

**San Ignacio Vistas, Inc.
Homeowners Association**

ANNUAL MEETING OF MEMBERS

February 17, 2004

The 2003 Board President, Dr. Vernon Kliever, called the meeting to order at 1:50 PM with a welcome to all of the homeowners in attendance. He announced that a quorum of lot owners was present by proxy (100) and in person (14). There were 45 attendees.

President Vernon Kliever then stated that there were no requests for items to be placed on the agenda, and that the agenda given to the homeowners would be used. The President thanked Arlene Haugan and John Miceli for organizing the refreshments enjoyed during the social time preceding the meeting.

Dr. Kliever introduced each member of the board and gave a brief background for each: Linda Gregory, Vice President (replacing Karl Anderson resigned for personal reasons); Gorman Fisher, director who was appointed to complete the 2-year term resulting from Karl Anderson's resignation; Arlene Haugan, elected to a 2-year term last February and serving as Treasurer for the past 4 years; Ronald Sorenson, Director and; Marianne Bishop, Secretary.

He then reviewed the list of committees and the members of each (included as Attachment A to these minutes), and thanked all volunteers for their dedicated work on behalf of the Association during the past year. Many have been serving for several years; and he expressed the hope that more homeowners would become involved in the operation of our community.

Ronald Sorenson chairman of the Nominating Committee announced that despite their efforts they were unable to find a single new member to submit themselves as a candidate for the board. As a result Vernon Kliever and he have agreed to stand for election. He cautioned members of the need to have new faces for the Board, as he and Vernon do not intend to be on the Board for life! The President then called for nominations from the floor. Being none, the nominations were closed. Those present with ballots voted. The tellers collected the ballots and retired to count the proxies and votes.

Marsha Lucas, Lot 183 asked how many homeowners are full-time and how the Nominations Committee (NC) went about seeking nominees. Ron Sorenson responded that that on October 9 a letter was sent to all homeowners stating the need to elect two directors at the Annual Meeting. The letter listed the NC members with addresses and phone numbers and asked interested parties for a statement of qualification as well as why they would like to serve as director. This request was repeated with the December 1st

annual dues mailing. The deadline for consideration was set as January 17. The President added that this appeal was also carried in the Newsletter sent in October 2003.

Marianne Bishop gave the Secretary's report. The full text of her remarks is included with these minutes as Attachment B.

Arlene Haugan gave the Treasurer's report. It included the Association Balance Sheet as of December 31, 2003, and the Annual Financial Report for 2003 with the Budget adopted for 2004. For the two reports, see Attachment C to these minutes. Ms. Haugan and Dr. Kliewer responded to questions raised by Bob Cohen, Lot 192, concerning reserves; Arnold Ghilardi, Lot 23, concerning the line item of Taxes under Operating Expenditures; and Ronnie Pine, Lot 151 spoke about Maintenance - and the need to cut the cost of maintaining trees. Robert Puttock, Lot 130, commented on resurfacing of streets.

Vernon Kliewer gave the President's report on the state of the Association and the results of operation for the year 2003. In 2003 SIVHOA adopted "split management" government by retaining Lewis Management Resources (LMR) to maintain homeowner records and to supervise Association mailings. The Board still manages the fiscal and physical assets of the Association and our Secretary, who is not a member of the Board, maintains Board and Committee minutes and records and also functions as the Board's liaison with LMR.

Each of the functioning volunteer-member Standing Committees—Architectural, Financial Advisory, Maintenance and Nominating—assists the Board and the Association to efficiently fulfill their responsibilities. Other committees also provide quality of life to SIV—such as Holiday Decoration, which provided aesthetic beauty during the holiday season, and Neighborhood Watch, which contributed to the safety of our neighborhood throughout the year.

2003 Audit

The 2003 audit of the SIV financial records has been completed. Since the Certified Public Accountant (CPA) retained to do this audit did not give the completed audit report to the President until 16 February 2004, either the Financial Advisory Committee or the Board had not had a chance to review the report.

For the record, the report contained the following statements:

"In my opinion, the financial statements, . . . present fairly, in all material aspects, the financial position of San Ignacio Vistas, Inc. as of December 31, 2003 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles."

". . . the member volunteer efforts should be commended. The Association is in an enviable financial position."

Volunteerism

The President made a plea for volunteers from our HOA and cautioned that a lack of volunteers could make inevitable the need to retain professional management for both the fiscal and physical aspects of our Association as well as the items that are presently being handled by LMR. This would result in immediate operating cost increases affecting budgetary requirements and translating into a dramatic increase in yearly Association Dues.

Fiscal Management

Operational Funds

Fiscal goals were realized within a framework of the 2002 dues as a starting point and a modest dues increase for 2004, based on October 2003 Consumer Price Index report.

