

**Long Meadow Ranch Property Owners Association
Abridged Minutes of the Annual Meeting
October 22, 2005**

Long Meadow Ranch Property Owners Association held its 2005 Annual Meeting on Saturday, October 22, 2005, from 9:00am to 12:00pm, at The Phippen Museum, 4701 N US Highway 89, Prescott, Arizona 86305.

Attachment (1): Financial Statement dated October 2005

Attachment (2): Proposed 2006 Budget

Attachments are available to members only and are not included in this Web posted version

Association members attending in person were: Jerry & Sue Alvis, Ed & Sue Baxter, Ray Beckage, Casey & Wendy Buitenhuis, Les & Nancy Campbell, Judy Conwell, Neil & Paula Cooperrider, Betty Foley, Jack & Dee Hansen, John & Abby Harbicht, Cary & Cathy Heller, Bill & Kathleen Hillebrand, Fred Hughes, Steven & Donna LeMert, Ed & Carolyn Novotny, George & Marie Price, Ben & Diana Richter, Herb Roberts, Clay & Wendy Stazenski, Cass Turkowsky, Herb & Paula York. As they signed in on the membership register, attending members turned in election ballots and received a voting card. Also, they received copies of all reports, a current membership directory, and the meeting agenda.

Those submitting absentee ballots (which count toward a quorum) were: Earl & Sherrie Beecroft, Donna & Michael Brown-Jones, Barbara Butterfield, Marshal & Mary Carpenter, Judy Conwell & Faye Mason, Erin & Mike Cooperrider-Mayne, Paul & Claudia Critchfield, Bob & Barbara Elk, Tim Emberlin, Ron & Jane Estabrook, Andrea & Terence Foster, John & Kathy Glimpse, Pat & Sara Grimes, Meg & Joe Leidinger, Robert & Sandra Leonheart, John & Brenda McDonald, Allen & Nadine Nel, Scott & Karen Robertson, Fred & Genne Roybal, Ron & Lara Runger, Stan & Shari Stansauk, In addition Herb Roberts held proxies from Beecroft, Conwell, Critchfield, and Leonheart, all of whom had also filed absentee ballots.

The Secretary determined that there were 23 parcels represented in person at the meeting and 29 parcels filing absentee ballots for a total of 52 of the 66 parcels participating. He then notified the President that a quorum was present.

The President, Neil Cooperrider, called the meeting to order at 9:25 and asked the members present to introduce themselves.

Jerry Alvis **moved that the minutes of the 2004 annual meeting be approved.** The motion was seconded. There was no discussion. The motion passed. 44 votes For, 2 votes AGAINST.

REPORTS TO THE MEMBERSHIP:

The Presidents Report

Change and Growth

- 15 lots changed hands last year, almost ¼ of the 66 lots, probably the most activity since the developer left.

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- Now have residences on 31 properties with 6 more under construction

Background

This Board took over last October with a treasury that had been exhausted, no budget for the coming year, three legal disputes over trail easements, and no road maintenance and improvement contractors lined up after the start of the wettest season in more than a decade. 5.4 inches in September-October, 10.3 inches November-January and 28 inches over past year by my measurements

Board Activities

Board procedures: at first meeting adopted 29 procedures for designed to ensure property owner rights, financial controls, and ethical operation

Budget: A new budget was prepared with reduced annual dues after the Board proposed budget was rejected at the last annual meeting. This budget had lower road maintenance and improvement costs because we feel that these costs should be dealt with by special assessments rather than increasing the annual dues.

Roads: The maintenance and improvement of the 7 ½ miles of community roads is the most important and controversial Board activity. The state of the roads is a matter that has divided the community. There are very different visions of what the community among the owners. Some came for the rural and remote character and want to preserve as much of it as possible. This majority of owners wants to continue to maintain and improve our gravel roads over a longer period of time. A significant minority prefer changes to provide the level of accessibility and services they had elsewhere and wants major improvements (a hard surface in most cases) in the near term.

Road improvement and road maintenance responsibilities were split this past year: road improvement a Board activity and road maintenance assigned to the Road Committee. Reports on these activities later.

Other activities: approval of architectural plans, revision of CC&R's and By-laws, trail extension, and abandonment of unused road right-of-ways

Disputes: The three trail easement matters have been closed. Unfortunately the Board's job was made more difficult and expensive by 6 owners who want significant road improvements immediately. These owners retained an attorney and sent a demand letter to the Board. This action resulted in,

- Our D&O insurance company retained an attorney to respond.
- We spent \$1000 to extend D&O insurance coverage over this dispute for a three year period.
- At the owner's attorney's request and the insurance company attorney's recommendation we commissioned a road engineering study at a cost of about \$4000. to provide recommendations for the maintenance, repair and improvement efforts that will lead to the provision of safe and economically viable community roads.
- The study found no problems with our roads that needed immediate attention, but recommended safety, drainage and base improvements for the roads
- The Board decided that the safety and drainage improvements should be done right away and approved a \$300 special assessment for this work as well as some base material addition.
- The safety issues involved driver speeds and the limited sight distance on some of our hills and intersections. Signs were recommended to deal with these issues

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- No one is very happy about the additional signs, but the Board did not have a prudent alternative and met with the Road Engineer to minimize the number and size of the signs.

