

High Lonesome Ranch Estates
1870 W Prince Road, #47
Tucson, AZ 85705
Phone: 520-297-0797 Fax: 520-742-2618

TURNOVER MEETING

As the developer, High Lonesome Ranch, LLC, has now sold approximately seventy-five percent of the properties in the High Lonesome Ranch Estates they are getting ready to turn control of the Association over to the members of the Association.

This means that at the December 4th meeting to be held at 1:00 p.m., at the Schieffelin Hall (N. E. Corner of 4th and Fremont, the large building just east of the parking lot next to the High Lonesome Ranch Sales office in Tombstone) a five-member Board of Directors will be elected by the membership to serve on the Board. The developer has chosen not to vote on the election of directors, it will be the property owners only who will choose the Board members.

The newly elected Board directly following the turnover meeting will hold an organizational meeting. At this meeting, the Board will elect the Officers.

If you are interested in running for the Board or would like to nominate another member of the Association, forward the name to the Nominating Committee, along with a brief biography (for example, why you feel you would be the best person for the Board position or why the person you are nominating would be the best person for the job) c/o Annette at Cadden Community Management and it will be included with the ballot which will be mailed to all members. Nominations will also be taken from the floor at the meeting.

Any nominees to be placed on the ballot, which will be mailed to all members with brief biography, should be mailed to the Committee no later than November 4th 2004, as we would like to give 30 days notice of the meeting.

The Committee currently has one nominee; Mr. Joseph Alberti. Notice of this meeting will be mailed to all property owners along with a voting proxy ballot and a brief biography of the nominees under separate letter.

Should you have any questions, feel free to call this office.

For the Association,



Annette Gardner, PCAM
Cadden Community Management

Anette

**High Lonesome Ranch
Estates Property
Owners Association
Annual Meeting**

12/04/04
Time: 1:00 p.m.
Schieffelin Hall, 4th/Fremont, Tombstone AZ

Type of meeting: Annual Note taker: Annette Gardner

Agenda

Homeowner Input

1. Call to Order
2. Quorum 25% of each class of membership (29 Class A) (6 Class B)
3. Proof of Call
4. Introductions
4. Business
 - Approval of Prior Year's Minutes – December 6, 2003
 - Financial Report
 - Election of Class A Board of Directors (Five Member Board)
 - Nominees: Joe Alberti, James Browning, Philip Gray, Harry Huffman, Ralph Mastroberte, Jeffrey Shelton, Keith Stanford
 - Motion to open nominations from the floor
 - Motion to close nominations from the floor
 - Vote
 - Announcement of 2005 Board
5. Adjournment

Additional Information

Organizational meeting to follow Annual Meeting.

**HIGH LONESOME RANCH ESTATES PROPERTY OWNERS ASSOCIATION
ANNUAL MEETING**

Date: December 6, 2003
Time: 1:00 p.m.
Place: Schieffelin Hall, Tombstone Arizona

CALL TO ORDER

The meeting was called to order at 1:00 p.m.

ROLL CALL

Members of the Board Present	Ms. Kathy Keil
Class B Developer Representative:	Kathy Keil, Western Land
Guest Speakers:	Jan Hauk, Arizona Fire District Association Bob Weber, Arizona Fire District Association Don Boursier
Cadden Community Management	Annette Gardner, Jackie Gardner
Property Owners Present:	Ailshouse (105) Barton (043) Boursier (051) Browning (130&131) Chalupa (046) Chiarino (109&122) Corrado (011) Crouch (023) Fredenburgh (002) Gray (099) Green (090&107) Green (009) Holt (020) Huffman (007) LePard (098) McGuire (067&068) Mills (015) Olson (070) Porter (028) Rossbach (016&017) Shelton (069) Stack (001)Thayer (097) Trombley (018)
Property Owners by Proxy:	Shaw (022) Bender (120) Matson (127) Lentz (040) Mastroberte (087 & 095)
Guests:	Kathy Williams
Minute Taker	Annette Gardner

QUORUM

A quorum of both Classes of Membership was present to conduct an official meeting.

