

Three Canyons Ranch Master Homeowners Association
Board Meeting Minutes
December 13, 2005

Board Members Present:

Ron Slyter, Paul Holland, Carl Bromund, Gary Brock, Jerry Chouinard, Rich Frederici, Pat Kirk, and Evans Guidroz.

Call to Order

5:35 p.m.

This was a special board meeting to discuss the potential for a contract to provide management and administrative services.

A committee was formed at the last board meeting to develop proposals and report to the board.

The committee reported that three factors were driving the need for this initiative. Those factors include the following:

- Recent legislation placing more requirements on Homeowners Associations,
- The limits that are encountered when volunteers are performing management and administrative functions, and
- The need for the board to have better management information to properly direct the activities of the association.

The committee also reported the history of various functions as it evolved from very simple pen and paper methods to the current methods being used.

The committee reported that an initial search for vendors had been conducted based on vendors who were members of the Community Association Institute <http://www.caionline.org>. A total of five vendors with business locations in Sierra Vista and Tucson were contacted and three responded. Preliminary discussions were held with those organizations.

A member related his concern that there is a need for more transparency in the Association's activities. He asked whether another organization performing management and administrative functions would improve or diminish the transparency.

A member also commented that receiving legal advice and management services from the same organization created a conflict of interest.

The committee reported that they had drafted a Statement of Work listing the exact functions that needed to be performed. A member asked that the statement of work be posted on the association website. The Board indicated that the document would be

posted to the website. The Committee reviewed the items on the Statement of Work and explained each item to the Board and the members.

The Committee reported to the Board and members that they had solicited bids from a number of parties. To date three firms had expressed interest and two of those had submitted bids in response to the Statement of Work.

The costs associated with the bids were discussed. Concerns were raised that the proposals would cost more than the current services. The Committee reported that there had been no price increase under the current agreement covering administrative services for over 2 years, and that there would really be no way to comply with recent legislation unless we expand the services being performed.

A comment was made that there may be a potential to save money in other areas, such as attorney's fees if the contract for management and administrative services was implemented. A comment was also made that a management firm may be able to better identify the costs associated with a particular function and then establish a fee structure that apportions the cost of the activity to the party that benefits from the activity.

A member encouraged the committee to add specific language to the contract governing how the association's data and records would be returned in the event the contract is terminated. The member agreed to provide some proposed language for this purpose.

Other items were also discussed concerning the statement of work. Those items included the following:

- Should the statement of work be amended to include functions performed by the Gate Committee?
- Should the statement of work be amended to require that the contractor hold professional certifications such as those issued by the Community Association Institute (<http://www.caionline.org>)?

The Board asked for a show of hands from members present and the Board to determine if there was anyone who opposed pursuing this initiative. No one present objected to moving forward with the initiative.

Copies of the bids will be provided to all board members for consideration at the next board meeting.

The meeting adjourned at 7:45 p.m. Members are reminded that the next meeting is scheduled for January 11th.

Carl Bromund
Secretary
Enclosure to Minutes

Management and Administrative Services
Statement of Work
Last Updated: November 2, 2005

- 1.0 Manage and maintain a system of all corporate records as required by Arizona Revised Statutes including CC&Rs, bylaws, Articles of Incorporation, and rules of the Association.
 - 1.1 Advise the Board of Directors concerning recommended changes or improvements to the system that may be required by changes in law or good management practices.
- 2.0 Manage the master copy of the Association membership and voting list. Essential elements of information to be maintained in the membership and voting list (name, mailing address, parcel number, size of parcel, size of residence, phone, and email) to be confirmed with Association before start of contract.
 - 2.1 Adjust the number of shares assigned to members based on approval of new construction by the Master Design Committee.
 - 2.2 Ensure transfers of ownership and changes of address are promptly and accurately recorded in the membership and voting list.
 - 2.3 Verify and certify the accuracy of the membership and voting list prior to annual processes involving assessments and voting.
 - 2.4 Provide copies of the master membership list on a regular basis to the Secretary of the Board of Directors, Master Design Committee and Gate Committee. Provide copies of the list to additional persons as authorized by the President of the Board of Directors.
 - 2.5 Provide a quarterly report to the Board of Directors containing information on the results of tasks 2.1 & 2.2. The report will list the number of new constructions approved in the previous quarter including the parcel number, owner and number of square feet. The report will also list the number of transfers completed in the previous quarter including parcel number, previous owner and current owner.
- 3.0 Manage the voting processes for the Association including nomination of candidates, ballots (preparation, distribution, collection and counting), security procedures, and audits.
 - 3.1 Contractor will coordinate initial development of the voting procedures with the Secretary of the Association.

