

July 6, 2013 Semi-Annual Meeting
Ranch House Coalition
Ranch House – BC Golf Course Driving Ranch Patio
Lake Montezuma, AZ

MINUTES

Meeting location was changed due to refusal of access to restaurant building interior. The meeting was called to order at 3:15 on the restaurant / driving range patio.

A quorum was established with 52 members present. Total in attendance was 63.

Directors Janet Aniol and Sharon Brooks were not present. Directors Ken Stephens, Lana Burk and Sandy Newall unendorsed appointed on 6/23/13 were also not present. Director Maggie Holt security presence was made known but did not attend the meeting.

The meeting was called to order by Member Kala Pearson

Membership roster was circulated for member sign-in. Membership levels were identified by the membership card last 3 digit series of numbers being 000 for contributing business, 100 for individuals, 200 for family, 300 for organizations and 400 for life members. Discussion of the legality of the membership meeting was discussed with agreement that there was proper notification and a quorum present. Member Ron stated that another meeting was going to be called for the end of July at which time all present should attend and voice their concerns. Questions were raised on the official date of the annual membership meeting and reasoning behind delays or need of another meeting. Member Melcher explained that the division in the membership could possibly be resolved at another meeting of the membership. Pearson stated that membership authority to vote on the future and controls of the restaurant and golf course is part of the member benefits as outlined in the BCCDC and RHC brochures and signup applications in effect since 2011.

The status of the board of directors was discussed with a handout chart showing the various directors through the years and changes that had occurred in the past 6 months. Former Board members Bill Smith and Frank Greene stated that they were voted off the board arbitrarily. Former Board members Gary Hilbers and John Mackler stated they had resigned from the board. Pearson stated that she had temporarily relinquished her duties as President at the January Annual Meeting of the Board of Directors due to her legal problems. At this meeting Maggie Holt was named Vice President and assumed the role of Acting President. Pearson further stated that she was told in March that she was no longer on the board but did not receive any written communication or minutes of this board action. Discussions on the legal authority of the board ended with members requesting research on the legality of the board.

Agenda items regarding elections for member representatives to the board was tabled pending further discussion and legal information.

Pearson shared an email from member Krowne on the legality of the bylaws Discussion followed on the legality of bylaws adopted prior to incorporation and the authority of the officers versus the directors. Member Higginbotham suggested the formation of a bylaws committee to advise legality and necessary amendments. No action was taken on the suggestion.

Financial statements for January through May 2013 were distributed and discussed. Members identified the amount of loans versus sales versus donations. Discussion on declining sales for the restaurant necessitated its closing. Reasons for declined sales and restaurant sales trends for the area were reviewed. Member Mackler explained that he and the bookkeeper had set up proper accounting systems through Quick Books with information derived from several Excel spread sheets. Accounting and reporting procedures were set in place prior to his departure from the board. Member Melcher read a report on the status of outstanding bills provided by BCCDC Board Secretary Aniol's accounting spread sheets. June mortgage payments, an outstanding electric and phone bills, insurance premiums and bank loan interest had not been paid amounting to an estimated \$7,000. The July mortgage payment is now due. Additionally no sales tax has been paid from the bar and restaurant operation amounting to over \$14,000. No information on how these were to be paid was available. Pearson suggested that the mortgage payments be renegotiated with Seth Williams, however, he was unwilling to discuss the possibility until the organization's leadership was secured.

Several members expressed their willingness to increase the annual dues to \$100 to \$150 per year which could potentially cover the sales tax liability and some of the on-going mortgage payments. Further discussion on membership dues changes was tabled until clarification on the status of the organization and its plans.

Members Steve Sprinz moved and Chris Shafer seconded that the Membership adopt a resolution for changes to the Board of Directors.

Resolution: Reorganize the Beaver Creek Community Development Corporation Board of Directors by removing current directors and officers and electing new directors and appointing a trustee to oversee the new Board.

Discussion on the resolution followed, clarifying the difference between a formal reorganization of the board and appointment of a trustee versus formal bankruptcy reorganization. Ron suggested that a mediator be recruited to assist in constructive dialogue between the membership and board. Member Bartling voiced her experience with working with Maggie Holt and Janet Aniol on the LMPOA board and her decision to resign due to unfavorable operating methods. Several members voiced their doubts that mediation would work.

Member Hart volunteered to investigate and coordinate arrangements for a professional mediator. Several members suggested the need for an attorney to represent the membership. Pearson stated that attorneys come at a high price tag and suggested that some sort of mediation be given a try. Pearson also stated that she had been in contact with an attorney and it was suggested that the various factions try to work things out amongst themselves; otherwise things could get hung up in the courts for some time.

Members stated that a reorganization of the board of directors was the intent of the resolution. Members called for a vote on the resolution. The resolution passed with a majority vote of the members present and 5 members opposing. Member Pomozzi volunteered to contact their attorney for advice on the mechanics and implementation of the resolution.

The status of the sale of the property and its water rights was discussed briefly. The Letter of Intent was distributed and generally agreed that it was not binding. Member Ulatowski circulated a list of questions posed to the board regarding the potential buyers without any response. She stated that she could not find any information on the proposed buyers Agave, Aqua and Harmony Group in her research. Member Hilbers stated that the language to selling of water rights was changed to lease of water rights. Members questioned the capability of the current board to manage complicated sale negotiations and their authority to do so. Member Smith shared his experience with a earlier offer made for the property at \$600-700K which was less than the mortgage note.

The long term status of the restaurant and golf course is unknown, however currently closed. Locks had been changed and there were several reports of removal of the assets. No further information was available as to what assets or their whereabouts. Several members stated that the need to retrieve items from the building that where either on loan or donated in good faith to the Coalition for use as long as the business was operational. They stated that their inquiries were not responded to by the board. Pearson suggested that inquiries be made in writing and sent registered mail.

The meeting was adjourned at 6:30 p.m. with 41 members present.