

**Long Meadow Ranch Property Owners Association
Annual Meeting Minutes (abridged)
October 23, 2004**

Long Meadow Ranch Property Owners Association held its 2004 Annual Meeting on Saturday, October 23, 2004, from 9:00am to 12:30pm, at The Phippen Museum, 4701 N US Highway89, Prescott, Arizona 86305.

Association members attending in person were: Jerry & Sue Alvis, Ray Beckage, Casey & Wendy Buitenhuis, Barbara Butterfield (3 parcels), Les & Nancy Campbell, Marsh & Mary Carpenter, Judy Conwell, Neil Cooperrider (2 parcels), Robert Elk (2 parcels) Betty Foley, Patrick & Sara Grimes, Jack & Dee Hansen, Cary Heller, Bill & Kathleen Hillebrand (2 parcels), John & Rebecca Johnson, Steven & Donna LeMert, Richard Meserve, Old Capitol Investment & John T Johnson, George & Marie Price, Herb & Debbie Roberts, Ray Sucato, Jacob & Marva Tahan (2 parcels), Cass Turkowsky, Regina & Peter Vernaskas, Jim Wallace & Miramae Welch, Stan Woodcock, Herb & Paula York (3 parcels) for a total of 35 votes.

As they signed in on the membership register, attending members received election ballots and ballots for the proposed amendments to the CC&Rs and By-Laws. Also, they could pick up copies of the following: Agenda, Minutes of 2003 annual meeting, Reports from Treasurer, Road Committee, Architectural Committee, Insurance Committee, Audit Committee, Trail Plan Committee, CC&Rs & By-Laws Amendments Committee, Animal Evacuation Plan.

Those attending by proxy were: Edward & Susan Baxter, Bill Cogar, Paul & Claudia Critchfield, Larry & Denise Darr, Robert & Karen Eckhoff, Timothy Emberlin, William & Marian Geary, John & Kathy Glimpse, Dan & Mary Jo Gugelman, Michael & Fay Hays, Robert & Sandra Leonheart, Joe & Meg Leidinger (2 parcels), John & Brenda McDonald, Allen Nel (two parcels), Scott & Karen Robertson (4 parcels), Ronald & Lara Runger, Stan & Shari Stansauk, Dan & Lynne Stoppe, Doug & Peggy Taylor, for a total of 24 votes. The Board held 3 proxies, and Casey Buitenhuis held the proxy for Board member Bill Foley, for the occasions the Board were to vote the proxies.. Ray Beckage held two proxies; Casey Buitenhuis held one proxy, Barbara Butterfield held one proxy, Neil Cooperrider held one proxy, Bill Hillebrand held one proxy, George Price held 12 proxies, Herb Roberts held 3 proxies. Altogether, there were 24 proxy votes.

One member had notified a Board member that she was sending her proxy; however it did not arrive before the meeting.

A total of 59 of a possible 66 votes were represented by 45 members attending in person, or by proxy. Secretary Mary Carpenter declared that a quorum was present (in person or by proxy). (A majority of the quorum would be 31) Members introduced themselves. Miramae Welch served as sergeant-at-arms. The vote counters were Dee Hansen and Sara Grimes, with assistance from Sari Welch (daughter of member Miramae Welch.)

President Bob Elk presented the meeting's agenda to the membership. The secretary raised a Point of Order: In response to the requirements stated in the Notice of Annual Meeting, members had submitted a motion which did not appear on the Agenda. Since the motion complied with the stated submission deadline, she asked for it to be added to the agenda. The president replied that the Board had voted to exclude the motion. After discussion of the Board's action, the president ruled that the motion could not be added to the agenda.

Minutes of the April 26, 2003 Annual Meeting, which had been mailed with the Notice of Annual Meeting, were not read aloud. They were accepted as written.

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REPORTS TO THE MEMBERSHIP:

Treasurer's Report: Treasurer Jerry Alvis reviewed the monthly Profit & Loss statement against budget, and presented the proposed budget for year 2005. Under P & L, he explained that self-balancing items, such as trail implementation and social committee, were not budgeted for in 2004.

This section deleted

Voting on the proposed budget was postponed to New Business.

Roads: Casey Buitenhuis, roads committee chairman, reported that the committee's purpose was to review road maintenance issues and to explore the feasibility of paving or chip sealing the dirt roads. Committee members reviewed five bids for maintaining the current dirt roads, and three bids for alternative road surfaces. In response to direction from the Board to prepare a proposal for all members to vote upon, the majority of the committee opted that chip sealing was more effective than other alternatives, because of the continued high costs of maintaining dirt roads.

Paragraph deleted

The report states that parcel owners could pay in a lump sum, finance the cost through an equity loan, or finance it through the Association. Casey reported that Crossroads Ranch parcel owners are financing a portion of the cost of chip sealing their roads with a bank loan at 6.5% payable over five years. He felt LMRPOA could obtain equivalent terms. He also recommended that funds budgeted for road maintenance be \$5,000/year, approximately \$75/parcel. That amount would be sufficient to cover maintenance and any necessary resurfacing after 8 to 10 years.

