ANNUAL MEETING 2019

Morrison Ranch

May 1, 2019
MORRISON RANCH COMMUNITY COUNCIL

ANNUAL MEETING  MAY 10, 2018

Meeting was held at the Elliot Groves Amphitheatre in Morrison Ranch. Board members present were Scott Morrison and Dawnie Stewart. Other guests included Mick Williamson, MMM Landscape Maintenance, Justin Stewart, IWDD Manager, Paul Story, Tot Lot Care, and CCMC staff.

60 households were represented.

Meeting was opened at 6:30 p.m. with introductions and welcome.

Minutes of the May 10, 2017 annual meeting were approved as written.

A.R.S. 70-604 ruling was approved, which permits the association to roll over any excess assessment income to the following year. This reduces the amount of income tax the association is required to pay.

Tasha Fink, Lifestyle Director spoke on upcoming events in the community.

Program booklets with the budget information were distributed. Cheryl Miller, Community Manager, reviewed the year-end financial report and reserve fund balances. Owners were encouraged to contact the association office if they have questions regarding the financial reports that were not answered in the booklet or meeting.

Scott Morrison spoke briefly on behalf of the Developer, providing information and answering questions regarding future development at Morrison Ranch. Lakeview Trails Southwest, the next section of residential land being developed, is projected to have the streets in by August 2018. Comments were received from residents regarding future development of the multi-family units and the land surrounding the grain tanks.

Meeting was adjourned at 7:35 p.m. and residents were invited to stay and enjoy meeting their neighbors.

Minutes recorded by Patricia Hood, Operations Manager
The agenda includes approval of the IRS Revenue Ruling. The association is taxed on excess income from assessments at the end of the fiscal year, as well as income from sources other than assessments. However, the IRS permits the association to roll over net income from one year to the next, reducing the income tax liability.

To take this deduction the association membership must approve it prior to the end of the fiscal year. The resolution you are asked to approve: Any excess of membership income over membership expenses for the year ended June 30, 2019, shall be applied against the subsequent tax year member assessments as provided - by the IRS Ruling 70-604.

The year in review

The past year has been a positive one for Morrison Ranch. One of the highlights was the first residents to move into Lakeview Trails Southwest. We have welcomed 134 new owners since July, with 20 of those in Lakeview Trails South.

- Fountains turned on in Lakeview Trails South
- Lights added to the fountains in Highland Groves
- New lighting on the palm trees at the corner of Higley and Elliot and Elliot and Recker.
- New monument lights in Higley Estates
- Several new electric meter pedestals
- Block walls painted in Highland Groves and Warner Groves
- Lakes stocked with bluegill, bass, red ear sunfish, goldfish, and grass carp.

- Processed 180 Design Review Requests since July.
- Processed over 700 violations since July. (When you receive a notice from the association remember you are in good company; chances are at least one of your neighbors received a letter also.)

The GOAL for 2020 - #1 YOU can help us get there by voting every day, once per hour through July 31, 2019.

Visit AZbigmedia.com/Ranking Arizona

Click on Real Estate Residential, Master Planned Community and scroll to Morrison Ranch CLICK vote!
**Residential Design Guidelines**

A copy of the complete Design Guidelines are on the website: [www.mymorrisonranch.org](http://www.mymorrisonranch.org) Resident Services; Design Review. However here are some of the most frequently asked or missed guidelines.

**All exterior changes** to the front yard or front of the house must be approved prior to the work being completed

- Painting your house – this needs to go through the Design Review Process, even if you are repainting the same color.
- Walkways in front the house must be a minimum of 7 ft. from the sidewalk
- Minimum grass requirements for lots up to 70ft wide – 50%; lots wider than 70 ft. must have 60% grass in front
- Minimum tree requirements: lot up to 60 ft. wide 1 tree; lots up to 85 ft. wide 2 trees; lots over 85 ft. wide 3 trees
- Minimum shrub requirements: lots up to 50 ft. wide 20 plants; lots up to 60 ft. wide 25 plants, lots up to 70 ft. wide 30 plants; lots up to 85’ wide 35 plants; and lots over 85’ 40 plants
- Sheds may not be visible above the block wall
- All back yard structures must be 7ft. from the perimeter wall. Town of Gilbert code is 5 ft. so don’t be confused.
- Back Yard lighting needs to be approved and any poles used for support must be a minimum of 7 ft. from the wall.
- Front yard granite should be ¾” or ½” screened and one of the approved colors
- Front and BACK yard landscaping must be installed within 90 days of closing.

