

**Minutes of the Meeting of 3 Canyons Ranch
Master Homeowners Association (MHOA)
Special Board of Directors (BOD) Meeting
May 11, 2009, 5:30 PM, at La Purisima Center**

Board Members Present:

Gary Brock (19), Connie Foust (20E), Greg Chouinard (22),
Ron Slyter (23), Carl Bromund (27)

Officers:

President, Carl Bromund
Vice President, Frank Diaz
Secretary, Greg Chouinard
Treasurer, Gary Brock

Call to Order

The meeting was called to order at 5:45 PM by President, Carl Bromund

Acceptance of Agenda

A motion was made and seconded to adopt the meeting agenda. The motion to adopt the meeting agenda was carried unanimously.

Acceptance of April 8, 2009 MHOA Board Meeting Minutes

A motion was made and seconded to accept the minutes from the Board of Directors (BOD) meeting of April 8, 2009. The motion to accept the minutes was carried unanimously.

Call to Membership

No members requested the floor.

Old Business:

1. Delinquent Assessments. A report was given by Carl Bromund. (See Attachments, page 3)
2. Road Deed Litigation. A report was given by Carl Bromund. (See Attachments, page 4)
3. Gate Insurance. Gary Brock stated that we now have Gate Insurance.
4. Status of Gate Construction.

A motion was made and seconded to adopt the Castle & Cooke Gate Location Amendment. The motion was carried unanimously. (See Attachments, pages 5, and 6)

New Business:

1. 2009-2010 Budget (Propose, Review, Comment, Amend, Approve)

The Proposed General Budget for 7/09 – 6/10 was presented by Treasurer Gary Brock, and discussed by the Board. (See Attachments, page 7)

Amendments to Projected Expenses:

A motion was made and seconded to delete line item "Fence Maintenance" @ \$3,000. The motion was carried unanimously.

A motion was made and seconded to double the amount for line item "Postage" from \$1,000 to \$2,000. The motion was carried unanimously.

A motion was made and seconded to double the amount for line item "Printing" from \$1,000 to \$2,000. The motion was carried unanimously.

A motion was made and seconded to delete line item “Maps” @ \$1,000. The motion was carried by a vote of 3 for, 1 opposed, 1 abstain.

A motion was made and seconded to set the 2009-2010 Total Budget Expenses at \$191,360. The motion was carried unanimously.

2. 2009-2010 Assessments

Establishment of Annual Assessment Rate and Due Date for Payment

A motion was made and seconded to set the Annual Assessment Rate at \$12.00. The motion was carried by a vote of 4 for, 1 abstain.

A motion was made and seconded to make the Annual Assessment due date July 1st, 2009. The motion was carried unanimously.

3. Annual Meeting Preparation

○ Voting Procedures

A motion was made and seconded to adopt the proposed Voting Guidelines. The motion was carried unanimously. (See Attachments, pages 8, and 9)

○ CC&R Amendments

A motion was made and seconded to table the proposed CC&R Amendments. The motion was carried unanimously. (See Attachments, pages 9, and 10)

○ Ballot Preparation (To be addressed at the next Meeting)

- Format and Content,
- Production (Print, Stuff and Stamp Envelopes),
- Distribution, Collection and Counting Procedures

○ Site Selection and Arrangements (Contract, Payment)

(The Tentative Annual Meeting location is at The Buena High School on July 18, 2009)

4. Gate Administrative Agreement.

A motion was made and seconded to add to the Budget Expenses, line item, “Gate Opening Devices Inventory” @ \$1,000. The motion was carried unanimously. (This raises the Total Budget Expenses to \$192,360)

Call to Membership

No members requested the floor.

Adjournment:

A motion was made to adjourn. The motion was seconded, and was carried unanimously
The meeting was adjourned at 8:29 PM.

Submitted By: Greg Chouinard, Secretary

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ATTACHMENTS:

Status Report concerning Delinquent Assessments

1. On July 22, 2008 at our Regular Board Meeting (as reported in the minutes), a motion was made and seconded to refer the collection of delinquent assessments to our Attorney. The motion was carried unanimously. This motion is consistent with our Standard Collection procedures that were approved by the Board on April 11, 2007. **This motion applied to 19 different parcels of properties with assessments that were delinquent for more than one year. The total amount of delinquent assessments was \$2,595.60.**

2. Since last July, in response to our actions, the following progress has occurred:

- We have collected full payments of the delinquent assessments, late fees, interest and attorney's fees from 10 of those 19 persons.
- Three of the 19 parcels were foreclosed by other lien holders.
- We have obtained judgments against five of the remaining parcels. These parcels are now subject to sale by the Sheriff to satisfy the amounts awarded in the judgments (delinquent assessments, late fees, interest and attorney's fees).
- We have one remaining defendant whose property is also subject to a lien from the U.S. Attorney. We hope to resolve the legal issues surrounding that case and obtain a judgment in the near future.