- 3.2 Contractor will conduct an annual review and update of the voting procedures with the Secretary of the Association prior to the annual election.

4.0 Manage the ownership transfer process:

- 4.1 Receive notices of pending sales of property in the association.
- 4.2 Perform the disclosure process by delivering the documents and information required by ARS 33-1806.
- 4.3 Ensure master copy of the Association membership and voting list is updated once the pending sale closes.

5.0 Maintain a master file of information related to each individual property.

- 5.1 Update the file with a copy of the deed and statement of acknowledgement (declarations, bylaws and rules of the association constitute a contract) obtained during the sale process.
- 5.2 Update the file with copy of any correspondence between the association and the member including a) approvals of any construction by the Master Design Committee, and b) any Notices of Violation (NOV) or fines imposed by the association.
- 5.3 Update the file with a chronological record of assessments and payments (related to the property) that are received from the member.
- 5.4 Provide a quarterly report to the Board of Directors containing information on the results of tasks 5.2 & 5.3. The report will list the number of unpaid fines and uncollected assessments as of the end of the previous quarter including parcel number, owner and amount.

6.0 Manage all correspondence sent or received by the Association including the Board, Committees and Attorney (other than privileged communications between the Board and the Attorney).

- 6.1 Receive all submissions to the Master Design Committee, keep a record of the materials received and provide those materials to the Committee in advance of its monthly meeting.
- 6.2 Upon receipt of any submissions to the Master Design Committee, review the materials against a checklist to be provided by the Association. In the event that any submissions are lacking in items required by the checklist, notify the submitter using a letter provided by the Association. Such review of incoming submissions and

notification to the submitter to be completed within 72 hours following receipt of materials.

- 6.3 As directed by the committee chairperson, prepare and send correspondence notifying submitters of decisions of the Association's Master Design Committee. Such preparation and transmission of correspondence to the submitter to be completed within 72 hours following receipt of decisions from the Association's Master Design Committee. Contractor will notify the submitter using a letter with text to be provided by the Association.
- 6.4 As directed by the committee chairperson, prepare and send notices of violation to members. Such preparation and transmission of correspondence to be completed within 72 hours following receipt of decisions from the Association's Master Design Committee. Contractor will notify the submitter using a letter with text to be provided by the Association.
- 6.5 Prepare and transmit a letter to new members within 72 hours of notification that property has been transferred. Contractor will coordinate initial development of the letter with the Secretary of the Association.
- 6.6 Collect copies of all monthly correspondence and provide copies of that correspondence to all members of the board on a quarterly basis in advance of the regular board meeting.

7.0 Manage accounts receivable and accounts payable:

- 7.1 Prepare and issue invoices for annual assessments according to the timeline provided by the association.
- 7.2 Receive payments from members for assessments and fines.
- 7.3 Prepare supplementary invoices for assessments or fines that are not paid in a timely manner. Ensure the supplementary invoices reflect late fees and interest as required by the association's CC&Rs and bylaws.
- 7.4 Provide a report of any delinquent assessments or unpaid fines in conjunction with the performance of task 6.6.
- 7.5 Prepare invoices for transfer fees in conjunction with the performance of task 4.0. Ensure the invoices reflect the fees as set by the Association.

7.6 Ensure information from task 7.1 through 7.5 inclusive is recorded in the master file of information related to each individual property as described in task 5.3.

7.7 Other tasks as identified by Gary

8.0 Manage the preparation and maintenance of a list of Frequently Asked Questions (FAQs).

8.1 Maintain a list of questions (that are frequently received via mail, email or telephone) and the proposed answers to these Frequently Asked Questions (FAQs).

8.2 Provide the list to the Secretary of the Association on a quarterly basis in conjunction with the performance of task 6.6.

9.0 Respond to inquiries received via mail, email or telephone using the list of Frequently Asked Questions (FAQs) and answers, once that list is approved by the Secretary of the Board of Directors in conjunction with task 8.2.

9.1 When any questions or inquiries are received that are beyond the scope of this contract or the expertise of the contractor, refer those matters to the Secretary of the Board of Directors.

9.2 Respond to person submitting inquiry that the matter is being referred.

9.3 Accomplish referral of questions or inquiries to the Secretary via email within 24 hours of receipt of the question or inquiry.

9.4 Incorporate information developed in performance of tasks 9.1 through 9.3 with next revision of FAQ's in conjunction with the performance of task 8.0.

Ensure contract contains language concerning 1) termination of contract and 2) delivery of records in conjunction with termination of contract.