



FINAL Minutes of the Board Meeting
held on March 16, 2023
via Google Meet, 6:30 to 8:30 p.m.

1. **Call to Order:** The president opened the meeting at 6:31 p.m. and asked for a roll call of board members.
2. **Attendees:** All board members were present: N. Ceccarelli, D. McFarland, D. Vlastic, C. Peachey, J. Levin, P. McCawley, K. Whitmire, C. Barney, and G. Barton. Roll call of other attendees was not taken; many POs were in attendance. The meeting was recorded using Google Meet.
3. **Approval of minutes from December 10, 2022, meetings:** The secretary had sent revised draft minutes of the December 10 meetings (annual and board) to the board for review prior to today's meeting. D. McFarland **moved to approve the minutes of the December 10, 2022, Annual Meeting and the December 10, 2022, board meeting.** J. Levin **seconded.** After hearing no further discussion from the board or other members, **the motion carried by voice approval, no objections.**
4. **Appointment of new statutory agent.** Our attorney on retainer has agreed to be the association's statutory agent, so the secretary will complete the Arizona Corporation Commission process to transfer that role to him.
5. **General administrative updates.** The president addressed this agenda item before addressing the main agenda item of the resolution.
 - a. The president has received complaints that board members are actively engaging in politicizing the difficulties on the ranch. We were elected to represent all members of the association. She requests that board members remain civil and neutral.
 - b. Three engineers explored the ranch roads and sent a proposal, which the president will forward to the road committee for first review. The engineers said most of our roads are in good shape. Concerns are Last Trail area and parts of Reata Pass. Bottom line is that fixes will cost significant money. Geocells are not a product that will be helpful, as we don't have the right sand/soil mixture. We have two geocell products purchased in the past and stored with M. Shelburne now. We can decide what to do with them, perhaps sell or find another use. President requests that the committee prepare options for the geocells in time to present at the April membership/annual meeting.
 - c. The board received a complaint from four property owners regarding the July 5, 2022, election process and requesting use of the association's hearing process. The board responded that the process did not seem suitable for the situation and that it

considered the situation to be closed. The complainants again requested a meeting to have a dialogue with the board instead of moving to a legal remedy (lawsuit). The board has not had the opportunity to meet to discuss options suggested by some board members. The president asked for any thoughts or motions as to whether the board would like to meet on the topic. C. Peachey **moved that the board hold a meeting with the complainants at a mutually agreed time to discuss the issues and try to work out a solution to the complaints that have been set forth.** P. McCawley **seconded.** The board discussed pros and cons. Cons: May set a bad precedent as to what powers the board has. Will this harm association if there is a suit? Pros: There has not been opportunity to meet. This is a meeting only, not a hearing. The insurance company holding our Directors and Officers policy suggested the association find a resolution since a lawsuit would likely not be covered. To avoid financial risk to the association, we should open dialog and attempt a resolution. Recommendations: Set ground rules for such a meeting. Consult association legal and insurance representatives. The president considered this an administrative matter of setting an open meeting and called for a **roll call vote.** Yes = GB, CB, KW, JL, PM, DV, NC, CP; No = none; Abstain = DM. **The motion carried 8-0-1.** G. Barton was asked to take the lead on setting up the meeting and suggesting ground rules. Other board members offered to assist.

6. **Consider a resolution to authorize engaging legal representation.** Under consideration was the resolution titled: A Resolution Authorizing the HLRPOA President to Engage Legal Representation As Necessary to Defend HLRPOA and the Members of the HLRPOA Board of Directors in Certain Specific Actions, and Further Providing for an Effective Date. D. McFarland read the resolution and **moved to adopt it.** P. McCawley **seconded.** Discussion by board and then other POs followed.

- a. This resolution allows research to find a lawyer to defend the association should the association be sued, as there will be little time (20 days) to respond after any suit is served. Our lawyer on retainer will not be available. If a suit is served, this resolution allows spending association funds to hire a lawyer. There may or may not be another board meeting to authorize funds. Defending a lawsuit would likely cost thousands of dollars, how much will it cost, how will association raise the funds? Should we place a cap on the funds authorized? A special assessment will likely be necessary should we engage in litigation. Is this resolution necessary to initiate research? No, it is alerting the community and allowing board to act if suit is served. Suggestion to table the resolution until after meeting with complainants to try to resolve without spending money.
- b. **Roll call vote:** Yes = GB, CB, KW, JL, PM, DV, DM, NC; No = CP; Abstain = none. **The motion carried 8-1-0.**

7. **Adjourned** at 8:21 p.m. J. Levin **moved,** D. McFarland **seconded, carried by voice approval with no objections.** After adjournment, the Google Meet channel remained open for conversation until 8:30 p.m.

Submitted by C. Peachey, HLRPOA Secretary

A RESOLUTION AUTHORIZING THE HLRPOA PRESIDENT TO ENGAGE LEGAL REPRESENTATION AS NECESSARY TO DEFEND HLRPOA AND THE MEMBERS OF THE HLRPOA BOARD OF DIRECTORS IN CERTAIN SPECIFIC ACTIONS, AND FURTHER PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, High Lonesome Ranch Estates Property Owners Association (HLRPOA) is in receipt of correspondence and property owners' complaint(s); and

WHEREAS, the complaint arises from the events surrounding a recall election of HLRPOA board members in July 2022; and

WHEREAS, in the event that complainants (collectively and/or individually as separate plaintiffs: Eileen Ahearn, Robert Wade Barfield, Jo Green and Patrick Green) follow through on a previously stated threat to sue HLRPOA; and

WHEREAS, Arizona Rules of Civil Procedure require an Answer within 20 days to a properly served Summons and Complaint; and

WHEREAS, one of potential plaintiffs is a former HLRPOA board member at the time of the recall election; and

WHEREAS, the insurer of HLRPOA has stated that an exclusion to coverage exists if a board member/former board member is a plaintiff against the HLRPOA/Board for actions that arose or occurred during the tenure of that board member; and

WHEREAS, because time is of the essence, the President, in consultation with the Officers and the Board of Directors, is authorized to immediately identify and retain specific defense counsel, separate and apart from any existing or previously retained counsel; and

WHEREAS, the hiring of defense counsel for this specific purpose may proceed without membership affirmation or additional board action or notice.

BE IT THEREFORE and IS RESOLVED THAT

1. The President and Board of Directors may engage defense counsel to represent and defend HLRPOA in any suit or cause of action arising out of and/or as a result of the HLRPOA Board Member Recall Election of July 2022.
2. This resolution is effective immediately upon passage by the HLRPOA Board of Directors.