Reserve Funds

The end-of-year Statement of Financial Condition shows the value of the association's Reserve funds and is an important indicator of the association's financial health. Prudent investment advice by the Financial Advisory Committee and A. G. Edwards has successfully increased the face value of invested funds even as the marketplace was awash in decreased interest rates. It is noteworthy that past decisions to make a yearly contribution to the reserve funds has made systematic growth in the value of the funds possible. Even though the projected goal for full funding of Reserve Funds lies ahead, steady progress is being made. Reserve Analyses throughout the fiscal year by the FAC assures that these reserve objectives are attainable.

Physical Side of Management

Two committees are principally responsible for making decisions and recommendations for the physical management of property in SIV.

Architectural Committee

The Architectural Committee is responsible for evaluating requests and matters that relate to private property. The AC was reactive during 2003 in responding to homeowner's requests for making landscaping and exterior dwelling modifications. It acted proactively by periodically reviewing the private properties in an attempt to identify landscaping or other architectural aspects that could have immediate or future effect on the fiscal and physical characteristics of this subdivision.

To maintain the architectural integrity of SIV the committee sought to respond in a consistent and timely manner, as required by the CC&Rs, to all homeowner requests. In conjunction with their fiduciary responsibility, the committee updated the re-painting policy and formulated a set of rules evaluated by the association's attorney and approved by the Board establishing standards for the installation of attached structures, such as ramadas, to name only two.

Maintenance Committee (MC)

The Maintenance Committee is responsible for making recommendations that relate to properties owned and managed by the Association. Throughout 2003 the MC made recommendations that related to the maintenance of Common Areas (CA). Some of their recommendations adopted by the Board are:

- **Erosion Control**

Erosion control to renovate and rebuild drainage channels on the embankments facing Calle Tres and Camino del Sol. This phase of the erosion control was completed earlier in the year with positive results. Water flow control has been vastly improved and the rock-lined drainage ways add a pleasing visual aura to the slopes.

There remains a situation that needs to be remedied on the embankment facing Calle Tres. The MC seriously considered hydro seeding but thorough investigation showed that the expense involved would not likely produce the results desired. Other possibilities are under review by the committee for recommendation to the Board.

The second phase of remedying the severe erosion on the embankment facing on Camino del Sol is in progress involving thousands of square feet of carefully installed heavy duty, water impervious fabric and rip-rap. It is an expensive project and the ultimate cost could exceed \$30,000, dependent upon the total square feet involved to accomplish effective erosion control. Every effort is being made to complete this project at the lowest possible cost while maintaining quality installation and sufficient coverage of riprap. Delaying this project would lead to further deterioration and higher construction and materials costs.

- Street resealing

Resealing of our private streets is underway and is scheduled to be redone approximately every four years to ensure the total life of the asphalt paving is prolonged to the total estimated maximum lifetime of thirty years, of which 29 estimate years remain. The first phase, crack filling, was completed during the latter part of December. Resealing of the entire street surfaces will be completed during the period of late May to mid June. The funds for this project were accumulated over a four-year period and are available in the Capital Reserve Fund. Prior to beginning the actual work, each homeowner will be notified about the scheduled date(s) for a particular street and the procedures to be adhered to by each homeowner during the resealing process.

- Common Area Maintenance

During 2003 the MC made several recommendations to the Board relating to removal of view impairing or wind damaged trees. The removals approved to date were completed by the end of December.

With Board approval, the Association's arborist pruned the interior street trees during December. No additional tree pruning requested by homeowners is scheduled until the Board has ratified appropriate rules.

- Interior vegetation enhancement

The MC has placed into effect a long-range plan for enhancing vegetation on our interior CA. The initial plantings and care of the plants were done by members of the committee and they are most visible with the introduction of ocotillos, succulents and other arid-land plants on Vista Ridge Drive, as well as succulents and other arid-land plants on the four corners of the intersection of View Ridge Drive and Sonoran View Drive. As reliable volunteer time and funds permit, the future will bring additional enhancements to the desert vegetation of the CA

- Disuse of CA

Because there are homeowners who persist in violating the CC&Rs by (a) permitting their retained contractors to deposit landscape and other building materials on the sidewalks and streets while a project is underway and (b) homeowners themselves, or their retained contractors, who deposit dirt, other debris, or paint cleaning liquids on the CA, the MC has recommended to the Board that the Association's attorney be asked to develop a policy of fines and penalties to be automatically imposed for any violation of the CC&Rs.

The Board As Manager and Advocate

The Board of Directors met to conduct association business each month of the fiscal year, except June and all meeting dates were published in the Minutes of the Annual Meeting of Homeowners, February 18, 2003 distributed to Homeowners in March 2003. In addition, a notice was published in the Green Valley News and Sun meetings section prior to each Board meeting inviting homeowners to attend the meeting and to take advantage of the Homeowner’s Forum prior to the meeting to bring concerns before the Board.

