

**The Ranch at Prescott
Homeowners Association
Yavapai College Performance Hall
Annual Meeting
September 28, 2006**

The Annual Meeting of The Ranch at Prescott Homeowners Association was held at the Yavapai College Performance Hall auditorium on Thursday September 28, 2006.

Kent Robinson, Council Chairman, called the meeting to order at 3:07 p.m.

The Council Members introduced themselves: Phil Alvarado – Unit I, Janet Aldridge – Alternate, Unit II, Russ Parker – Unit III, Rosalie Naigle – Alternate, Unit IV, Kent Robinson – Unit V, Ron Knudsen - Unit VI, Dion Mannen – Unit VII-A, Robert Tinney – Unit VII-B; and Scott Lee - Unit IX.

Chairman Robinson called for a motion to approve the minutes of the 2005 Annual Meeting. Russ Parker moved to approve the minutes; Dion Mannen seconded the motion. The motion carried unanimously.

Council Chairman's Annual Report

Chairman Robinson gave an overview of the responsibilities of the Council. This Council was the first elected Council. Its accomplishments and goals include the following:

- Established first annual HOA Member Assessment. Since The Ranch at Prescott is no longer Declarant controlled an assessment was necessary to perform the responsibilities of the HOA including CC&R enforcement and care of the common areas of the Association.
- Established the 2005-2006 annual budget.
- Negotiated extension to the HOAMCO management contract for first year of operation. This contract is due to expire in November, 2006. The contract is being recompeted. The Council is looking at several comparable services **firmss** for management of The Ranch at Prescott.
- Established a program of bi-monthly CC&R compliance inspections.
- Implemented CC&R violations notification and non-compliance fines process.

- Established a relationship with the City of Prescott Public Works Department leading to needed Ranch manhole reconstruction and pavement repairs. This effort was achieved primarily through the efforts of Dion Mannen and his interaction with the City.
- Worked with the City Manager and Councilwoman Suttles to achieve funding for and completion of the Lee Blvd. storm water retention basin landscape improvement project. Approximately \$166,000 was approved for this beautification project which should be completed shortly.
- Established a fire emergency weed remediation program.
- Developed the ranchatprescotthoa.org website to improve and reduce cost of information distribution to Members. This achievement was due primarily through the efforts of Phil Alvarado, Council Chairman. Communication with the HOA Members is an important issue for this Council and the website has helped tremendously in getting information out to the Members. The minutes of the Council meetings, budget, financial information, and a quarterly newsletter are posted on the website.
- Compiled, produced and distributed a new Ranch homeowner's directory, formerly a task of the Ranch Social Club. Ray Loomer led this effort.
- Established additional property owner use restrictions to address issues not covered by current CC&R's. For example, the current CC&R's did not address nuisances other than construction. All of these restrictions were reviewed by legal counsel prior to being approved and are also posted on the website.
- Began the process of clarifying Association CC&R's and By-Laws on several issues. One of the issues is conducting elections. Any changes to the CC&R's and/or By-Laws of the Association require a vote of the Membership. Any proposed changes will be mailed out to the membership with a ballot for voting. A two-thirds vote is required.
- Proposed 2007 Annual Budget. The proposed budget is scheduled to be voted on by the Council in October, 2006. Robert Tinney, Council Treasurer, chaired this effort and the proposed budget for 2007 covers the following functions of the HOA:
 - CC&R Enforcement Management – approximately 34%
Majority of this function is provided by HOAMCO
 - Maintenance of Common Areas – approximately 23%
 - Member Communications – approximately 22%
A quarterly newsletter (hard copy) is planned for this year
 - Insurance – approximately 5%

- Legal Fees – approximately 9%
Legal opinions on CC&R and By-Law changes and enforcement

Additional **significant** functions on the HOA include maintenance of Architectural Standards and governmental relations, which are performed by the Council **at no cost**.

Some of the challenges facing the Council in **the** coming year will be the establishment of an effective weed control program and compliance **program for** Members of the Association. Additionally, obtaining the cooperation and assistance of the City of Prescott in street repair and drainage problems will continue to be a challenge for the Council.

