

Green Circle Service Corporation  
8<sup>th</sup> Board Meeting  
Oct 18<sup>th</sup> 6:30 PM Gazebo

Present: Joan Landfield , President  
Matt Neuburg: Treasurer  
Trina Grantham: Secretary  
Anne Shrage  
Linda Lambert  
Annavene Bunn  
Jerome Landfield

Also present: 18 residents and Nancy Rosen

The minutes were approved as read after the paragraph concerning Arundale Road were reread to the assembled group.

- Nancy Rosen, the owner of the two houses on Arundale Road, expressed concern about the one way decision as it affects her, her tenants, and guests. She thought it was too circuitous for them to return home via Taormina Lane, thus adding to our traffic problems as well. She felt there was a potential for them to get land locked if there was ever a new board with new ideas to possibly reinstall the gate. She offered a proposal using a map having Arundale two way up to just beyond her second driveway with lots of signs. The map and suggested signage are attached to these minutes. She suggested that the sign at the bottom of Arundale be changed to make it clear that Arundale is not an access to Taormina and that there be a no outlet sign as well. The discussion also revolved around parking on Arundale. It was concluded that since this is our emergency exit that there should be no parking on Arundale unless the Rosens were have a large party, in which case they would notify us and guide the parking to their side of the road. The discussion then moved on to whether the road should be two way all the way. The consensus was that it should

not as we had already voted for one way and we were simply addressing the needs of our neighbors on Arundale.

A letter from Tommy Dickey, a La Paz resident, was also presented expressing his concerns about opening the gate and that if we choose to have it open to put in a series of speed bumps. The letter is available from the secretary

The letter from the Rosen's attorney, David Neville, was read. This letter is available from the secretary. A discussion of easement rights followed suggesting that different lawyers would have differing opinions on what the rights are when they are not well defined in a document. It was understood that if we took action on the road plan Nancy Rosen suggested, the letter from their attorney would be moot.

It was moved that we do what the map says to do, as this would be acting in the best interest of the community, and it would save the compromise reached in the previous meeting. Some wanted to get more community feedback through another survey. Grayson Chase was very concerned about speeding past his driveway and wanted something done immediately about this. It was explained that this might have to wait until the road paving is completed, but everyone shared his concerns. In a vote of 4 to 3 we decided to end the discussion and the motion passed unanimously. The Rosens suggestion will be accepted and then it was suggested that Nancy Rosen be invited to the next sign/road committee meeting. There was continued discussion about another survey, but in the end this was unanimously opposed.

Once the road is completely repaved there will be signs, speed bumps, and painted curbs indicating no parking areas. The speed bumps will be the moveable kind, so if they are not well placed they can be reset. Grayson Chase wanted it clear that Allan Benson had donated money to GCSC for the removal of the speed

bump by the entry stop sign, and that GCSC funds had paid for its replacement further back toward La Paz. (See minutes of previous meeting) There was some discussion of how effective this bump is and how effective the stop sign is. Speeding was a big topic once again.

It was noted that except for the Rosens and Mr. Dickie, there had been no voiced opposition to Arundale being one way in principle. Chases and Annavene Bunn will have two-way access to Taormina - their access to the remainder of Arundale will be one-way out, as for the rest of us.

- We then moved on to the road repair/paving schedule. This is being made increasingly clear as get closer to the work actually being done. More information for the community is coming out. It is hoped that the work will be complete by the end of the first week of November. Jerome is to ask Ruth if the sweepings can be put on the Mesa and Joan will call the towing company to remove any vehicles that are in the way of any phase of the work. There are three phases-sweeping, laying of tar and chips, and finally the rubberized REAS coating. It is important that everyone abide by the timing of when the road cannot be used by vehicles and that the road must be dry-no moisture from irrigation systems. Special arrangements are being made for emergency situations. Jerome is going to call another road committee meeting to finalize details.

