

**The Ranch at Prescott
Homeowners Association
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**August 24, 2006
HOA Council Meeting Minutes**

Council Members in attendance were: Phil Alvarado – Unit I, Billie Powell – Unit II, Russ Parker – Unit III, Mike Enders – Unit IV, Kent Robinson – Unit V, Ron Knudsen - Unit VI, Bob Tinney – Unit VII-1; and Scott Lee - Unit IX. Dion Mannen - Unit VII-1 was absent. Approximately 14 homeowners and alternate Council members were also in attendance.

Kent Robinson called the meeting to order at 3:00 p.m. A quorum was established.

Kent Robinson called for a motion to approve the minutes of the Meeting of July 27, 2006. Russ Parker moved to approve the minutes; Billie Powell seconded the motion and it unanimously carried.

Public Communications:

Ray Loomer offered the use of a public address speaking system at Council Meetings if needed noting that there was none available at the proposed Gateway Mall meeting room.

Old Business:

HOA Directory Final Report – Ray Loomer

.Ray Loomer reported that the total cost of putting together the 2006 Association directory was \$1,095.25 which is considerably less than anticipated. The savings were a result of using the clear covers and the volunteer work of Ray and Mike Enders in binding the directories. Also, the Council members delivered the directories in their respective units.

The Council thanked Ray Loomer for all of his hard work in putting the directories together.

HOA Web-site Update - Phil Alvarado

Mr. Alvarado reported that the fall newsletter would be posted on the website in September. It was also noted that Mystic Heights was not on the website's plat map of The Ranch. Bob Balzano offered to get the plat map for Mystic Heights scanned and give it to Phil Alvarado to be placed on the website.

Legal Opinions – Kent Robinson

At its July 2006 meeting the Council requested legal opinions on several items that have been proposed or discussed over the last few months. A draft opinion from Carpenter Hazelwood, PLC was received just today and the Council is reviewing it for the first time at this meeting. Since this is a draft subject to at least minor changes, Mr. Robinson tried to synopsise several items of interest to the Council for the homeowners present rather than distribute it. His comments were as follow:

1. Unit IX Representation

Joe Pendergast had raised the issue of whether Scott Lee is an Owner of property in the Ranch and/or as nonresident is eligible to sit on the Council. Mr. Lee is just has now been given the draft opinion of the attorneys regarding these questions and will, therefore, be given an opportunity to respond at the next meeting. In the meantime, the attorney's opinion states that an Owner must be a Record Owner, but is not required to be a resident to be elected to the Council. The attorneys further advised that a simple solution to this issue would be for Mr. Lee to Record the deed to his property, therefore making him a Record Owner according to the legal opinion.

Mr. Robinson reported that Mr. Lee has already recorded his deed with the Yavapai County Recorder's Office and will respond to the Council's attorney opinion at the next regular meeting of the Council.

2. Lot Owner and resident Council Membership Rights

With respect to the rights of the Members for appeal of an Architectural Review Committee (ARC) decision, Bob Balzano (HOAMCO Manager) summarized the draft opinion of the attorneys. Basically, on May 16, 2005 there was an amendment to the CC&R's giving control of the ARC to the developer. No appeal process was provided by the amendment. The Association would have to amend the CC&R's to provide for an ARC decision appeals process. This would require approval by 67% of the total Membership votes of the Association and also the approval of the

Declarant (developer) as long as the Declarant owns any Lot in The Ranch. Mr. Alvarado in a follow-up question asked, whether in the event of a law suit between an Association Member and the ARC, would the ARC have to obtain funds approval from the HOA Council to pay the costs of the law suit. Mr. Balzano stated that this is the case and if the Council did not approve the funds to defend such a law suit, that the Declarant would have to provide the funds.

3. Proposed Use Restrictions and Rules

The Council provided a copy of proposed amendments to the Association's Bylaws and proposed Use Restriction Rules to the attorneys for review and comment. The Additional Use Restrictions and Rules were adopted by the Council at the July meeting, subject to legal review. The attorneys did not find these rules inconsistent with the CC&RS and agreed that they could be adopted by the Council. Mr. Balzano stated that because the HOA Council had previously approved the Use Restrictions and Rules, they were now in effect.

The attorneys opinion regarding the proposed Section 5.3.2, Council Member Vacancies, was that a new By-law is not necessary since the existing CC&R and By-law regarding Removal of Council Members give the Council the authority to fill any vacancy, whether voluntary or involuntary, until a successor is elected.

The attorneys further explained that the Association should be aware that because the Bylaw provisions which are to be amended in essence mirror the CC&Rs, the CC&Rs must be amended along with the Bylaws. The exception being that a Bylaw can be approved without a change to the CC&Rs, if the CC&Rs have no conflicting provision.

Phil Alvarado moved that the proposed By-Laws, 5.3.2 and 5.3.3 regarding the Council's authority to appoint replacements of alternate and Council Members, as agreed by the attorney's opinion be adopted. Ron Knudsen seconded the motion and it unanimously carried

Although the attorneys approved the proposed changes to the language of Section 5.2.1 regarding the Term of Council Members, after discussion, this item was tabled to be acted on in October, 2006.