Management Report – Robert Balzano

Robert Balzano, Community Manager, gave the management report. Hoamco provides three primary functions for the Association: **fiscal management and physical Management**. The fiscal management is overseen by HOAMCO's Chief Financial Officer, Michelle Harbison and her staff. The services include collection of assessments, payment of expenses, monthly income and expense reports. Administrative services include mailings, letters, assisting with the budgeting process, assisting with the interpretation of the legal documents, attending meetings, keeping the Council updated on the latest legal changes in HOA legislation, assisting with ARC issues, and any **other** duties required by the Council. Physical management mainly consists of compliance inspections and enforcement.

There are 923 units in The Ranch at **Prescott**. **Compliance** issues average 53 per month. Most of these issues concern trash, weeds and dead trees. In the first eight months of 2006, 426 compliance notices were mailed to owners. Owners have been very responsive.

Mr. Balzano stated he would like to put together a maintenance committee to assist with the inspection of areas that require maintenance. He reported that he had requests for bids on three-phase weed abatement for the coming year and should hear something in the next few weeks. The Council has set aside additional funds in the 2007 budget to address the ongoing weed problem in the community.

Financial Report – Michelle Harbison

Michelle Harbison provided an overview of the 2005 year end financial **condition of the Association**:

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Assets:

- The year ended with total assets of \$177,454. Cash was 89% of assets at \$157,848.
- At 8% of assets, Construction Bonds were \$15,067.
- Accounts Receivable was 2% at \$3,300.
- And Street Light Inventory 1% at 1,239.

Liabilities:

Prepaid Assessments were 30% of total liabilities and equity at \$52,887. Construction Bonds Payable 8% at \$15,000. Payables - Other 2% at \$4,300 and at 60%, the operating fund equity was \$105,267.

Operating Revenues”

- Revenues totaled \$130,968.
- At 51%, transfer fee income was \$66,300. Architectural Income 48% at \$63,100 and Interest income 1% at \$1,568.

Operating Expenses:

- Operating Expenses for the year were \$153,538.
- Administrative expense was 32% at \$48,391. This includes items such as tax **preparation** fees, office supplies, legal fees, meeting, management fees, postage and printing.
- Architectural expense was 40% at \$62,600. Transfer fee expense 23% **was \$35,100, both** of which are offset by income.
- Common Area/Other expense was 5% at \$7,447 and included landscape maintenance, repairs and maintenance, taxes and contingency items.

2006 Year-To-Date

- For year to date 2006, expenses are running **less than plan** at 65% of the annual budget.

Written Questions – Kent Robinson

Chairman Robinson summarized several written questions that had been submitted by the Membership for response.

Concern over the dead and dying trees along the greenway on Lee Blvd. and whether trees can be sprayed for the bark beetle to save them from future infestation.

Bob Balzano advised that 8 to 10 trees have been or will be removed **soon from the retention basin area**. An additional 52 pinion trees will be cut down and removed starting this weeks. The spraying of the trees would be an effort in futility based

on the location of the Community next to the national forest and there is no current appropriation for spraying in the budget.

Q. When was the square footage requirement for homes in Unit 7 changed to 3000 sq. ft. and why weren't the Owners notified? Are the homes to be built on previously sold lots "grandfathered" to the earlier requirement?

A. Bob Balzano advised that the change was made in May 2005 and the revision to the CC&R's was mailed to all Owners at that time. The section amended is 5.10.1 and was approved and recorded in May 2005.

Q. A suggestion was made to limit the term of Council Members to one term to better share the responsibilities of the Association.

A. Kent Robinson advised that his very issue has been discussed at a recent Council meetings and is something that is being considered by the Council. Because any change in the term (now not limited) would be a change to the CC&R's, the Association Members must approve the change by a 2/3 vote.

Q. A suggestion was made to provide quarterly communication to the membership of the activities of the HOA.

A. Kent Robinson advised that currently a quarterly newsletter is being posted on the website and a quarterly hard copy newsletter is planned for 2007.

Q. A written statement was made that there was an indication that a group in the Community was trying to dismantle the Architectural Review Committee. If this is true, questioner indicated that legal action would be taken to preserve the committee and the integrity of the Community. (Author unknown).

Q. Who is responsible for maintaining (weed cutting and etc.) the sides of the streets in the Ranch, the City of Prescott or the Association?

A. Bob Balzano advised that the Owner is responsible up to the curb of their property. The HOA is responsible for the green belt.