- GCSC has received a letter from the IRS telling us that our tax exempt status does not fit the code definitions. It behooves us to act quickly to rectify the situation or we will be forced to pay yearly taxes. A committee of Matt Neuburg, Jon Lambert, Linda Lanbert, and Anne Shrage have been working on what the new documents should say and presented the situation to the board and community. Basically, it would change GCSC from a charitable/religious to a mutual benefit non-profit corporation. Jon explained that the procedure is that the Board must vote to adopt a

new Certificate to Amend the Articles of Incorporation. Once that is done the Board must vote on accepting the By-Laws. If they are voted on to be accepted then they must be ratified by a 75% vote among the property owners / homeowners before they can go into effect. If that happens the entire document must be submitted to the CA. Secretary of State and, once the documents have been returned with the acceptance stamp and the state seal affixed, only then can they be submitted to the IRS seeking the 501-c-12 status.

The IRS has extended our submission deadline into November, but our submission will terminate from all possibility of review for this round as of the middle of February. If we go beyond February, we would have to start the whole process over again. So there isn't too much time to get everything done if we do not want to have to re-file with the attendant fees.

The first two steps, the board voting to adopt a new Certificate to Amend the Articles of Incorporation and Accepting the By Laws were approved by a vote of 6 to 1. The committee will now move forward to get the approval vote of 75% of the homeowners as per the current by-laws.

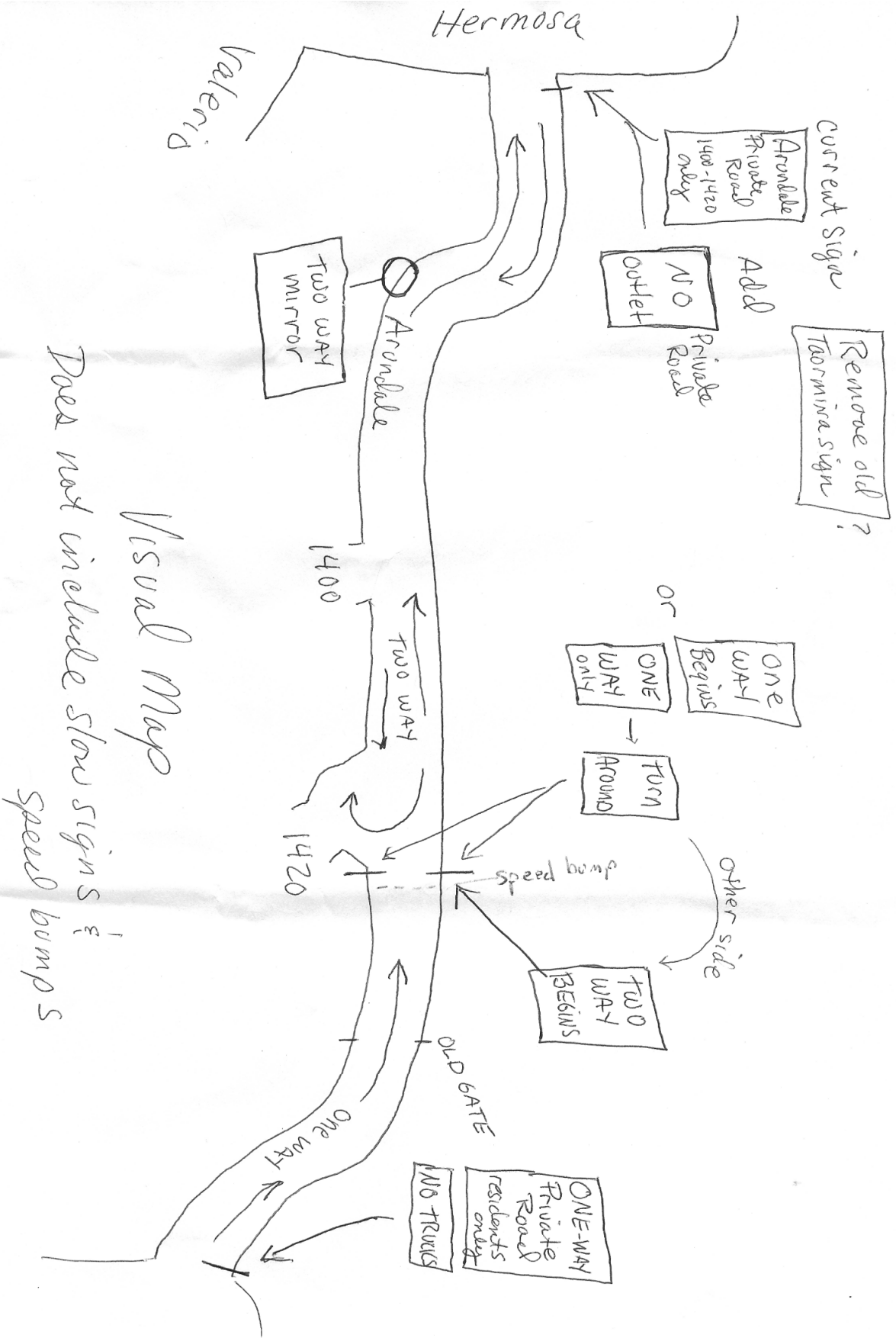
- Matt distributed the Treasurer's report and it was noted by a board member that we may need to address the issue of fee increases.
- Ralph Edwards was asked to look over the road contractual documents. If anyone would like to see these, they are available from the secretary.