CC&Rs

Ron Sorenson in consultation with the Association’s attorney, continued to guide the development of the SECOND AMENDED AND RESTATED DECLARATION OF ESTABLISHMENT OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SAN IGNACIO VISTAS. The drafted revision is being distributed to all Homeowners, and a general informational meeting will take place in March to provide an opportunity for Homeowners to ask questions and to comment on the proposed Second amendment. As soon as it is practicable after the general meeting, a mail ballot will be taken for the purpose of adopting the Revised CC&Rs.

Community Association Institute (CAI)

The Board voted to become a member in full standing of the Institute. Membership in the Institute provides information for board members and officers on ways to become better informed about conducting the business of the Association. In addition, five board members and officers were subsidized to attend an all day training session on the “a b c s: A Basic Course for Community Associations

Unpaid Lien

At the 2003 Annual Meeting it was reported that there were two outstanding liens. One of those liens has been paid in full; the second lien that resulted from nonpayment of fines and penalties imposed for violations of the CC&Rs remains unpaid. This lien was filed by the Association Attorney on behalf of the Board and is recorded in the Pima County Recorders Office. Prospects of settlement are unknown.

During the agenda item of Resident’s Time, the following homeowners brought forward the several concerns for the 2004 board to address.

- Bob Cohen, Lot 192 raised the issue of the wording of item (1) under Trees and Vegetation on Private Properties of the Homeowners Association Rules, revised and distributed as of 12/1/2003. The President suggested that this matter be brought forward at the Town Meeting on revisions to the CC&R’s.
- Arlene Ghilardi, Lot 23 questioned the broken lights on the walking path on Camino del sol.
- Ronnie Pine, Lot 151, raised the issue of cars being parked on the sidewalks.

The Secretary handed the President the tellers report as follows:

The results were 114 ballots cast with 9 declared invalid for either not being placed in the official ballot envelope, lack of signature, or other extraneous markings.

Vernon Kliewer	97
Ronald Sorenson	104
Duane Nealy	1
Gary Raff	1
Ward Williams	1

Vernon Kliewer and Ron Sorenson were re-elected as Directors for the term 2004-5.

Arlene Haugan asked for volunteers to plan social functions.

The President announced that the new board would convene immediately following the Annual Meeting.

John Hazlitt commended the Board for their efforts in what seems to be a thankless job and expressed appreciation for all time spent on behalf of the homeowners (whether they agree with every decision that the Board has made) and all in attendance gave a hardy round of applause.

The Chair thanked those attending for their participation and announced that the new board would convene immediately following the Annual Meeting. The meeting was adjourned at 3:10 PM.

Approved by the board on April 5,2004.

/s/

Marianne M. Bishop, Secretary

Attachment A

San Ignacio Vistas Homeowner Association

2003 Committees and Members

Architectural Committee

Gary Brown
Joseph Jay
John Jones, Chairman
Jim MacLaren
Dave Roubos
Georgene Sorenson
Frank Surpless
Susan Trecartin
Ron Sorenson – Board Representative

Holiday Decorations Committee

Hilde Dibernardo
Mike Dibernardo
David Link
Ruth Link
Ernie LeMaster
Trish LeMaster
John Schuette
Sandy Schuette
Pat Smith

Maintenance Committee

Lillian Byerly
Mary Lu Catino
Linda Gregory
Carl Johnson
Ray Schofield
Vernon Kliewer– Board Representative

Audit Committee

Linda Gregory
Vernon Kliewer, ex officio
Edwin Wismeyer

Financial Advisory Committee

Linda Gregory
Vernon Kliewer

Neighborhood Watch Areas

1. Arnold Ghilardi
2. Helenlee Pardi
3. Ronald Schade
4. Barbara Mastic
5. Dennis Hein
6. Michael Finklestein
7. Jean Phillips
8. Gene Bengston, Chair
9. Claire Amato
10. Gene Bengston
11. Robert Henley
12. Jane Toler
13. Elizabeth Byerly
14. Arlene Haugan

Nominations Committee

Ron Sorenson, Chair
Michael Amato
Frankie Hein
John Jones
Ron Payne
Ray Schofield

Attachment B

Secretary's Report for February 17, 2004

It hardly seems like a year ago I was sitting in the audience wondering how I was going to fulfill the commitment I made by accepting the position of Secretary of this Association. When I volunteered I was confident I could do a good job-keeping track of the association records. I have a strong background with computers and have worked in the business field for nearly 40 years. I could see myself maintaining the homeowner's database and handling bulk mailings to members, but I was reluctant to sit in on board meetings and take minutes.