3. There are currently 19 unpaid assessments from the current year. **The total amount of delinquent assessments from the current year is \$4,460.00.** Six of those parcels are subject to the legal actions described in paragraph 2 above. I expect the Sheriff's sale will discharge the debt on those six parcels in the near future. Unless we receive payment from the remaining 13 individuals, I expect that we will refer those assessments for collection to our Attorney following approval of a board motion at the July Board meeting.

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Status Report concerning Road Deed Litigation

1. Section 15.8 of the CC&Rs states that “by acquiring title to a lot or parcel within (3 Canyons Ranch) each owner hereby agrees to convey that portion of the Primary Roadway on his lot or parcel to the Master Association if so requested by the Master Association upon a three-quarters vote of the Board”. The Board passed a motion to acquire the primary roadway on January 10, 1999.

2. Over the past ten years, considerable effort has been expended to work with individual owners, explain the situation and acquire the necessary deeds. Last October, I briefed the Board on our progress and requested that a motion be approved to commence legal action to obtain the remaining deeds. On October 8, 2008 at our Regular Board Meeting (as reported in the minutes), a motion was made and seconded to commence legal action against the remaining members who have not signed over quit claim deeds. The motion was carried unanimously.

3. As of April 22, 2009, only three members had not complied with the Board’s request. Therefore, I have signed a complaint that will result in litigation against the three remaining members to obtain the quit claim deeds for the primary roadway. I will report the status of this item, once the defendants have received the complaint and a court date is scheduled.

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FIRST AMENDMENT TO GATE RELOCATION, LEASE,
AND RECIPROCAL EASEMENT AGREEMENT

This FIRST AMENDMENT to the GATE RELOCATION LEASE AND RECIPROCAL EASEMENT AGREEMENT ("Agreement") between CASTLE & COOKE ARIZONA, INC., an Arizona Corporation ("Castle & Cooke"), and the 3 CANYONS RANCH MASTER HOMEOWNER ASSOCIATION, an Arizona non-profit corporation (the "3 Canyons HOA"), is entered into on this 6th day of May, 2009.

RECITALS

WHEREAS, Castle & Cooke, and the 3 Canyons HOA entered into that certain "Gate Relocation Lease and Reciprocal Easement Agreement" dated July 20, 2008 and recorded August 29, 2008 as Document # 2008-23707 in Cochise County, Arizona (the "Easement Agreement") concerning the installation of an entrance gate on Three Canyons Road; and,

WHEREAS, Castle & Cooke and 3 Canyons HOA now mutually desired to modify the location of the gate, as shown on Exhibit 'B' of the Easement Agreement.

AGREEMENT

NOW THEREFORE, the Easement Agreement is hereby modified as follows: 1. The Exhibit 'B' originally attached to the Easement Agreement is hereby deleted in its entirety and replaced with the Exhibit 'B' attached hereto and made a part hereof. 2. All other terms and conditions of the Easement Agreement remain in place and are reaffirmed by Castle & Cooke and 3 Canyons HOA.

IN WITNESS THEREOF, Castle & Cooke and the 3 Canyons HOA have executed this Amendment and agree that it shall be effective as of the date first written above.