Q. A suggestion was made to scheduled Council meetings for early evening or on Saturdays.

- A. Kent Robinson advised that the Council is open to suggestions. The current Council meetings are scheduled for 3:00 p.m. the fourth Thursday of each month in order to accommodate Council members.
- Q. A statement was made that sometimes letters to the Council go unanswered.
- A. Kent Robinson advised that the Council has made every effort to respond. If someone does not receive a response by the Council, please **advise** your Council representative.
- Q. A question for the ARC: **Per** the current guidelines what colors are not allowed in the Community?
- A. Scott Lee advised that the only color not allowed **ed** are the blue/gray colors and that all colors must be less than 50% reflective value. All other colors would be reviewed by the Committee.

Comment from the Floor

Prior to opening the floor to comment, Kent Robinson advised that it would be unwise for the Council to become involved in any exchange regarding representation in Unit IX due to legal or possible legal action in that regard.

- Q. Bob (**name not known**), Unit 4, 385 Fox Hollow. **Why** is the financial report provided **at the meeting** one year old and not audited. Where is the current information?
- A. This is the **Annual Meeting** and the financial information is for the year ending 2005. The current financial information may be obtained on the website and, if you want a hard copy, please contact Bob Balzano. No audit was performed because of the expense involved; therefore, a compilation of the year end financials was done.
- Q. Sarah Cox, Unit 1, 54 N. Murphy Way – First Ms. Cox would like to commend the great job Phil Alvarado is doing in Unit 1. She would like to volunteer to **serve** on the maintenance committee mentioned earlier by Mr. Balzano. Ms. Cox would also like to know of the compliance issues addressed, how many are open. (**unresolved**)?
- A. Mr. Balzano advised that of the 427 compliance issues address**ed**, there are 28 open items and of those only a handful that are troublesome.

- Q. Bud (Name not known) 492 Fox Hollow – What is being done about the weeds growing between the curb and the asphalt; this looks trashy and makes the streets look trashy.?
- A. Mr. Balzano advised that the curb cracks are the responsibility of the City of Prescott; however, the Public Works Department does not respond timely to the requests. The Association did recently have the curb cracks area sprayed with weed killer.
- B.
- Q. Rick Bernal, Unit 7 – This area is the responsibility of the City of Prescott. Why doesn't the Council get on the City of Prescott to take care of the streets and the weeds in the curbs?
- A. Kent Robinson responded that the Council has been working with the City of Prescott on this and several other issues. Its attitude on the weeds to date is "get in line." With everyone else However, the Council is building relationships and will keep working in this direction.
- Q. Florence Reynolds, 761 West Lee Blvd. – The new Arizona association law regarding administrative appeal by homeowners is a concern. It appears this law may cost the Associations more money to defend complaints.
- A. Mr. Balzano advised the new law providing for an Administrative Law Judge to hear HOA issues became effective on September 21, 2006. There is a filing fee of \$550.00 per complaint and the ruling of the Judge is final; there is no appeal. This makes it important that all history and adequate information is provided to the Judge so that he/she can make a well informed decision. This will undoubtedly cost the HOA's additional money.
- Q. Roger Messick, Swan Lake Circle – Commended the Council and thanked them for a great job.
- Q. An unidentified speaker expressed concerns over the enforcement of the leash law and speeding in the Community.
- Q. Ray Loomer reminded the membership that if they would like to be placed in the directory they should contact him for the forms.
- Q. An unidentified speaker encouraged the membership to let the City of Prescott know how much they appreciated the efforts in the beautification of the retention area.

- Q. An unidentified speaker asked what the status of the crime alert signs was and requested that an unofficial vote be taken on whether the membership wanted the signs posted.
- A. Kent Robinson advised that the Council had voted against the Crime Alert sign posting and did take an unofficial voice vote of those in attendance. The voice vote indicated that the membership in attendance would like the signs posted. Mr. Robinson advised the Council would take their comments under consideration
- Q. Tom Rounding, Unit 4, suggested that the Council take a look at placing a cap on the number of rental properties in The Ranch.
- R.
- A. Dion Mannen advised that this issue had been visited by the Council and is one he is very interested in pursuing in order to keep the property values up. The Council will be looking at this issue again.

There being no further business to discuss, the meeting was adjourned at 4:35 p.m.

Respectfully,

Phil Alvarado
Secretary