3 Canyons Ranch Master Homeowners Association
Board Meeting Minutes
January 12, 2005

Members Present:
Beverly Pickering, Tommy Stoner, Carl & Linda Bromund, Robert Stachel, John Viviano, Ray Falkenberg, Mario & Yvonne Villamarzo, Rob Lewis, Jeff Neff, Dave & Dorothy Brown, Jane Holland, Donna Willard and Judy Slyter.

Board Members Present:
Tom Pickering, Rich Frederici, Chris Carson, Gary Brock, Paul Holland and Evans Guidroz.

Call to Order
5:40 p.m.

Adoption of Agenda

A motion was made and seconded to adopt draft agenda; the motion carried unanimously.

Call to Membership

A member complained that board was discriminating in issuing gate codes. The board explained the current system and the justification required on the form. The board also emphasized that gate access has never been denied if a properly completed form has been submitted. The board also responded that members should use the current form available on the website. Since an attorney for the member has contacted the Board's attorney regarding this issue, the Board's Attorney recommended that the Board provide no additional response other than that the form is available on line and members should submit that form to obtain gate codes. The Board's Attorney also mentioned that the CC&Rs allow the Board to establish procedures for items such as the issuance of gate codes.

A member asked that copies of the draft agenda be distributed to the audience. In response, copies of the agenda were distributed.

A member asked about the issue of the east gate and complained that the issue had been misrepresented in previous minutes. The member complained that the issue had been reported as an easement denied when in his view, there were unanswered emails and questions posed in those emails that had not received a satisfactory response. The Board responded that given issues and concerns with obtaining the additional easement, that the County has been contacted to confirm their requirement for a 120 foot easement. The County's response was that the existing 90 foot width available for the road/gate would be adequate. The Board also indicated that the issue of the design for the East Gate had not been decided. The member has been provided with a preliminary plan for the east gate. Since the west end gate system was still being improved, the board hoped to delay decisions on the east gate pending identification of an optimal gate access system and more participation from members in Section 20 in the design and decision process for the east gate.

Presidents Report

PRESIDENT'S REPORT
JANUARY 12, 2005

IN 1864, 11 OF THE 36 STATES DID NOT PARTICIPATE IN THE PRESIDENTIAL ELECTION. WAS LINCOLN'S ELECTION ILLEGITIMATE?

IN 1868, 3 STATES DID NOT PARTICIPATE IN THE PRESIDENTIAL ELECTION. WAS GRANT'S ELECTION ILLEGITMATE?

IN 2004, A FACTION IN 3 CANYONS DID NOT PARTICIPATE IN THE OCTOBER ELECTION. WAS THIS ELECTION ILLEGIMATE?

NONSENSE!

ALL BOARD OF DIRECTORS RAN UNOPPOSED AND THEREFORE WERE ELECTED FOR A TWO (2) YEAR TERM. PROPOSITION 1 CHANGING THE VOTING REQUIREMENTS FROM 30% TO 10% OF THE VOTING MEMBERSHIP ALSO PASSED.

THE ELECTION RESULTS THOU CERTIFIED BY AN OUTSIDE INDEPENDENT AUDITOR WERE CHALLENGED BY A FACTION WITHIN 3 CANYONS. THEIR OUTSIDE INDEPENDENT AUDITOR CERTIFIED PROPOSITION 1 PASSED BY 3172 VOTES, 156 VOTES MORE THAN PREVIOUSLY COUNTED. FURTHER, HE CERTIFIED THAT THE 30% QUORUM REQUIRED FOR A VALID ELECTION HAD BEEN MET AND ALL BOARD MEMBERS WERE ELECTED.

IT IS HOPED THAT WITH THE BEGINNING OF A NEW YEAR HARMONY WILL ONCE AGAIN RETURN TO THE RESIDENT'S OF 3 CANYONS.

WE HAVE MANY CHALLENGES FACING OUR ASSOCIATION. SOME OF THESE ARE:

WILD HORSE II LAWSUIT

MAKING SURE THAT THE DEVELOPER'S FOLLOW OUR CC&R'S

SUPPORTING OUR DESIGN COMMITTEE IN SEEING THAT NEW AS WELL AS EXISTING OWNERS FOLLOW OUR CC&R'S

INCREASING MEMBER PARTICIPATION ESPECIALLY WITH THE BUILDING OF AN EAST GATE.

LET'S SOCK A HOME RUN IN 2005 FOR 3 CANYONS.

SOME OF THE INFORMATION IS FROM AN ARTICLE BY CHARLES KRAUTHAMMER, PUBLISHED IN THE INVESTOR'S BUSINESS DAILY NEWSPAPER , DATED NOVEMBER 29, 2004.

Treasurer's Report

Account balances as of 1/11/05

Regular checking account: $30,363.80
Capital checking account: $55,763.24
Capital savings account: $50,567.77 ($45,000 approved and budgeted for east Gate construction)

Road construction loan refinanced with Bank One. Loan balance $187,500. 4 year loan, interest rate 5.75% fixed, interest paid quarterly, principal paid annually each November ($46,875.00). No early payment penalty. Loan paid in full November 2008.