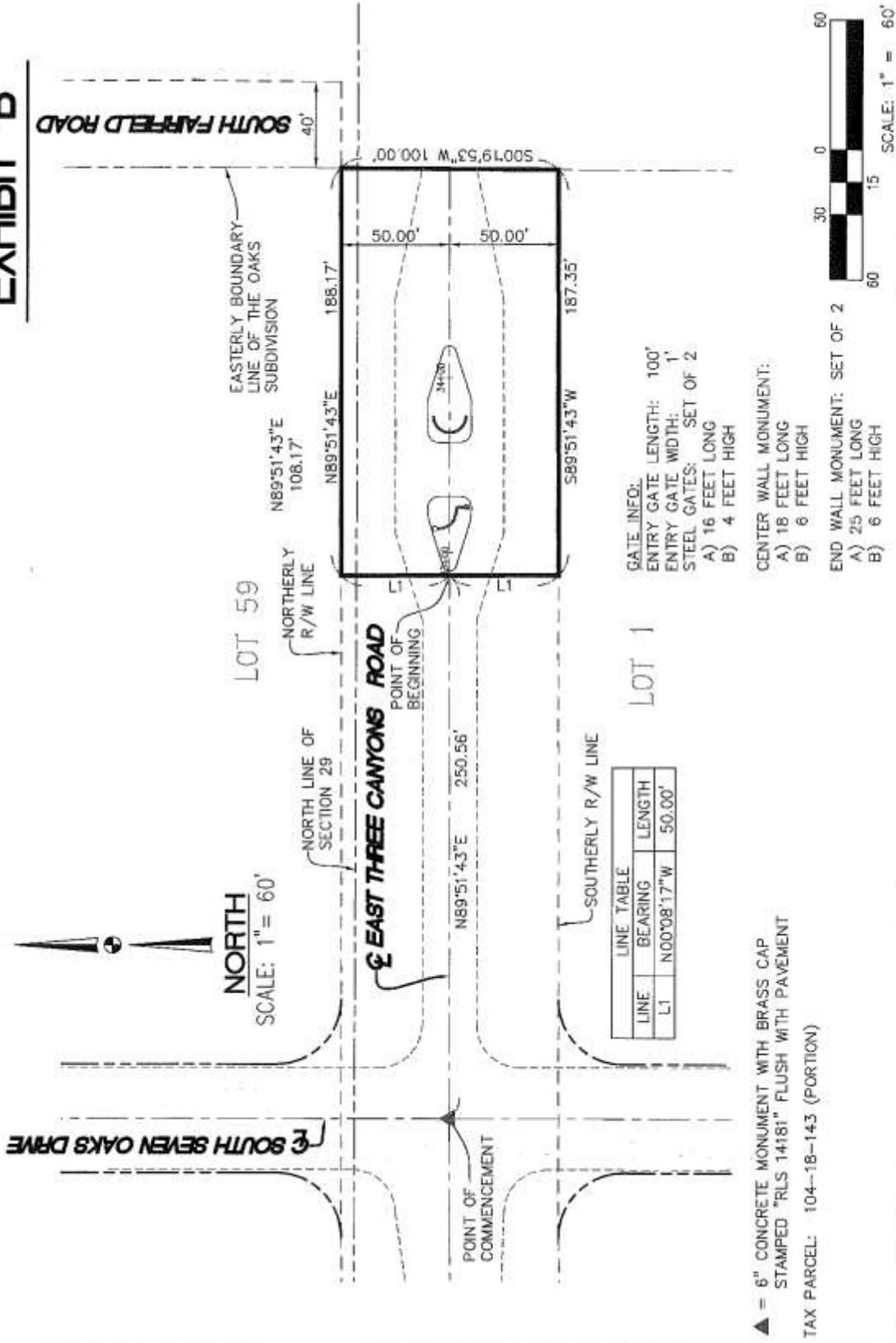
Castle & Cooke: CASTLE & COOKE ARIZONA, INC.,
 an Arizona corporation

By: _____
 Name: _____
 Title: _____

By: _____
 Name: _____
 Title: _____

NOTARY _____
Subscribed & sworn before me this _____
day of _____, 09

EXHIBIT "B"



McINTOSH & ASSOCIATES
PREPARED BY:
1000 WILSON ST. SUITE 200
DALLAS, TEXAS 75201-4041

CASTLE & COOKE ARIZONA, INC.
REVISED GATE LOCATION

THE OAKS, MAP BOOK 15, PAGES 77-77G

JOB NO. 792001
DATE: 04/28/09
FILE NO. 2007EM34
DONE BY: DVL
AREA: 18,776 S.F.

3 Canyons Ranch MHOA - **Budget Fiscal Year 7/09 – 6/10**
(Approved by the Board May 11, 2009)

Projected Income:

Regular Assessments: 10,000 memberships (x) \$12.00 =	\$120,000
Master Design review fees: 4 homes (x) \$200 =	\$800
Transfer fees: 24 transfers (x) \$150 =	\$3,600
Subtotal =	\$124,400

Projected carry over from Regular checking acct 6/30/09 = \$80,000
(with west gate project completed/paid) **Total Income = \$204,400**

Projected Expenses:

Road shoulder maintenance/repairs project 3 Canyons Ranch Rd	\$50,000
Culvert & drainage ditch maintenance 3 Canyons Ranch road	\$35,000
Attorney (legal: \$20,000/year + litigation \$15,000/year)	\$35,000
Financials - Book keeping - Billing/collecting assessments	\$24,000
Road maintenance/repairs 3 Canyons Ranch road	\$20,000
(road \$12,000 / mowing \$5,000 / weed control \$3,000)	
Gate management / administrative assistant (\$350/month)	\$4,200
Taxes (federal, state, property)	\$4,000
Gate maintenance (\$180/month + emergency calls/travel)	\$3,200
Lock box fees Chase Bank (\$200/month)	\$2,400
Committee office supplies	\$2,000
Postage	\$2,000
Printing	\$2,000
Board & officers liability insurance (2 million)	\$1,600
Road liability insurance (2 million)	\$1,300
Electric for west gate	\$1,000
Telephone for west gate	\$1,000
Gate opening devices inventory	\$1,000
Meeting room facility fees	\$600
Storage facility rental fees for files (5ft x 10 ft = \$50/month)	\$600
Gate insurance	\$500
CPA annual review & compilation report / prepare taxes	\$500
Web site hosting fee	\$250
PO Box rental (3 boxes, MHOA, MDC, Gate)	\$210
Total expenses:	\$192,360