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**Lifestyle At Morrison Ranch**

Morrison Ranch offers a jam-packed schedule of events throughout the year that are designed to get you out of your houses to connect with your neighbors.

We currently offer 8 signature events throughout the year. These are our large, annual events that you can always bank on. Our largest events draw around 2,500 neighbors, so if you haven’t attended one of our signature events yet, make sure you try to attend at least ONE this year! We promise you won’t regret it!

The point we really want to stress is that we are here for YOU! Our goal is to ensure that you live in a neighborhood that is committed to providing opportunities for you to create meaningful and memorable experiences with your families, friends, and neighbors.

We spend each day trying to create an exciting and diverse calendar of events that we think our residents will love. That being said, if you ever have an idea for an event, we would love to hear it!

We love Morrison Ranch and everything that we do, particularly in the Lifestyle Department, is done with the intention of enriching your lives and creating community within our beautiful neighborhood.
### INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-20</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments from Residential Units</td>
<td>$3,565,668</td>
<td>$3,134,400</td>
</tr>
<tr>
<td>Assessments from Commercial Units</td>
<td>$86,485</td>
<td>$81,516</td>
</tr>
<tr>
<td>Operating Account Contribution (Home Sales)</td>
<td>$51,360</td>
<td>$68,640</td>
</tr>
<tr>
<td>Other Income</td>
<td>$94,704</td>
<td>$100,004</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td><strong>$3,798,217</strong></td>
<td><strong>$3,384,560</strong></td>
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### CONTRACT SERVICES - general

- Landscape Maintenance, Overseeding, Tree Replacement, Pest Control, Storm Drain Cleanout, Patrol Tot Lots

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-20</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Assessments (Quarterly)</td>
<td>$321.00</td>
<td></td>
</tr>
<tr>
<td>Increase (Annual)</td>
<td>$84.00</td>
<td></td>
</tr>
<tr>
<td>Reserve Fund Balance Projected for July 1, 2019</td>
<td>$2,123,959</td>
<td></td>
</tr>
<tr>
<td>Fully Funded Balance per Reserve Study</td>
<td>$2,110,631</td>
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</tr>
<tr>
<td>Projected Funding Level</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>* see comments regarding funding level - pg 11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipated Expenses for the next 3 years (Per the Reserve Study)</td>
<td>$823,728</td>
<td></td>
</tr>
<tr>
<td>Annual Contribution to reserve from budget</td>
<td>$270,000</td>
<td></td>
</tr>
<tr>
<td>Annual Contribution from Reserve Contribution</td>
<td>$51,360</td>
<td></td>
</tr>
<tr>
<td>(budgeted based on anticipated home sales)</td>
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### UTILITIES

- Irrigation Water, Electric

<table>
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<tr>
<th>Description</th>
<th>2019-20</th>
<th>2018-19</th>
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</thead>
<tbody>
<tr>
<td>Maintenance and Repairs</td>
<td>$61,600</td>
<td>$20,300</td>
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</tbody>
</table>

### ADMINISTRATIVE

- Office Lease, Office Equipment, Telephone, Insurance, Taxes, Social Events, Website, Legal Fees, Management, Postage, Supplies, Audit Fees

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### TOTAL OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-20</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Allocation</td>
<td>$270,000</td>
<td>$217,140</td>
</tr>
<tr>
<td>Bad Debt Allocation</td>
<td>$17,828</td>
<td>$7,200</td>
</tr>
<tr>
<td>Enhancement Fund</td>
<td>$194,911</td>
<td>$73,440</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td><strong>($10,276)</strong></td>
<td><strong>$47,611</strong></td>
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Let’s talk Budget

The Morrison Ranch Community Council budget is based on the fiscal year July 1 – June 30. The budget effective July 1, 2019 includes a $7.00 per month increase in assessments. It has been two years since the last increase in assessments and each year the Board tries to approve a conservative yet responsible budget. Below are several budget facts that you may find helpful.

Assessments for new neighborhoods: When builders purchase land for new homes in Morrison Ranch they are required to pay into the association (Morrison Ranch Community Council) from the date of closing, not when a house is built and sold. This results in the association receiving assessment income for areas with no direct expenses. The first year is typically spent in developing the land, installing electric, sewer, streets, etc., all at the builders’ expense. There are no expenses to the association during this construction stage. Once landscaping is installed, then the association starts to incur maintenance expenses, but still at a lower cost than when the neighborhood is complete.