Additional items to be considered for changes in the CC&Rs are the percentage vote of Property Owners required to change the CC&Rs as well as the date of elections.

Follow-Up Discussion on Use Restrictions and Rules – Exterior Lighting

Bob Balzano presented the redrafted rule on exterior lighting based on comments from the membership. Joan Preston, Unit 4, who originally did the research on lumens (light intensity) v. watts (power rating) of bulbs, suggested that changing the rule on lighting without providing ample communication with the membership may cause problems. A discussion was held. Phil Alvarado moved that the lighting issue be tabled and dropped from the Additional Use Restrictions and agenda until such communication with the membership could be accomplished. Mike Enders seconded the motion and it was unanimously carried.

New Business:

HOA Managers Report

Bob Balzano presented the management report. A copy is attached to these minutes.

Financials – 7/31/06

Desert Hills Bank Operating	\$57,701.03
Desert Hills bank Operating MM	103,555.58
Desert Hills Bank Reserve	13,608.54
Accounts Receivable Assessments	\$ 1,875.00

Mr. Balzano is soliciting bids for weed control. He expects to have three bids available for Council review in October, 2006. Mr. Balzano reported that the dead tree removal has been accomplished.

There were approximately 35 CC&R compliance issues addressed this period. The next inspection is scheduled for September 11, 2006.

Russ Parker reported that the common area between Lots 102 and 103 needed attention. Bob Balzano will inspect this area.

Ray Waguespack requested an opportunity for the membership to review the actual expenses compared to budget. Bob Balzano will make the report available to Phil Alvarado so that it may be posted on the web site. Kent Robinson noted that year-to-date the Association is operating below its approved budget for 2006.

Annual Meeting

The Annual Meeting is scheduled for September 28, 2006 at the Yavapai College Performance Hall. Mr. Robinson explained that according to the documents of the Association, the annual meeting should actually be held in February. After discussion it was proposed that the meeting be held in September as planned and that the documents be amended to reflect that the Annual Meeting will be held in September going forward.

The Annual Meeting agenda and notice letter to be mailed to the membership were reviewed. Mr. Robinson reported that there would be a 60 minute business meeting of the Council prior to the Annual meeting.

HOAMCO Contract Renewal

Kent Robinson noted that it is time to review renewal of the HOAMCO contract. Mr. Robinson explained that the contract would automatically renew if no recompute notice was provided to HOAMCO by September 1, 2006. After discussion it was decided to notify HOAMCO that the Association would be sending out a Notice of Request for Proposals and would not automatically renew the existing contract. Bob Tinney noted that this recompute of the HOAMCO contract was consistent with the Council's discussion on this subject in October 2005 and did not reflect dissatisfaction with HOAMCO's performance under its contract. Mr. Robinson noted that the Council should seek the "best qualified" low bidder, not just the low bidder in any competition. Therefore the request for proposals will require certain minimum qualifications of candidate firms. Mr. Robinson appointed Bob Tinney and his Finance Committee to lead the management contract request for proposal and evaluation process.

Council Member Term Changes; Discussion on Proposed CC&R changes

Kent Robinson, Ray Waguespack and Dion Mannen have been working on the proposed language for the term changes of the Council. A proposed change in the CC&R language was provided to Council Members. The change would leave one-half of the council in place so that there would not be a complete new Council at each election. This change and any additional changes to the CC&Rs would be accomplished by providing a ballot to the membership through a special election. Review of the Changes provision to the CC&Rs indicate that approval of the Declarant is required for all changes along with an affirmative vote of 67 percent of the Members.

Russ Parker brought to the Council's attention that Unit 8 does not exist and there are not 10 council members at this time. Ken Robinson stated that at this time, however, the master plan calls for 10 council members.

Removal of Dead Trees from Common Area

This item was discussed in the Management Report and has been accomplished.

Preliminary 2007 Budget Review

Bob Tinney presented that preliminary budget for 2007. Mr. Tinney worked closely with Dick Tetreault, Rosalie Nagle and Bob Balzano in putting together a budget for 2007. The assessment for the Association will not be raised. Two new areas were added which the committee felt needed to be addressed: weed abatement and a quarterly newsletter. Weed abatement, of course, speaks for itself after this year. Communication with the membership is extremely important and the committee felt that a newsletter was the way to accomplish this communication. A discussion followed.

Joan Preston expressed concern over making sure that the entire community had an opportunity for input into the content of the newly proposed newsletter.

Ray Loome asked about a bulk mail permit in order to lessen the mailing expense.

Charlie Gianaris, suggested that the newsletter be sent out by email.

Ray Waguespack stated that he thought mailing the newsletter was a waste of money and it should be on the web site.

Adjournment

There being no further business to discuss, Mike Enders moved that the meeting be adjourned. Russ Parker seconded the motion and it was unanimously carried.

The meeting was adjourned at 4:50 p.m.

Respectfully submitted,

Phil Alvarado
Secretary