PROOF OF CALL

Proof of call was evident by the members present or represented by proxy.

INTRODUCTION

The members present introduced themselves to each other.

BUSINESS

Financial Report

The members present were given a year to date expenditure analysis. The account balances as of December 5, 2003:

Operating:	\$757.83
Reserve:	\$700.00
Delinquencies:	\$1,102.01

Approval of Prior Year's Minutes – December 6, 2002

MOTION: to approve the Minutes of the December 6, 2002 Annual Meeting as presented. Motion was seconded and passed unanimously.

Announcement of the 2003 Board of Directors

The 2003 Board of Directors is: Lou Christensen, Sr., Lou Christensen, Jr., and Kathy Keil.

Member Input

1. Grading of Ranch Roads

It was the consensus of the members present that the roads in the Ranch needed to be graded.

Kathy Keil responded that a bid would be gotten from the grading company to do the entire ranch. Discussion ensued as to how the property owners would notify the Board about the areas needing to be graded. Members present were asked to call Kathy if the area near their property was in need of grading work.

2. Gleeson Road Paving

Kathy gave an overview of the discussion held last year on the Gleeson Road being paved. A straw poll of the members present was given to see who wanted the road to remain unpaved versus having the road paved.

Property owner, Mr. Pat Greene, discussed the condition of the road and stated that a lot of commercial traffic is using the road, which could lead to an environmental issue of dust. He also felt that it would help tourism and the commercialism if Gleeson Road were paved. Mr. Greene had brought form letters that he urged people to take a copy of and mail to the Board of Supervisors if the property owners wanted Gleeson Road paved. He suggested that if property owners did not send a letter that they send e-mail or call with their concerns. He then volunteered to be a liaison between the property owners and the Board of Supervisors. (Phone: 520-457-3715, Fax: 520-457-3719 or e-mail pkgreene@theriver.com)

It was suggested by one member that a petition be sent to the Board of Supervisors on this issue. Another member stated that this was done last year and nothing became of the petition.

It was stated that one of the problems with Gleeson Road is that the maintenance for that road is split between two different maintenance yards, one in Elfrida and the other in Bisbee which causes confusion as to who is responsible for which portion.

3. Electrical Installation

It was stated that several members had electricity installed on their properties. Discussion ensued on the cost of bringing electricity to the properties.

Pat Greene volunteered to work for the Association on a Pro Bono basis to coordinate between the landowners and the power company. He stated that anyone wanting to install power, he will figure out the sections where the neighbors can get together and work with the power company to get a better price for the electrical installation.

ADJOURNMENT:

As there was no further business to discuss, the meeting was adjourned and the members moved to the projection room for a presentation on Fire Safety presented by Don Boursier and the two representatives from the Arizona Fire District.

HIGH LONESOME RANCH ESTATES 2005 BUDGET ASSUMPTIONS

INCOME

Based upon 112 parcels being sold as of January 1, 2005 and projecting two sales per month.
Assessment is collected semi-annual, equal payment of \$60.00 per parcel.

EXPENSES

Taxes as levied by State of Arizona for homeowners' association.
Property taxes as levied by Cochise County for Common Areas
Insurance based upon actual cost for Directors/Officers and liability insurance, projecting 9% increase.
Corporation Commission renewal fee.

Administrative

Tax preparation by third party for State and Federal Taxes. New laws call for review, compilation or audit.
Management fee as charged by Cadden Community Management
Administrative fees are charged by Cadden Community Management for additional services
Statement fee is charged by Cadden Community Management to produce semi-annual statements
Postage as charged by USPS for mailing association correspondence.
Printing to cover cost of copying correspondence, newsletter production, etc.
Legal to cover the cost of filing liens or collection costs for non-payment of assessments.
Office supplies to cover the cost of files, labels, envelopes, etc.
Meeting expense to cover cost of renting room/refreshments for annual meeting.

