

WARNER RANCH 4 ASSOCIATION

P. O. Box 11330
Tempe, Arizona 85284-0023
(480) 345-0046

ADDENDUM TO THE MEETING MINUTES OF THE BOARD OF DIRECTORS

A meeting of the Board of Directors of Warner Ranch 4 Association, an Arizona Corporation, was held at the office of Lepin and Renehan Management, Inc. at 51 W. Elliot Road, Suite 111 in Tempe, Arizona on Wednesday, August 28, 2002 at 7:00 p.m.

One of the purposes of the meeting was to discuss items concerning the 2003 Budget. After discussion and upon motion duly made and seconded, it was unanimously:

RESOLVED: To increase the annual assessment by the maximum as allowed in the CC&Rs to \$995.00 per lot.

RESOLVED: To approve the attached budget at the reduced annual fee of \$450.00 per lot, for a total of 332 lots. The assessment is to be collected in semi-annual increments of \$225.00 each in accordance with the legal documents.

RESOLVED: To approve the attached narrative to accompany the Budget.

RESOLVED: To reaffirm all existing accounting procedures and policies, which will remain in effect unless changed by the Board of Directors at a later date.

RESOLVED: To designate year end Reserve Interest to Landscape Renovation

WARNER RANCH 4 ASSOCIATION

BUDGET NARRATIVE

MAINTENANCE

Exterminating: Pest control in selected areas as necessary.

Landscape: Year round landscape maintenance of all Association common areas (over 12 acres), including trimming of shrubs, minor tree care, weeding, irrigation system check, trash pick-up, annual aeration, raking of granite, turf fertilization, pre-emergent treatments and soil amendments.

Maintenance & Repairs: General category to include electrical and other maintenance needs such as minor repairs to perimeter fences along common areas.

Sprinkler Repairs: Sprinkler repairs for entire common area irrigation system are handled from this category.

Vandalism: Repairs due to vandalism throughout the Association.

SUPPLIES

General: Signs, paint for touch-ups and other minor supply expenses.

Landscape: Miscellaneous stakes and guards and minor granite touch-up.. Funds do not cover park area as this is city maintained.

Office & Printing: Preparation of all correspondence relating to the Association including welcome letters, budget packages, meeting notices, newsletters, etc.

Plant & Tree Replacements: Plant and tree replacements as needed.

Postage: Mailing of general correspondence relating to the Association, including welcome letters, budget packages, meeting notices, newsletters, etc.

Seed: Winter rye seed (except Kyrene basin).

UTILITIES

Electricity: Cost of power to sprinkler timer clocks and lighting within the common areas.

Water: Sprinkler irrigation for common areas (4.54 acres of turf).

SERVICE

Accounting & Audit: As a corporation, the Association has its financial records independently audited each year.

Insurance: Property coverage on the fence structures bordering common areas and liability on the common areas is provided. The Directors and Officers policy is from this category as is the Fidelity Bond.

Management: Professional management of Association business including services such as administration of Board approved Assessment Collection Policy, record keeping, bill payment, contractor bidding, rule enforcement administration, and regular on-site inspections.

Professional: Legal fees for consulting on and enforcement of legal documents and assessment collection. Costs for professional advice on other Association matters as they arise.

Taxes: Annual Corporation Commission fee, property tax on the Association's common area tracts, tax on interest income.

RESERVES

Contingency: Backup for financial shortfalls which may arise from unexpected expenses or late payment of assessments.

Landscape Renovation: Funds to redress granite areas (7.9 acres), replace sprinkler clocks, perform major repairs to the irrigation system, repair storm damage to common grounds, maintenance of dry wells (5), major tree trimming, removal or repairs and any landscape revisions.

Professional Services: Costs over and above what is budgeted in the operation budget for enforcement of legal documents and other consulting services.

SRP Licensing Fee: Cost for licensing fee due every 10 years.

Structural/Painting: Repair and major maintenance to common areas, e.g. painting and repair of common area walls which includes 24,480 square ft. of decorative theme stucco walls, 38,214 square ft. of stucco walls, 3,200 square ft. of sidewalks and repair and replacement of all common area lighting and fixtures.