the community for the next year. The community has not experienced an increase in over 5 years and with the economic times we are in as a country an increase was warranted as the cost of services and parts has increased.

Desiree advised the attendees the Bylaws did not pass as there was not quorum, and that the BOD will now need to review discussion from tonight, revise or retain the documents as they are and plan to hold another vote as the community needs the Bylaws valid for all homeowners as this pertains to the operations of the community and their properties.

Meeting adjourned at 8:35 pm

Transition and Election of 2023 Board of Directors

BOD held a meeting following the adjournment of the attendees to vote in the Directors and discuss what needed to transpire with Steve Hess retiring from the BOD

Chase Bank needs to be formally notified that Steve Hess is no longer a signer on SBFE accounts, and contact information relating to AZ Blue Stake needs to be provided.

Judy and Jeff will work on the details needed for Chase bank.

Discussion about Directors and vote held.

Jeff Hauke to retain President position for one more year and Irrigation Committee Member.

Dave Rogers to become the Vice President

Desiree Marciniak to retain Secretary and interim Treasurer.

Carol Smart to remain on the Irrigation and Bridle Path Community

Valerie Altigibers, Marco Stoppa and Tom Krauch to remain as BOD

Meeting adjourned at 9:00 pm