Projected carry over regular account 6/30/10: **\$12,040**

Projected carry over from Capital accounts 6/30/09: **\$71,500**

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VOTING GUIDELINES (approved by the Board May 11, 2009)

1. A quorum equals 10% of the total memberships in the association.
2. Elections are held in conjunction with the Annual Meeting of the Membership and at other times as needed. The Annual Meeting is normally held in July with the exact date, time and location announced on the 3 Canyons Ranch HOA Website at <http://www.az3canyons.com> . An announcement concerning the Annual Meeting will be mailed to all members.
3. Voting may be accomplished either in person or by absentee ballot.
4. There may be a total of 10 Board Members. Board members will represent the following sections: 19, 20 East, 20 West and 29 (combined), 21, 22, 23, 24, 26, 27 and 28.
5. Board members for odd numbered sections will be elected in an odd year for a two year term. ***This year's election (2009) election will include Board Members for sections 19, 21, 23, and 27. (set in bold italics for emphasis.)***
6. Board members for even numbered sections will be elected in an even year for a two year term. Next year's election (2010) will include Board Members for sections 20 East, 20 West and 29 (combined), 22, 24, 26 and 28.
7. Members who desire to have their name placed on the ballot for election as a Board member will submit a written request to the Secretary of the Board of Directors no later than June 10, 2009.
8. Within each section or combined section, the candidate with the largest number of votes will be declared the winner.
9. Voter eligibility, quorum determination, ballots (preparation, distribution and collection) will be under the control of the board of directors. Ballot counting will be handled by the voting committee. The Voting Committee will be appointed by the Board of Directors.
10. Ballots will be retained for thirty days following the election. After thirty days, the ballots will be destroyed.

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11. You may vote if you own property in Three Canyons Ranch. (***Memberships and Voting are covered in section 6 of the CC&R's***). Each owner shall have the following number of memberships:

- One membership for each full acre in each lot or parcel owned by the member, but no memberships for fractional areas, and
- One membership for each one hundred (100) square feet of residential dwelling (including guesthouse) but no memberships for less than one hundred (100) square feet.

E.g. A member with a 2100 square foot house on an 8 acre parcel would have 29 membership votes.

13. All members of record as of July 1, 2009 will be eligible to vote in the election to be held in July 2009.

14. Non-payment of assessments for 60 days past the due date will result in loss of voting rights.

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(PROPOSED)
AMENDMENT TO THE
MASTER DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, ASSESSMENTS, CHARGES, SERVITUDES,
LIENS, RESERVATIONS AND EASEMENTS
FOR
3 CANYONS RANCH HOA

(Effective_____)

The Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for 3 Canyons Ranch, as recorded on October 5, 1995, in Instrument 951024638, Records of Cochise County, Arizona are hereby amended as follows:

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Section 4.2.6 is amended to read:

4.2.6 Boats and Motor Vehicles.

- a. No boats, travel trailers, buses, motor homes, campers or other vehicles shall be parked or stored in or upon the Common Areas or upon any Lot or Parcel except
 - (i) within an enclosed garage as permitted by the Master Design Guidelines or in an area not visible from other Lots, Parcels or Common Areas or properly screened in a manner approved by the the Master Design Committee.
 - (ii) for the temporary parking of any recreational vehicle for a period of not more than seventy-two (72) hours for the purposes of loading or unloading the vehicle and in accordance with section c below.
- b. Except for emergency vehicle repairs, no vehicle shall be repaired, serviced or rebuilt on any Lot or Parcel or upon the Common Areas.
- c. No boats or vehicles shall be parked on the Private Streets except in such parking areas as may be designated by the Board, except for motor vehicles of guests of Owners which may be parked on a private road or street for a period of not more than twenty-four (24) hours.
- d. The Board may remove, or cause to be removed, any unauthorized vehicle at the expense of the owner thereof in any manner consistent with law.

Section 4.2.16 is amended to read:

4.2.16 Temporary Occupancy and Temporary Buildings.

- a. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence except
 - (i) temporary living quarters are allowed during the initial construction of a home, if a building permit has been obtained, and the construction plan has been approved by the Master Design Committee. All temporary living quarters are to be removed immediately upon the completion of construction.

The undersigned hereby attest that the amendments to Sections 4.2.6 and 4.2.16 of the Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for 3 Canyons Ranch, were properly adopted pursuant to Section 20.1 thereof.

Dated this _____ day of July 2009