Our insurance costs have increased due to the trail easement and road improvement complaints, and yet another threat to sue some Board and committee members has been made in the recent months that will make future increases likely.

Hope that this divisive and non-productive approach to dealing with our disagreements within the community will be abandoned, and that we can communicate in a more civil and productive manner in the future.

Summary

This Board has operated your Association with financial conservatism, has stayed within budget, has had signed contracts for all work over \$1000, has not spent money before we received it, and has used licensed contractors with proof of insurance on all projects. The reports to follow will outline the accomplishments of the year in our various areas of responsibility.

Treasurer's Report: Fred Hughes (Bob Elk, Treasurer, was on vacation) reviewed the monthly Profit & Loss Statement Against Budget, and presented the proposed budget for year 2006. The P&L report is attachment (1) and the 2006 Budget is attachment (2). Herb Roberts asked what the difference was between the Road Improvement line item and the Road Maintenance line item. Neil Cooperrider responded that the Road Improvement line item would be improvements to existing roads like new ditches and cutouts, and adding additional material. Maintenance would include routine grading and ditch work on existing ditches. Herb York asked how the remainder of the unspent funds would be spent. It was pointed out that there was a lot of additional road work to be accomplished between now and the end of the fiscal year. Sue Alvis asked what event necessitated the special assessment. Neil Cooperrider responded that the legal threat which led to the engineers report caused the Board to feel the Signage and Drainage recommendations in the Engineers report should be implemented as soon as possible.

CC&R Committee: George Price had prepared a written report which follows.

Background: Prior to 2004 the Association was operated under the assumption that we must follow the Arizona statutes for Planned Communities. In 2004 this was challenged. At this time we are in receipt of three legal opinions on this, two stating we do not fall under these statutes and one stating we do. Why is this an issue? If we do not fall under these statutes then our POA operates under the non profit corporation statutes which do not include any homeowner protections. There would be no requirement to hold open meeting, allow members to speak at Board meetings, require the agenda of Board meetings be published, give members any say in the finances, and provide for a yearly audit. Therefore the emphasis over the last 14 months has been to modify our CC&R's and Bylaws to incorporate these safeguards.

Status at this time:

- Bylaw changes have been approved which (1) require all LMRPOA meeting to be held in AZ; (2) requires notice of all meetings to be conspicuously posted; (3) requires open meetings which allow members to speak; (4) require a yearly audit of LMRPOA records; and (5) require Board members to declare potential conflicts of interest (if there are any) prior to voting on issues.
- The CC&R's were amended to require any regular assessment that is 20% greater than the previous year be approved by the membership. **The CC&R change which would require special assessments to be approved by the membership did not pass.**

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- Additionally, the Bylaws were rewritten to incorporate all amendments into one document. This is available on the LMRPOA website.

Road Improvement Report: George Price reported that during the past year the following road improvement activities were completed:

- Commissioned a road engineering study
- Distributed the Road Engineer's report to the community
- Improved drainage on Buckbrush Circle by digging a ditch on the up hill side and installing a culvert to take water to the downhill side
- Relocated a ditch on Wildhorse Run that had begun to erode the road surface
- Adopted a 3 year plan to place 3 additional inches of base material on all community roads
- Placed 355 tons of base material on community roads
- Contracted for installation of the safety signage recommended by the road engineer.

Road Maintenance Report: Ray Beckage reported that Road Maintenance Committee Charter is: "To maintain and improve existing Association gravel roads within current budget. To determine areas of greatest need and concern, communicate with contractors for road maintenance and materials companies for hauling in of road material, and to implement the long term plan." Year to date the following was accomplished

- Graded roads and added material in January
- Cleaned debris from Wash bridges after flood in January and repair erosion at entrance to bridge on W. Long Meadow
- Placed warning signs at bridges "Do Not Enter When Flooded"
- Cleaned debris from Wash bridges after February flood and repaired erosion at entrances to bridge on W Long Meadow
- Graded roads in May using water truck
- Two street signs installed at request of member
- All culverts marked with reflectors
- Roads graded and material added in August

Architectural Committee: George Price reported that there were plans approved for nine properties since the last Annual Meeting. One will not be built as the property changed hands soon after the approval.