2003 has passed too quickly. It has been a learning experience - a chance to see what goes on behind the scenes in keeping this community a beautiful and desirable location.

We had 23 homes exchange hands during 2003. Carolyn Fox from Caldwell Banker was kind enough to provide the Secretary with a computer print out. After analysis I discovered that 9 of the 23 homes sold and closed in less than 3 months; 10 sold between 3-7 months, and 2 sold by the end of 8 months. The average "days-on-market" in Green Valley (which includes surrounding areas such as Tubac, Amado and Sahuarita) is 133 days or almost 5 months. Almost half of the SIV homes sold in well under that average. Presently we only have 5 homes on the market and one of them is under contract. I think that speaks volumes about our desirable location. Because of our wide streets and the spacious, nicely terraced, well-maintained common areas we boast some of the best views in Green Valley. We can all take pride in our community.

This was also our first year working with Lewis Management Resources in Tucson. This has also been a learning experience. We now have a monthly routine for updating our homeowner database; but that means that our records may not always reflect changes that are mailed or phoned into LMR. Coordinating with LMR has added another level to management.

I think that some of our homeowners were spoiled by the fact that our old database could track two addresses. In mid January we had 20 homeowners delinquent with their 2004 dues. Many of them told me they had not received the December 1st mailing transmitting the invoice.

If you maintain more than one residence it is imperative that you advise the post office when you leave with a forwarding order. Also, update Lewis Management Resources (LMR) of your correct mailing address at all times of the year. We need to know how to reach you as matters of importance may come before the board during the year.

Postal charges to follow up with certified mailing are expensive and delinquent fees will need to be assessed to recoup these charges. It is your responsibility to pay Annual Homeowners dues each year by the 1st of January. Dues statements are mailed each year during the first week of December. If you do not receive a dues notice by December 20, you should immediately contact the secretary as to how to proceed. As you will hear from our Treasurer, all 2004 dues are paid in full.

Hopefully I have been an asset to this Board and I look forward to working with them again in the coming year, if they will have me.

Attachment C
SAN IGNACIO VISTAS, INC
HOMEOWNERS ASSOCIATION
Statement of Financial Condition

12/31/03

Assets	
Operating Funds	\$ 1,185.60
Capital Reserves Funds (Face Value)	\$161,306.14
Non Annual Maint. Funds (Face Value)	\$ 5,263.96
Lien--Amount SIV expects	\$ 3,607.00
Total	\$171,362.70
Liabilities	
2004 dues paid in advance	\$ 51,269.00
Total	\$ 51,269.00

Statement of Revenues and Expenditures

Income	
Operating Funds--Dues & Interest	\$ 77,244.48
Capital Reserve Fund--Dues & Interest	\$ 21,419.74
Non Annual Maint.Fund--Dues & Interest	\$ 7,060.89
Total	\$105,725.11
Expenses	
Operations	\$ 76,058.88
Capital Reserve	\$ 13,321.70
Non Annual Maintenance	\$ 1,796.93
Total	\$ 91,177.51

Homeowner's Reserve Equity	
Total Reserve Equity	\$166,570.10
Reserve Equity, per member	\$ 730.57

Unaudited

**2003
FINANCIAL REPORT
2004 BUDGET**

OPERATING INCOME	2003 Actual	Per unit per year	2004 Budget	Per Unit per year
INCOME				
Dues	68,400	300.00	69,996	307.00
Interest	241	1.06	200	0.88
Other	4,412	19.35	3,500	15.35
Total	73,053	320.41	73,696	323.23
LIABILITIES				
2004 Dues paid in advance	51,269	224.86	-	-
Total	51,269	224.86	-	-
OPERATING EXPENDITURES				
Association expenses	1,225	5.37	3,375	14.80
Board,Officers.Com. Expenses	637	2.79	1,000	4.39
Fin.Advisory Com.Consultant	188	0.82	200	0.88
Insurance	4,173	18.30	3,600	15.79
Legal: Operating	5,482	24.04	4,500	19.74
Management-Ancillary	2,133	9.36	4,000	17.54
Management-Professional	4,286	18.80	5,400	23.68
Maintenance	29,772	130.58	27,750	121.71
Taxes	1,617	7.09	50	0.22
Utilities	610	2.67	550	2.41
GVCCC	1,254	5.50	1,254	5.50
Contingency	2,425	10.63	2,017	8.85
Total Expenditures	53,802	235.97	53,696	235.51
RESERVES ALLOCATION				
Reserves: Capital	13,300	58.33	16,000	70.18
Non Annual Maintenance Fund	3,000	13.16	4,000	17.54
Total Reserve Allocation	16,300	71.49	20,000	87.72