

**Three Canyons Ranch Master Homeowners Association
Board Meeting Minutes – July 23, 2005**

Board Members Present:

Tom Pickering, Paul Holland, Gary Brock, Jerry Chouinard, Rich Frederici, and Evans Guidroz.

Call to Order

The President, Tom Pickering called the meeting to order at 12:00 p.m.

Minutes, Agenda & Introductions

A motion was made for acceptance of the minutes from the June 8th meeting. The motion was seconded and approved unanimously.

A motion was made for acceptance of the agenda as drafted with the addition of an item in new business concerning the Vista Del Oro Village Design Committee. The motion was seconded and approved unanimously.

The President introduced the members of the Board and the Committees.

President's Report

The President reported highlights from the past year including:

- implementation of controlled access on the Westbound gate on March 8th,
- an independent audit that upheld election results from last year, and
- repairs in progress on the gate following a collision between the gate and a truck operated by Cochise Stone. The gate should be returned to normal operations by next weekend.

The President announced goals for the coming year including:

- relocation of the west gate,
- construction of the east gate,
- progress in resolving the Wild Horse lawsuit,
- installation of fencing around the entire perimeter of 3 Canyons,

- protection of property values through enforcement of the CC&R's.

Treasurer's Report

The Treasurer, Gary Brock, distributed copies of his report and reviewed all items including actual income and expenses from last year and the budget for the coming year.

Regular Account Income Fiscal Year July 2004 thru June 2005.....\$107,274.11
 Regular Account Expenses Fiscal Year July 2004 thru June 2005... \$104,893.97
 Carry Over to regular account 2005-06.....\$2,380.14

Capital Account Income Fiscal Year July 2004 thru June 2005.....\$117,581.02
 Capital Account Expenses Fiscal Year July 2004 thru June 2005..... \$69,908.34
 Carry Over to Capital Account 2005-06..... \$47,672.68

Capital Savings Account Status Fiscal Year July 2004 thru June 2005
 Carry Over from Fiscal Year 2004.....\$50,309.40
 Interest Income 7/04-6/05.....\$673.66
 Total Balance Capital Savings Account\$50,983.06

Bank One Loan Activity & Status (3 Canyons Road Construction Loan)
 Loan Refinanced 11/04 for 4 years in the amount of \$187,500 for 5.75% fixed rate with interest paid quarterly and principal paid annually each November, loan paid in full November 2008, no early payment penalty. Balance on Loan as of 7/17/05: \$185,224.22. Next Interest Payment due August 2005 (\$4,000.00); Next Principal Payment due November 2005 (\$47,000.00).

- A question was raised from a member concerning the amount of attorney's fees. The Treasurer responded that the fees were related to the ongoing litigation with Wild Horse.

- A question was raised from a member concerning the expenses for road and culvert improvements. The treasurer responded that the improvements were limited to Three Canyons Road.

- A question was raised from a member concerning the items included in administrative expenses. The treasurer responded that these included processing of transfers, maintenance of the membership list and assessments (billing, collection, deposit and collection of late fees).

- The Treasurer also reviewed the procedures for internal audit and prevention of fraud. These include the presentation of detailed records at each quarterly meeting itemizing each check issued and review of these records by members of the Board as well as an annual audit by an Accountant of the Association's

financial records.

Attorney's Report

The Board's Attorney, Mr. Stachel, reported that the case involving Wild Horse membership in the Three Canyons Homeowners Association continues. The motion for Summary Judgment was denied. This means that continuing the litigation will require the Plaintiff to argue the case using the same facts presented to the same judge who ruled against the Plaintiff's motion for summary judgment. The Association does not have the authority to grant the Plaintiff the relief requested in the lawsuit. Removal of Wild Horse from the Association would require approval of 80% of the members. There are ongoing discussions of a settlement. The Association's position is that any settlement must include reimbursement of Attorney's fees incurred during the litigation.

The Attorney also discussed efforts to obtain deeds for property involved with Three Canyons Road. Those owners who do not sign deeds transferring ownership of the property to the Association will be liable to the county for the road portion as a personal improvement to their property. Once the land is deeded over to the association, the association pays the taxes to the county for the road improvements.

Committee Reports

Donna Willard delivered the report for the Master Design Committee. She reported that 49 new constructions were approved in the past year, and that 66 violations were processed. She also reported several other accomplishments including:

- development and implementation of new guidelines and procedures,
- revisions to the submission checklist,
- implementation of a \$200.00 fee for plan review on residences, and
- an updated fine schedule.

Bev Pickering delivered the report for the Clean Up Committee. She reported that the Committee is seeking volunteers who would agree to clean up a ½ mile section of Three Canyons Road on a regular basis. The sign-up sheet was made available in the lobby.

Ron Slyter delivered the report for the Gate Committee. He reported on the following issues:

- Castle & Cooke will be building 4-5 gates on their property north and south of Three Canyons Road. The Committee is negotiating for assistance from Castle & Cooke in the hope that some design and construction assistance could be purchased for relocation of the west gate in conjunction with Castle & Cooke's projects. The current intentions are for construction of a new West

Gate near Fairfield road and for reinstallation of the current west gate at the east end of Three Canyons Road.