The money that builders pay into the association in the new neighborhoods is transferred into a special fund, labeled “Enhancement Fund”. These funds are earmarked for unbudgeted or unanticipated expenses. By using these funds in this manner it helps maintain the operating and reserve budgets on a more even and anticipated level. Enhancement Funds have been used to install additional drywells, apply sealant to block walls, install drainage under the power lines in Highland Groves, and most recently to install the ring lights on the palm trees at the corners of Elliot and Higley, and Recker.

As the association takes on more expense for the new neighborhood, more of the money paid by builders is used in the operating account for normal maintenance expenses until all assessment income is budgeted for operating expenses.

Reserve Funds: One part of a healthy association is an appropriate amount of money in savings for future repairs or replacements. To determine how much should be saved each year, the association hires a third party company to review all the components the association is responsible to maintain. They create a budget (or outline) of when to anticipate maintenance and at what cost. This report also provides a recommended amount of money to be put into savings each year. Deferred Maintenance and/or special assessments, which are more likely if adequate funds are not set aside, can negatively impact both home values and homeowner satisfaction.

Evaluating the adequacy of a reserve fund: This is done by first looking at the value of deterioration of each component and then comparing this amount to the amount of money in the reserve fund. A funding percentage of 70-130% is considered strong with little risk of special assessments.

The reserve study for Morrison Ranch was updated this spring with a recommended annual contribution increase of $64,000. Part of the money to fund the reserve comes from a fee charged at closing. Due to new home sales in Elliot Groves and Warner Groves the association was previously able budget up to 22% of the contribution to the reserve to come from this source. This resulted in a smaller amount included in the budget from assessments. With fewer new home sales the percentage contributed from this source was reduced to approximately 17%, with 83% coming from assessments. The current
reserve funding level is right at 100% and the Board’s goal with this budget is to keep the funding level above 70%. The association will contribute a total of $320,000 into the reserve fund this coming year, with the expectation of annual increases for the next several years to stay up with what is anticipated to be spent. The reserve study projected expenditures of $460,000 in the next year with an additional $360,000 in the following two years.

The majority of expenses only increased minimally; however a few had a significant impact on the budget.

**Tree Maintenance**: As the trees throughout Morrison Ranch continue to mature the cost to keep them properly maintained also increases. This is in addition to the new neighborhoods being added. It should not come as a surprise that the annual cost for tree maintenance increases each year. In the past the trees in Elliot Groves and Warner Groves were pruned by MMM Landscape Maintenance, because they were still small. However, now that these trees are larger they have been added to the trees pruned by Tree Doctors, the association’s Arborist. When Tree Doctors goes through the neighborhoods, they will do selective pruning. This means that not every tree will be trimmed every year. We believe this approach will continue to maintain the health and appearance of the trees, while reducing some of the cost. When the total tree count is taken into consideration the cost to prune the trees averages $16.00 per tree.

The association is also treating the ash trees that line the streets for a disease called Ash Decline. A number of the ash trees in the older neighborhoods have shown signs of this condition the last few years, with the foliage being sparse and often more yellow. We have been told there is no cure for this condition; however some things can be done to slow the decline. The treatment includes aeration, additional fertilization, and more water. This will be done twice this summer, for the ash trees in Higley Estates, Lakeview Trails, and Highland Groves. The expense for this additional treatment is included in the budget for Tree Maintenance.

**Weed Control**: As the grass matures in our neighborhoods, we are seeing an increase in weeds. The ash tree areas treated with fertilizer and extra water also had a significant increase in weeds in July and August last year. The Board, Management, and Landscape Company all believe the association will benefit from a more aggressive weed control program. After looking at several approaches to weed control ranging from aggressive to minimal, the decision was to start in the middle. The program approved for this coming year, includes pre-emergent for all areas of Morrison Ranch in addition to post-emergent as needed. Grub Control will be done on alternating years and the association will continue to takes steps to promote the Bermuda grass in early summer. As stated, this program was not the most aggressive plan; however it still added significant expense to weed control. We are optimistic the additional treatments will be reflected with better weed control this summer.

**Maintenance & Repairs**: Lighting continues to be one of the ever increasing expenses for the association. When the association purchased new bollards for Lakeview Trails, and Highland Groves, we anticipated seeing a reduction in the expense to keep the lights on. Unfortunately that has not been the case. Even though the bollards are not being knocked over and monument lights are being changed to LED fixtures, the annual expense to repair lights continues to rise.