The meeting adjourned at 8:45.

Respectfully submitted,

Trina Grantham, Secretary  
Joan Landfield, President

Oct 19, 2007



Visual Map

Does not include slow signs & speed bumps

From: Nancy Rosen  
10/18/07



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

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9-75

GREEN CIRCLE SERVICE CORPORATION  
1129 MARICOPA HWY PMB 107  
OJAI CA 93023

**Date:**  
September 21, 2007  
**Employer Identification Number:**  
56-2540353  
**Person to Contact:**  
Ms. R. F. Van Meter ID # 58-07402  
**Telephone Number:**  
(404) 338-8224 Fax (404)338-8236  
**Response Due Date:**  
October 12, 2007

Dear Applicant:

Before we can recognize your organization as being exempt from Federal income tax, we must have enough information to show that you have met all legal requirements. You did not include the information needed to make that determination on your Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

To help us determine whether your organization is exempt from Federal income tax, please send us the requested information by the above date. We can then complete our review of your application.

If we do not hear from you within that time, we will assume you do not want us to consider the matter further and will close your case. As a result, the Internal Revenue Service will treat your organization as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new Form 1023.

In addition, if you do not provide the requested information in a timely manner, we will consider that you have not taken all reasonable steps to secure the determination you requested. Under Code section 7428(b)(2), your not taking all reasonable steps in a timely manner to secure the determination may be considered as failure to exhaust administrative remedies available to you within the Service. Therefore, you may lose your rights to a declaratory judgment under Code section 7428.

R. F. Van Meter  
EO Group 7885, Stop 501-D  
401 West Peachtree St Room 1108  
Atlanta GA 30308-3539

Letter 1312

GREEN CIRCLE SERVICE CORPORATION

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

PLEASE NOTE: BE SURE TO SEND YOUR RESPONSE TO THE ADDRESS AT THE BOTTOM OF THIS LETTER.

Sincerely,

/s/ *R. F. Van Meter*

R. F. Van Meter  
Exempt Organization Specialist

Enclosure:  
List of information needed

Note: Your response to this letter must be submitted over the signature of an authorized person or of an officer whose name is listed on the application. Also, the information you submit should be accompanied by the following declaration:

*Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.*

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Letter 1312



## GREEN CIRCLE SERVICE CORPORATION

- 1) According to your application, you were formed primarily to maintain two private roads and to provide trash services to property owners who own homes along these roads; you will also maintain a community meeting center used by residents. You are governed by a Board consisting of property owners in this development. You are funded by assessments on property owners.

You stated that you are a successor to a ~~for-profit~~ organization, Taormina Theosophical community, Inc. ("Taormina"). From references in your bylaws, it appears that Taormina was the developer of this residential area. You stated that you took over responsibility for road maintenance and trash collection from Taormina, in addition to assuming certain liabilities, as a result of a lawsuit and settlement agreement. You still operate in accordance with certain covenants and restrictions established by Taormina.