Operating Expenses

Road maintenance is cost to hire contractor to grade roads that need to be graded. Normally done after Monsoon Season.
Amount is based on that not all portions of the road need to be graded. The areas will be done per the contractor's recommendation.

RESERVES

Roadway reserves to cover future repair/maintenance to roadways.
Tanks is funds saved each month to replace holding tank. Projected life-span of 15 years
Windmill is funds saved for upkeep of windmill at the well site.

HIGH LONESOME ESTATES
BUDGET ANALYSIS

	02 Actual	03 Actual	2004 Approved	2004 30-Nov	2005 Approved
INCOME					
Income collected in December					
Property	\$ 6,097.56	\$ 7,727.07	\$ 9,600.00	\$ 10,260.46	13440
Interest		\$ 40.00		60	30
Developer Contribution	\$ 1,505.17	\$ -		12,030.25	
TOTAL	\$ 7,602.73	\$ 7,767.07	\$ 9,600.00	\$ 22,350.71	\$ 13,470.00
FIXED EXPENSES					
Income Tax	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Property Taxes	\$ 18.24	\$ 20.16	\$ 20.00	\$ 27.24	\$ 27.00
Insurance	\$ 2,530.93	\$ 1,849.45	\$ 1,993.00	\$ 2,066.42	\$ 1,993.00
AZ Corporation Commission Report	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Sub-total	\$ 2,609.17	\$ 1,929.61	\$ 2,073.00	\$ 2,153.66	\$ 2,080.00
ADMINISTRATIVE					
Accounting Review	\$ 150.00	\$ 150.00	\$ 160.00	\$ 100.00	\$ 400.00
Management	\$ 3,450.00	\$ 3,400.00	\$ 3,000.00	\$ 2,780.00	\$ 3,400.00
Administrative Services	\$ 393.00	\$ 258.00	\$ 381.00	\$ 55.00	\$ 192.00
Statements	\$ 48.65	\$ 24.15	\$ 56.00	\$ 26.25	\$ 84.00
Postage	\$ 134.95	\$ 148.01	\$ 130.00	\$ 212.79	\$ 173.00
Printing	\$ 156.60	\$ 151.40	\$ 120.00	\$ 287.84	\$ 159.00
Legal				\$ 25.00	\$ 400.00
Office Supplies	\$ 57.86	\$ 78.80	\$ 60.00	\$ 195.96	\$ 132.00
Meeting Expense		\$ 125.00	\$ 170.00		\$ 170.00
Sub-total	\$ 4,391.06	\$ 4,335.36	\$ 4,077.00	\$ 3,682.84	\$ 5,110.00
OPERATING EXPENSES					
Road Maintenance/Repair	\$ 375.81	\$ 961.27	\$ 3,210.00	\$ 12,030.25	\$ 4,600.00
Sub-total	\$ 375.81	\$ 961.27	\$ 3,210.00	\$ 12,030.25	\$ 4,600.00
RESERVES					
<i>Well Site</i>					
Roadways				\$ 3,210.00	\$ 1,440.00
Tanks	\$ 55.00	\$ 65.00	\$ 60.00	\$ 55.00	\$ 60.00
Windmill	\$ 165.00	\$ 195.00	\$ 180.00	\$ 165.00	\$ 180.00
Sub-total	\$ 220.00	\$ 260.00	\$ 240.00	\$ 3,430.00	\$ 1,680.00
TOTAL EXPENSES	\$ 7,596.04	\$ 7,486.24	\$ 9,600.00	\$ 21,296.75	\$ 13,470.00

\$ - \$ (1,053.96) \$ -

Account Balances as of November 30, 2004

Operating	\$ 1,550.37
Reserves	\$ 4,150.00
Delinquencies	\$ 1,814.94
Unpaid bills	\$ -

* Developer contributed \$12,030.25, a portion (\$3210.00) being deposited into roadway reserve fund

HIGH LONESOME RANCH ESTATES 2005 BUDGET ASSUMPTIONS

INCOME

Based upon 112 parcels being sold as of January 1, 2005 and projecting two sales per month.
Assessment is collected semi-annual, equal payment of \$60.00 per parcel.