**Administrative Expenses**: Overall this category increased with small to moderate increases in postage, Insurance, taxes, website, and
staffing. Our staff is straining to keep up with the additional homes, and the budget includes an additional part time person in January 2020.

**Utilities:** The Town of Gilbert increased water rates effective November 2018. Even though the Council does not purchase water directly from the Town, the increased cost of reclaimed water impacted the association's irrigation costs.

**Total Operating Expenses:** The total operating expenses increased $286,585 from the previous budget. This, along with the increased contribution to the reserve fund, is reflected in the need to increase the assessments.

**Changes in Overseeding:** The association documents require residents to overseed their front yard every year. However, not overseeding every few years is beneficial in helping the Bermuda grass recover. Every fifth year, residents are not fined if they choose not to overseed their front yard. The fall of 2020 is the next optional year.

The association has overseeded all grass in the common areas since 2015. With the increases coming in several other areas for next year, the Board decided this was the year to start a rotation of areas in regard to being overseeded. The majority of grass will still be overseeded. This year the budget includes 240 acres of grass and 200 acres will be overseeded. We have developed a three year rotation for not overseeding approximately 40 acres each year. The mow strip (the area between the sidewalk and the street) will be overseeded each year. We understand that this area suffers in the summer due to the shade, so we want to make sure there is winter grass every year. The large park in Elliot Groves will be overseeded every year, since this park gets the most use throughout the year. The park in Higley Estates at Sierra Madre and Windmill will be overseeded each year, as well as Morrison Ranch Parkway, Park Avenue, and Bloomfield Parkway.

The areas not being overseeded will include parks, and street right-of-ways. Each neighborhood will have a small percentage of grass not overseeded. Meaning all neighborhoods will still have most of the grass overseeded. A map of the plan is available to view in the association office.

**Morrison Ranch Community Council Trivia:**

- There are currently 2,616 residential lots in the neighborhoods within the Community Council.
- 2019-20 budget includes an additional 330 lots in the east section of Lakeview Trails South.
- The association maintains 243 acres of grass – Town of Gilbert in all the parks has around 200 acres of grass.
- There are 10,000 trees in common areas, maintained by the association.
- There are 14 tot lots, with 2 more opening soon in Lakeview Trails Southwest. 8 basketball courts and 3 volleyball courts.
- There are 5 commercial properties that pay into the Community Council.
CCMC has proudly provided community management services to Morrison Ranch for 15 years.

At CCMC our purpose is to create experiences that connect people in the neighborhoods where they live. This means putting service first, encouraging engagement, and infusing life with fun.

Morrison Ranch has blossomed into the “community with character” that it was envisioned to be, where people of all ages can live, work, shop, play and learn.

**Summer Fun in Morrison Ranch**

Not sure what to do with the kiddos this summer? Our Summer FUN days are back. These classes are hosted just for kids ages 5+ throughout the summer! For a small fee, your kids can take classes on painting, balloon twisting and much more! Below, find the details for classes we have scheduled so far, and stay tuned for more summer fun headed your way soon!

**June 7**

**Mom n’ Me Yoga @ THRIVE Yoga Studio**
11 am Cost $12 for mom and 1 child
Register additional children for $5 each.

**AND**

**Just for Kids Yoga @THRIVE Yoga Studio**
1-2pm
Cost $12 for mom and 1 child
Register additional children for $5 each.

**June 14**

**Babysitting Certification Class**
9 am– 1 pm for ages 10 +
Cost- $40
Fine tune those babysitting skills with this training class. Become First Aid and CPR certified, as well as, learn how best to entertain and care for those young kiddos. Class includes CPR Training, First Aid Training, Child and Babysitting Safety, and AED Training (Automatic External Defibrillator).
Once you have completed the class, you will be issued a 2-year certification card.
June 21
Balloon Twist
10-11:30 am for 6-9 year olds
1-2:30 pm for 10-14 year olds
Cost- $7
DJ ERIC will be teaching our Morrison Ranch Kiddos all about inflating, tying, twisting, and a few simple designs. This is a hands-on course and all participants will twist their own balloon sculptures. And, fear not: the instructor will not be dressed as a clown. All materials are included.

Visit our NEW Website www.mymorrisonranch.org and click on The Summer Events tab to register.
Stay tuned for our Summer Fun Field Trips happening in July!