You have applied for exemption under Code section 501(c)(3), which describes, in part, organizations organized and operated exclusively for charitable and/or educational purposes, no part of the net earnings of which inures to the benefit of any private individual.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations provides, in part that an organization is not organized or operated exclusively for one or more of the purposes mentioned in section 501(c)(3) of the Code unless it serves a public rather than a private interest. An organization may not be exempt if it is operated for the benefit of private individuals.

The maintenance of private property and the provision of services such as trash collection to individual homeowners is not a charitable or educational activity within the meaning of Code section 501(c)(3). These activities serve to maintain and enhance private property values and to provide the homeowners with services that they would need to purchase, either individually or collectively, as part of ordinary home ownership and occupancy. The fact that these services may be provided on a non-profit or cooperative basis does not convert this activity into a charitable function. Any benefit that may be provided to the general public (persons other than homeowners in the service area) is merely incidental to the benefit afforded to the individual homeowners.

- a) From the information supplied, it appears that your association will not meet the requirements for exemption under Code section 501(c)(3). However, a different Code section 528, was added to the Internal Revenue Code under the 1976 Reform Act. A homeowner's association can elect to have this section apply to them; the organization does not apply for exemption. The election is made by filing Form 1120-H annually. Form 1120-H and instructions are available in electronic format for download from

Questions concerning section 528 of the Code should be directed to your local Internal Revenue Service Office since this is an income tax question. If, after reviewing Form 1120-H and instructions, you do not wish further consideration of your application and intend to make the election provided under section 528, please advise us to this effect in writing over the signature of an officer. This would constitute a withdrawal of your application under Code section 501(c)(3).

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- b) If you do not wish to consider making the election provided under section 528, and you still wish to pursue exemption under Code section 501(c)(3), please provide the information/documents requested in the remaining items in this letter. It is not necessary to respond to these items if you decide not to pursue exemption, however, it should be understood that the user fee paid to process Form 1023 is not refundable in the event that you decide to withdraw the application, or if you otherwise fail to complete the application process or to receive a favorable determination.
- 2) Please submit a complete copy of your Articles of Incorporation showing acknowledgment of acceptance for filing by the appropriate State official, including the date filed with the State. You provided only a copy of your bylaws, and one additional page that may be part of your articles of incorporation.
  - 3) According to the California secretary of state's website, you were incorporated in June 2005; however, in Part Ix of Form 1023 (page 9), you provided financial information only for 2006. If you had any income and/or expenses in 2005, please submit a complete financial statement for that year.
  - 4) Please submit budgets for years ending 12/31/07 and 12/31/08. The budgets should include both the amounts and types of receipts and expenditures anticipated.
  - 5) Please provide copies of the complaint filed in the lawsuit, and the settlement agreement.
  - 6) Describe in detail the area represented by your organization. Does this area represent a governmental unit or a tax district? If so, substantiate this. How many units are represented?
  - 7) What types of residential units are included in the area you represent? For example, detached homes, condominiums, mobile homes, etc.? If the area includes different types of homes, approximately how many of each type of unit are represented? Does the area you serve include any businesses or other nonresidential structures or areas?
  - 8) Please furnish copies of maps or plats showing the area you represent, if available. Is access to this area by the general public (i.e. persons other than residents and their guests) restricted in any manner? If so, please describe any barriers or other means of restricting such access. Is this area a part of, or in close proximity to, other developed areas? Please explain fully.
  - 9) Are your common or "community" areas and facilities open for use by the general public? If so, how is the availability of these facilities made know to the public? If there are any charges or fees for use of any of these facilities, please furnish a schedule indicating amounts charged to members and to non-members for use of the facilities or participation in activities conducted or sponsored by the organization.
  - 10) Please furnish a copy of the covenants and restrictions that apply to your operations.
  - 11) Are the assessments that fund your operations mandatory? What actions are taken if a homeowner fails to pay assessments? Explain fully.

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- 12) Please furnish cites of any legal precedent that you feel supports your claim to exemption under Code section 501(c)(3) and explain specifically these precedents apply to your activities.

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