EXPENSES

Taxes as levied by State of Arizona for homeowners' association.
Property taxes as levied by Cochise County for Common Areas
Insurance based upon actual cost for Directors/Officers and liability insurance, projecting 9% increase.
Corporation Commission renewal fee.

Administrative

Tax preparation by third party for State and Federal Taxes. New laws call for review, compilation or audit.
Management fee as charged by Cadden Community Management
Administrative fees are charged by Cadden Community Management for additional services
Statement fee is charged by Cadden Community Management to produce semi-annual statements
Postage as charged by USPS for mailing association correspondence.
Printing to cover cost of copying correspondence, newsletter production, etc.
Legal to cover the cost of filing liens or collection costs for non-payment of assessments.
Office supplies to cover the cost of files, labels, envelopes, etc.
Meeting expense to cover cost of renting room/refreshments for annual meeting.

Operating Expenses

Road maintenance is cost to hire contractor to grade roads that need to be graded. Normally done after Monsoon Season.
Amount is based on that not all portions of the road need to be graded. The areas will be done per the contractor's recommendation.

RESERVES

Roadway reserves to cover future repair/maintenance to roadways.
Tanks is funds saved each month to replace holding tank. Projected life-span of 15 years
Windmill is funds saved for upkeep of windmill at the well site.

HIGH LONESOME ESTATES
BUDGET ANALYSIS

	02 Actual	03 Actual	2004 Approved	2004 30-Nov	2005 Approved
INCOME					
Income collected in December					
Property	\$ 6,097.56	\$ 7,727.07	\$ 9,600.00	\$ 10,260.46	13440
Interest		\$ 40.00		60	30
Developer Contribution	\$ 1,505.17	\$ -		12,030.25	
TOTAL	\$ 7,602.73	\$ 7,767.07	\$ 9,600.00	\$ 22,350.71	\$ 13,470.00
FIXED EXPENSES					
Income Tax	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Property Taxes	\$ 18.24	\$ 20.16	\$ 20.00	\$ 27.24	\$ 27.00
Insurance	\$ 2,530.93	\$ 1,849.45	\$ 1,993.00	\$ 2,066.42	\$ 1,993.00
AZ Corporation Commission Report	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Sub-total	\$ 2,609.17	\$ 1,929.61	\$ 2,073.00	\$ 2,153.66	\$ 2,080.00
ADMINISTRATIVE					
Accounting Review	\$ 150.00	\$ 150.00	\$ 160.00	\$ 100.00	\$ 400.00
Management	\$ 3,450.00	\$ 3,400.00	\$ 3,000.00	\$ 2,780.00	\$ 3,400.00
Administrative Services	\$ 393.00	\$ 258.00	\$ 381.00	\$ 55.00	\$ 192.00
Statements	\$ 48.65	\$ 24.15	\$ 56.00	\$ 26.25	\$ 84.00
Postage	\$ 134.95	\$ 148.01	\$ 130.00	\$ 212.79	\$ 173.00
Printing	\$ 156.60	\$ 151.40	\$ 120.00	\$ 287.84	\$ 159.00
Legal				\$ 25.00	\$ 400.00
Office Supplies	\$ 57.86	\$ 78.80	\$ 60.00	\$ 195.96	\$ 132.00
Meeting Expense		\$ 125.00	\$ 170.00		\$ 170.00
Sub-total	\$ 4,391.06	\$ 4,335.36	\$ 4,077.00	\$ 3,682.84	\$ 5,110.00
OPERATING EXPENSES					
Road Maintenance/Repair	\$ 375.81	\$ 961.27	\$ 3,210.00	\$ 12,030.25	\$ 4,600.00
Sub-total	\$ 375.81	\$ 961.27	\$ 3,210.00	\$ 12,030.25	\$ 4,600.00
RESERVES					
<i>Well Site</i>					
Roadways				\$ 3,210.00	\$ 1,440.00
Tanks	\$ 55.00	\$ 65.00	\$ 60.00	\$ 55.00	\$ 60.00
Windmill	\$ 165.00	\$ 195.00	\$ 180.00	\$ 165.00	\$ 180.00
Sub-total	\$ 220.00	\$ 260.00	\$ 240.00	\$ 3,430.00	\$ 1,680.00
TOTAL EXPENSES	\$ 7,596.04	\$ 7,486.24	\$ 9,600.00	\$ 21,296.75	\$ 13,470.00