The road committee report also discussed dirt road maintenance. Historically, we have graded the roads four times a year, and have also added additional material yearly. Kelly/Wise recommends watering, rolling and grading at least twice yearly. It is difficult to schedule grading with rainfall in order to cut costs, so watering and rolling is preferable. The range of bids for maintaining the dirt roads varied

Section deleted

There was an extended period of questioning by members, concerning various issues: the use of an unlicensed road contractor; specs for bids; costs; operations of the road committee; controls on contracted work; paving proposal's omission of general contractor; proposed use of Dust Pro material in lieu of traditional base material.

It was pointed out that the cut-off date for return of the mail ballot regarding paving the roads would be November 15th. At that time, the incoming Board would have received direction from the membership. The road committee report was accepted.

Architectural Committee: George Price reported that the Architectural Guidelines had been rewritten and were posted on the LMRPOA web site. (Copies of the Guidelines were available for members to pick up at the meeting.) A total of eight building plans were reviewed and approved this year. The report was accepted.

Insurance: Mary Carpenter reported that the Association has a workers compensation and employers liability policy and also a package policy. The package policy includes coverage for property, general liability, non-owned and hired auto liability, professional liability, and crime. Both policies will renew in April. In 2004, we were able to keep the premium increase at a minimum.

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Paragraph deleted

The Board has continued the procedure instituted in 2003, requiring anyone doing contracted work for the Association to provide evidence of workers compensation insurance, and to furnish a certificate of insurance naming LMRPOA as additional insured for work performed.

Paragraph deleted

The insurance report was accepted.

Web Site: The webmaster has announced that she will continue in the position until the first of January. The Association should begin looking for a replacement.

Audit Committee: Miramae Welch and Neil Cooperrider reviewed the records of the secretary, the treasurer, and the various Board committees. Miramae reported for the committee.

Treasurer's records, including LMRPOA tax returns, Corporation Commission annual report, treasurer's report and books, were all found to be complete and timely. The treasurer's reports were not signed.

Although the Board's procedure is to require approval of expenditures over \$1000, records did not include written approval of invoices for many major expenses, such as road maintenance and lawyers fees.

The actual carryover from the previous year, shown in the 2004 budget, was significantly less than the amount of \$5000.

Secretary's records were complete and well organized, with meeting minutes detailed and complete. Some of the minutes did not indicate who had taken them.

Road committee records: The committee correspondence file was complete. There were no written estimates or contracts for road work conducted in 2004. Road committee minutes were not kept.

Architectural committee records: At the suggestion of legal counsel, all architectural records were moved to a set of files kept by lot number. The auditors recommend that a separate summary of the committee's activities be kept for each year. The architectural committee job description item #9 places responsibility for sending letters on the committee chairman. The auditors recommend that the job description be revised to place this responsibility with the Board. They further suggest the following be inserted in the job description:

*Just prior to the six month deadline (for completion of the exterior of any structure)
advise the Board and request them to send a letter to the owner of any unfinished
buildings, requesting a revised completion date.*

Board procedures: The auditors noted that the current Board had not adopted a complete set of procedures as Boards had done in the past.

Auditors recommendations: The auditors recommend future Boards adopt procedures to avoid budget overruns, and to increase the level of documentation of certain activities:

1. **Before the Board approves work, it should obtain written estimates on any matter whose potential cost may or does exceed \$1000.**
2. **Invoices for all expenditures in excess of \$1000 must be reviewed and receive the signed approval of the Board member requesting the service before they are paid.**

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3. **If a carryover of funds from the preceding year is included in the budget, it should be realistic and only represent funds that will be available to spend**
4. **Because road maintenance and improvement are among the most important activities of the LMRPOA, we recommend that minutes be kept of all Road Committee meetings, and that those minutes be included with each Road Committee report to the Board.**
5. **When approved, the Board meeting minutes should be dated and signed.**
6. **The Treasurer's report should be signed.**
7. **A separate summary of architectural activities be kept for each year.**
8. **The architectural committee job description item #9 be revised to place the responsibility for sending letters on the Board not the Architectural chairman.**
9. **To ensure consistent management of the LMRPOA we recommend that in the future, each new Board review the procedures adopted by prior Boards, and formally adopt a set of procedures to govern its actions during its tenure.**

Consideration of the auditors' recommendations was postponed to new business. The report was accepted.

Trail Plan: Bob Elk, trail chairman, had prepared a written report, with attached revised trail plan map, showing in red only those portions of the trail plan where property owners had agreed to an easement and the easements had been recorded. He noted that the trail easements are a voluntary agreement between the Association and those owners choosing to participate. He also noted that the original perimeter easements were neither uniformly created across the development nor enforced by the developer.