The treasurer expressed concern over a $7,000 short fall to the regular assessment account this fiscal year if litigation fees are not recovered.

Attorney's Report

The Attorney reported that the case involving Wild Horse membership in the 3 Canyons Homeowners Association continues. He reported that a motion of summary judgment is scheduled at 11:00 am on January 31st in Division 3 of Superior Court in Bisbee. The Court meets on the second floor of the Old Courthouse building on Quality Hill.

He also reported that there were several collection actions in progress concerning unpaid assessments.

Committee Reports.

The Master Design Committee reported that approximately 2 new constructions were being approved each month.

The Gate Committee reported that they had completed an update of the vendor's codes and that compromised codes belonging to members would be routinely changed.

Old Business

There was no old business

New Business

A motion was made requesting the board approve purchase of a new copy machine for use by the Master Design Committee. The purchase cost was not to exceed $550.00. The motion was seconded and discussed. Members asked about the brand and how the purchase of ink and paper would be handled. The Board responded that the brand would be HP and that the ink and paper were already budgeted in the annual association budget. The motion was passed by a vote of 6 to 0

A motion was made to accept a land use classification from JRL development to allow medium density construction in an 80 acre parcel of Section 21. The owner of the parcel and his attorney explained that this was a similar motion to the one approved at the special board meeting of November 2004. The Board's Attorney described the issues involved with this motion, which would grant the owner the same treatment as all other medium density property, i.e. building 1 home per 4 acres, or 1 home per 3 acres with a recorded plat of subdivision. .

Discussion of the motion included the following issues:

> What about the math? The owner expects to build 27 homes on the 80 acres if County approval of the subdivision is obtained. The county grants a density bonus allowing 1 home per 3 acres in exchange for installation of paved roads and certain utilities. The actual division of 80 acres by a factor of 3 yields an answer of 26.67, but in this instance the county allows rounding the answer to 27.
>
> Will this development be like Vista Del Oro? Not necessarily
>
> Would it be cheaper for the developer to cluster homes? Yes, it would save on utilities and roads.

The motion was passed by a vote of 6 to 0.

A motion was made concerning the assessment of dues on Wild Horse. The motion would allow for owners who use Highway 92 access to pay dues only on land, while members who use 3 Canyons Road would pay dues on both homes and land. It was explained that the motion was being presented for information only and that no vote was requested.

A motion was made concerning assessments that were not paid on time and thus were charged late fees and interest. The motion proposed that the Treasurer be allowed to review the circumstances of the late payment and recommend disposition of late fees and interest to the Board. After discussion of how the issue is handled now, the motion was amended to include the section representative and the Treasurer to jointly review the circumstances of the late payment and recommend disposition of late fees and interest to the Board. The motion was seconded and passed by a vote of 6 to 0.

A motion was made and seconded to adopt new gate access regulations. The motion was passed by a vote of 6 to 0. The President directed that the new regulations be posted on the website.

The President asked members if there were any appeals. One member requested a closed meeting of the board to present his appeal. The Board agreed to conclude the remainder of the agenda, recess to a private room to hear the appeal, and then reconvene the meeting to decide the appeal.
A motion was made to impose fines on a member (Thomas Teski owner of parcel 104 01 107 in Section 26), who had not responded to letters in August and September requesting explanation or removal of an unscreened horse trailer, derelict vehicle and building that had not been approved by the Master Design Committee. Following no response to these letters, a fine of $100.00 had been imposed with an additional monthly fine of $200.00 to be imposed until the fines were paid. If the fines were still unpaid as of March 31st, 2005, the Board's Attorney was directed to commence legal action. The motion was seconded and passed by a vote of 6 to 0.

Call to Membership

The issue of setbacks on 4 acre properties was raised. The member wanted clarification of the use of conservation easements and common grounds to comply with the CC&R's. The member was encouraged to use Vista Del Oro as a precedent and contact members of the Design Review Committee to discuss the issue.

The President reminded the attendees that the next meeting is scheduled for April 13th

A motion was made and passed to temporarily adjourn the meeting at 7:30 pm. The purpose of the temporary adjournment was to allow the Board to hear a member's appeal in closed session.

The Board adjourned to a private room to hear the member's appeal at 7:35 pm and reconvened in public session at approximately 8:00 pm.

A motion was made to uphold the $25.00 fine imposed on Tommy Stoner for failure to notify the Master Design Committee of improvements and alterations to parcel 104-27-051N. After March 31, 2005, if the fine is not paid in full, the matter shall be turned over to the association attorney, Mr. Robert Stachel for legal action. After discussion, the motion passed unanimously.

A motion was made and passed unanimously to adjourn at approximately 8:20 PM.

Carl Bromund
Acting Secretary