\$ - \$ (1,053.96) \$ -

Account Balances as of November 30, 2004

Operating	\$ 1,550.37
Reserves	\$ 4,150.00
Delinquencies	\$ 1,814.94
Unpaid bills	\$ -

* Developer contributed \$12,030.25, a portion (\$3210.00) being deposited into roadway reserve fund

**HIGH LONESOME RANCH ESTATES PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS ORGANIZATIONAL MEETING**

Date: December 4, 2004
Time: 3:00 p.m.
Place: Schieffelin Hall, Tombstone Arizona

CALL TO ORDER

The meeting was called to order at 3:00 p.m.

ROLL CALL

Members of the Board Present: Mr. Mastroberte, Mr. Alberti, Mr. Stanford
Mr. Shelton, Mr. Browning

Management Staff: Annette Gardner, PCAM
Cadden Community Management

Minute Taker: Annette Gardner

QUORUM

A quorum was present to conduct an official meeting.

APPOINTMENT OF OFFICERS

President	Ralph Mastroberte	1 year
V President	Jim Browning	2 years
Treasurer	Jeffrey Shelton	2 years
Secretary	Keith Stanford	3 years
Member	Joe Alberti	3 years

MOTION: to accept the Appointment of Officers and terms as presented. Motion was seconded and passed unanimously.

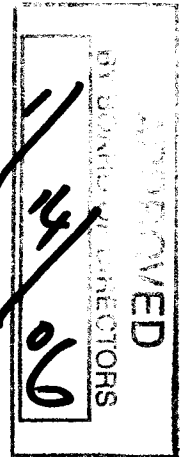
SIGNATORIES

Operating Account:

MOTION: that the signatories on the operating account are Board Members Ralph Mastroberte, Jim Browning, Jeffrey Shelton, Keith Stanford and Joe Alberti and Cadden Community Staff members Mike Cadden, Grant Gates, Teri McGuinness and Annette Gardner. A two signature signing policy is required on all checks. Motion was seconded and passed unanimously.

Reserve Account:

MOTION: that the signatories on the operating account are Board Members Ralph Mastroberte, Jim Browning, Jeffrey Shelton, Keith Stanford and Joe Alberti. A two signature signing policy is required on all checks. Motion was seconded and passed unanimously.



Bank Choice

MOTION: that the reserve and operating accounts be opened at the USBank. Motion was seconded and passed unanimously.

Closing of S. AZ Community Bank Operating Account

MOTION: that the S. AZ Community Bank operating account be closed on January 31, 2005. Motion was seconded and passed unanimously.

OLD BUSINESS

Alleged CC&R Violations:

Lot 07 – non conforming improvements – home does not match submitted plans.

Lot 021 – non – conforming improvements – home does not match submitted plans.

Lot 041 – modifications made without prior review and approval of Architectural Review Committee.

Annette reported that the three members had been sent certified notice of the alleged violations and that she will forward copies of the submittals and letters to the Board for their review, prior to any action being taken.

Liens

Annette reported that liens had been filed against any member who is delinquent more than two assessment periods.

ADJOURNMENT

MOTION: to adjourn this meeting at 4:00 p.m., as there was no further business to discuss. Motion was seconded and passed unanimously.