Some members have questioned the legality of the transfer of the perimeter easements from the developer to LMRPOA. The Board sought and obtained two separate legal opinions confirming that the perimeter easements were legally transferred to LMRPOA and could be released to the owners.

The trail system is for non-motorized travel only. Some segments are only ten feet wide, because adjoining property owners have not joined the plan. For the same reason, two segments are not continuous. Some segments are impassable by horse; some have obstructing vegetation. Portions with vegetation will not be altered without discussion with the owner as to what to do.

Those who utilize the trail plan should use only those segments where the easements have been recorded, and should treat their neighbors' property with consideration and respect. There are plans to install wooden posts as markers to clearly show the trail locations.

The trail committee report was accepted.

CC&R Committee: George Price had prepared a written report, detailing the controversy about whether LMRPOA is required to follow the Arizona statutes applying to planned community homeowners associations, and the fact that the Board had received conflicting legal opinions on the matter. This led to the formation of a special CC&R and By-law committee which proposed incorporating portions of the Arizona statutes in our community documents. The proposed amendments were mailed with the Notice of Annual meeting and were also provided at registration.

Since there had been no cutoff date indicated on the ballots for the amendment, the vote would not be considered closed at the end of the meeting.

The committee also recommended that in 2005 another CC&R and By-laws committee be formed to review the documents thoroughly for inconsistencies and ambiguities and to recommend changes to the Board.

The report was accepted.

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Revision of Agenda Order;

Since the meeting could not complete the agenda, the president announced that the meeting would take up new business before completion of the reports to the membership.

NEW BUSINESS;

Motion to approve 2005 Budget: There was a motion and a second to approve the proposed budget. The vote was taken by a show of hands. The vote counters reported that the yes votes were 14, in person, plus 3, proxies, plus 2 proxies voted by the Board for a total of 19. The proposed budget was not accepted. It was announced that the incoming Board will have to operate under the existing terms of the 2004 budget, until it is able to propose, for membership acceptance, a revised budget for year 2005.

Motion for the incoming Board to adopt the Audit Committee recommendations: It was moved and seconded to adopt the recommendations of the Audit Committee. The motion passed unanimously.

Election of Board Members, class of 2004-2006:

The vote counters announced that five candidates had received majority votes, and that a second round of voting would not be required. The five candidates elected were, in order of votes received: Mary Carpenter, 41; Ray Beckage, 39; George Price, 39; Neil Cooperrider, 36; Scott Robertson, 36.

Ballots to amend CC&Rs and By-Laws:

The vote counters announced that none of the proposed amendments to the CC&Rs (50 "yes" required) had passed. The president announced that the new Board would continue the effort.

(Secretary's note:) Although the vote counters omitted it in their report, one of the By-Laws amendments (44 "yes" required) did pass, with a vote of 46 yes. The By-Law amendment, which did pass, reads:

Add to Article V of the By-laws an item 4 which states..."4. All meetings of the Association and the board shall be held in this state."

Yes 46 No 3 Abstain 1

The new Board will also continue the effort regarding the By-laws amendments.

General Discussion:

Discussion of hiring a management company: Sari Welch, daughter of member Miramae Welch, had been invited to present to the membership the benefits of hiring a management company. She is a manager for several property owners associations in California, serving as middleman between the homeowners and the Board.

Since she had participated in the annual meeting by helping with registration and serving as vote counter, she was able to comment on several weaknesses within our association. Her major recommendation to our association is that we should do a reserve study for the anticipated costs for the roads, the post office boxes, and the trail plan implementation. Once we had the results of the reserve study, the Board could propose a budget which included both the operating budget and a reserve accumulation for more than one year.

If we were to hire a management company, the manager could assist with such a study. The members thanked Sari for coming over from California to give us her insightful presentation.

Animal Evacuation: The membership was advised to see the report in the Minutes of the 2003 Annual Meeting. The recommendations in that report are reprinted here:

WHAT IS NEEDED:

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1. List of all residents' horses, dogs, cats, llamas, etc.
2. Preparation list for owners:
 - Crates for dogs and cats
 - Leashes/collars, small animals, with identification tags (name, phone #)
 - Leather halters, large animals, with identification tags (phone # in big letters, left-hand side by the buckle)
 - Short twisted cotton shank (no more than 2 ft long)
 - Owners' pictures of animals for identification purposes.

Other recommendations are to have:

1. an available water supply with a hose;
2. yearly fire extinguisher update;
3. towels of an adequate size to cover the horse's head while trying to evacuate;
4. your evacuation plan, with name, cell phone #, filed with Animal Disaster Services- a county service.

The committee has identified Ray Sucato's arena as an open area, relatively free of combustible material, for the animal collection point. Ray has agreed. The committee needs volunteers willing and able to participate.

Items on the Agenda which were not considered:

Report on Road Survey

Report on Mail Ballot in response to member's petitions

Trail insurance follow-up

The next general meeting will be held in the Fall of 2005, The meeting adjourned at 12:30pm.

Mary Carpenter, Secretary