Insurance Report:

Available to members only. Removed from Web site version.

Audit Committee: Joe Leidinger and Marshal Carpenter were the audit committee this year and provided a written report which stated that they ..."Reviewed the Treasurer's and Secretary's files and found them to be in good order".

Trail Committee Report: Barbara Butterfield provided the following written report. Your Trail Committee began with developing an understanding of current easements and the related documents that support those easements. Following those documents, a review of the currently eased trails was completed and the process to understand permitted but not yet eased trails was undertaken. The next step was to understand the State of Arizona Code as it relates to the need (or not) for insurance to protect property owners. A copy of the code as it protects owners and precludes the need for separate LMRPOA insurance is now in the trail plan files.

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The Committee then developed a process for responding to property owner concerns. The response plan is to understand the concern through direct conversation with the concerned owner and then to talk directly with the community member felt to generate the concern but without bias or judgment and with an eye toward a mutually agreeable solution. Only two concerns have been brought forward and both were resolved quietly and effectively. Be reminded that it is always better to solve a matter face to face with the real intent of solution rather than competitive position taking. The committee will undertake solution if neighbors can not reach agreement or for some reason feel the direct method of solution would be uncomfortable or ineffective.

New easements were completed for three parcels and one easement exchanged for one of these parcels. These new easements will be found at the East property line of lots 14, 15 and 16. An easement dividing lots 15 and 16 was exchanged for the East line of both 15 and 16. The result is a contiguous property for the property owner and access to the National Forest without necessity of travel on the road or opening a barbed wire gate.

The LMRPOA Board asked for a review of property lines and easements and a visual check of properties 59-65 was completed. Notations of access to the eased trails (or not) and condition of the easements was made to the requesting Board member.

The committee sought agreement from some owners (particularly those who have equipment that could be useful in clearing trails) to assist the committee's work when LMRPOA members wish to have their eased trails improved or maintained. Maintenance means filling holes, removing rocks and mowing. Tree removal is conceived to be a joint effort between the owner and committee members and volunteers.

We would like your support for two initiatives next year:

- 1) A brief survey could be sent out to each LMRPOA member asking that they describe their trail easement or trail permission for an un-eased trail i.e. location of the trail N., E., W., or S. property line shared with what other property owner, condition of the trail, nature of obstructions and work wished done by the agreeing neighboring property owners
- 2) A process could be developed to include in the notes section of the questionnaire described above or by calling 928 379 0856 (Butterfield) if the owner would like the committee and a volunteer work party to attend to their trail. The work would then be scheduled at the owner's convenience and as a volunteer work party could be put together.

Members should be reminded that the trail system is not intended for motorized vehicles including cross country vehicles such as ATVs.

NEW BUSINESS:

Motion to approve 2006 Budget: There was a motion and a second to approve the proposed 2006 Budget. The motion passed with 32 votes FOR, and 14 votes AGAINST.

Election of Board Members, class of 2005-2007:

The president noted that the CC&R's require that Board candidates receive votes from a majority of the parcels voting (52 parcels voting, 27 votes) to be elected. The vote count was Jack Hansen 31, Barbara Elk 29, Earl Beecroft 24, Bob Leonheart 22, Herb Roberts 20, and Cary Heller 12. Jack Hansen and Barbara Elk were elected to the Board for the 2005-2007.

GENERAL DISCUSSION:

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This section of the meeting was dedicated to a “frank and open” discussion of any topic the membership wished to discuss.

Q: Is it fair that only two Board members were elected (met the required vote criteria).

A: The board can only follow the CC&R’s and Bylaws.

Q: Is W&W grader large enough to work on our roads?

A: The road chairman felt it would do most of the jobs that we needed and if a larger one was required we would contract for a larger machine.

Q: Is the quality of the work by W&W adequate?

A: The Board felt it was, some members felt it was not.

Q: Can those who want all the roads chip sealed think of a way to insure that there will not be continuing costs to maintain the chip sealed roads.

A: The only way would be to bring the roads up to county standards and turn them over to the county. The cost to do this was suggested by two people to be in the \$6.5M range or \$100,000 per parcel.

Q: Why doesn’t the Board consider a long term plan to chip seal the roads?

A: #1 a majority of the parcels currently do not favor chip sealing and #2 the engineers report stated that it would not be cost effective for our traffic density.

Q: Why doesn’t the Board form a group to determine the true cost of an acceptable chip sealing of the roads.

A: The Board will address this issue in the upcoming year.

Q: Why have we allowed the road issue to so deeply divide the community and what can be done?

A: The Board intends to have more member participation in road issues in 2006.

The motion to adjourn the meeting was made and seconded. The meeting adjourned at 12:02pm.

George Price, Secretary