- A gate to prevent access into Three Canyons via Kings Ranch Road was demolished by unknown parties shortly after construction. The Committee will be pursuing a solution to close this unauthorized access.
- An attempt to obtain reimbursement from Cochise Stone for recent damage to the gate was at an impasse. The owner of Cochise Stone refuses to accept liability for the damage and the Sheriff has declined to press charges due to lack of conclusive evidence. The cost of repairs to the gate is estimated at \$800.00 with an estimated time of repair no later than July 31st. The Committee will explore the possibility of upgrading the video monitoring equipment in order to have conclusive evidence in the event of future incidents where damage occurs at the gate.

At this point, a short break in the meeting occurred to allow for personal comfort and to prepare for the voting process. After the break, the meeting was reconvened.

Election of Board Members

After the break, the President explained procedures for the voting process, including the fact that Directors served two-year terms. Directors for odd sections (19, 21, 23, 27 & 29) are elected in odd years (2005, 2007, etc.) and that directors in the remaining sections are elected in even years (2006, 2008, etc). He announced that a quorum had been achieved for the election, in that there were a total of 11,160 votes in the Association and that the quorum requirement of 10% (1116 votes) had been met with 3,456 votes available to be cast either through members who were present or proxies.

The President announced the following candidates who had submitted requests to be on the ballot. These included Gary Brock (Section 19), Pat Kirk (Section 21), Ron Slyter (Section 23), Carl Bromund (Section 27), and Chris Carson (Section 29). There were no nominations submitted from the floor and nominations were closed. The President announced the election of the candidates as they ran unopposed.

Call to Membership

A member reported an incident about a year ago where someone was followed home and told that she had no right to drive on 3 Canyons Drive. The President indicated that this was a police matter and that the individual who was harassed should have obtained the license number of the vehicle and reported the incident to the sheriff.

A member asked if there were any plans for a community center. Pat Kirk responded that he was considering a scenario where he might donate some land for such a purpose.

A member asked if the association would assume responsibility for maintenance of all roads. The President responded that this would require a change to the CC&Rs and require approval of 80% of the members.

A member stated that he would like to see the voting procedures changed to allow one vote per household. The President responded that this would require a change to the CC&Rs and require approval of 80% of the members.

A member stated that he was concerned that quality of life was being threatened by development.

Old Business

There was no old business.

New Business

Two items were covered under New Business including the Vista Del Oro Village Design Committee and purchase of a laptop computer for the Master Design Committee.

A motion was made for the functions of the Vista Del Oro Village Design to be assumed by the Association's Master Design Committee because the Village Design Committee is not properly performing its functions. The Attorney commented that this was one of the purposes of the Master Association, i.e. to step in and protect owners in the event that a Village is not performing functions identified in the Village Declaration. After discussion, the motion was seconded and carried unanimously. All owners in Vista Del Oro will receive notification the Master Design Committee will now be performing these functions. Costs incurred by the Master Association in assuming this function may be assessed to owners in Vista Del Oro through a special assessment.

A motion was made to purchase a laptop computer for the Master Design Committee with the amount not to exceed \$1,000.00. After discussion, the motion was seconded and carried unanimously.

Appeals

An appeal was presented by Mr. Lewis concerning approval of his subdivision in Section 21. He desired approval to build 26 residences on the 80 acre plot and to have the 100 foot setback requirement reduced to 80 feet. Mr. Frederici responded for the Master Design Committee saying that the Committee had reviewed the request and consulted with the Board's Attorney, Mr. Stachel. On advice of counsel, the committee recommended disapproval of the appeal based on the fact granting the appeal would establish a precedent and provide blanket approval for all 26 building sites while some

accommodation might be developed to grant relief on a site by site basis. Mr. Lewis withdrew his request and a work session will be scheduled to examine the subdivision plans for all of the developers in Section 21. The work session will be attended by the Master Design Committee and available members of the board with a date to be determined and announced on the Homeowners Association website.

An appeal was presented by Mr. Frederici on behalf of Mr. Story who had purchased an 8 acre parcel. Following a survey, the actual parcel size was determined to be 7.836 acres. Mr. Frederici recommended that due to inaccuracy in prior surveys, that this parcel be treated as an 8 acre parcel for the purpose of assessments and compliance with the CC&Rs mandate that homes in this section be built on a lot with a minimum size of 8 acres. After discussion, a motion was made, seconded and carried unanimously to grant the appeal.

Fines

Mr. Frederici reported that a previous fine against Mr. Leach had been resolved when a visit and inspection of Mr. Leach's property confirmed facts in dispute concerning the date the slab was poured and the size of the residence. Based on verification during the visit, the size of the residence was determined to be 3,014 sf with the slab poured in March 2004. After discussion, a motion was made, seconded and carried unanimously to recalculate late fees and interest based on the facts determined during the visit.

A short break was held at this time to allow the Board (including newly elected members) to meet with the Attorney in Executive Session.

Following the break, the meeting was reconvened.

Election of Officers

The Board elected the following members as officers:

President: Ron Slyter
Vice President: Paul Holland
Treasurer: Gary Brock
Secretary: Carl Bromund

Each officer was elected by a separate motion. Each motion was seconded and carried unanimously.

Annual Meeting Schedule

A motion was made to set the dates for Board meetings in the coming year as follows:

October 12th

January 11th

April 12th

June 14th and

July 15th (Annual Meeting)

The motion was seconded and carried unanimously

Adjournment

A motion was made to adjourn. The motion was seconded and carried unanimously. The meeting adjourned at 4:50 p.m.

Carl Bromund

Secretary