

## **New Year Message from The President, BCRPOA.**

**Dear Fellow Owners,**

2010 is now well behind us and I have to say that I am not too unhappy to see it go. It was a year of some trial and tribulation. On balance I think it was more tribulation than trial but in every case it was hard work and hard won!

### **THE GRAZING RIGHTS.**

You will remember that I already promised to update you on the outcome of the contentious matter between the ranch POA and Jim Grider. As background, let me remind you that since 2005 when the ranch was sold by New Mexico Land and Ranches (NMLR) the grazing was reserved in favour of NMLR. The rights in turn were assigned to Jim Grider and he agreed to pay the ranch POA a flat fee of \$5K per year thereafter. That was, in the opinion of your board, less than equitable as Mr. Grider was in receipt of grazing monies from the rancher of \$36K per annum.

Earlier this year we informed both the ranch leasor and Jim Grider that the POA was not in need of an intermediary in the leasing of the rights and we issued a new lease. It was a bold but well considered move but we had the support of the original owners of NMLR, Orchard Management.

The move was met, as expected, by dissention from Mr. Grider who eventually filed suit for interfering with his alleged legal entitlement to the grazing income. There was the usual posturing at the start of proceedings which we met with our own counters. Ultimately however your board decided to seek a pragmatic solution to the matter rather than a long and protracted court battle.

Even though we felt confident we could prevail, we decided on the route of dialogue at the personal level. A meeting was held with Jim Grider in August and both parties agreed upon a compromise. We agreed on the following:

1. The POA, would pay Mr. Grider semi annual payments of \$9,000 for a period of four years beginning in December 2010. At the end of the four years Mr. Grider would have no further involvement in the ranch grazing rights.
2. Mr. Grider would assign any and all State and Federal leases which he holds and pertain to Bull Canyon Ranches to the BCRPOA.

The net effect is that we stopped a process of what could have been very costly litigation. We have increased our grazing income by a net \$13K per year for the four

year period. In effect we have gone from a flat \$5K income to a flat \$18K income for that period. After that time we shall take all the income arising from grazing which currently stands at \$36K per annum.

3. The legal costs in the matter were borne equally between Bull Canyon and another former NMLR ranch, Pintada. The settlement for Pintada was achieved at the same time and other than the difference in the grazing income involved, the terms were the same. One difference, however, is that BCR can take over some State & Federal Leases and the very small administration fee was added to the BCR account.

The leases mentioned involve something more than 1000 acres of land which are those pieces described on your plans for the ranch with the word "Out". They are about eight in total and are now in the stewardship of the Ranch POA. Rancher, Jack Lewis, can now accept those into his overall usage of the leased land of the ranch and I am happy to say that they are every owners land to enjoy and use for recreational purposes. Some of it is quite spectacular in topography.

The matter with Mr. Grider was brought to conclusion in December 2010 when the first payment was made.

#### ROADS.

Every one of us is aware of the challenge of maintaining access to all the ranch roads year round. 2010 was little different in the pattern of weather disasters which we have had in recent years. No sooner do we install and carry out a program of repairs but Mother Nature decides that she prefers the chaos. Oh happy days!

In my last communication I laid out the plan of acquiring our own equipment which Beau Lamb, grandson of our rancher, Jack Lewis (owner of Lot 5), would operate on our behalf to maintain the road network. I am happy to report that we took delivery of our first piece of road maintenance equipment in late 2010 and it is already in operation. Our first piece of equipment is a Case 855D track loader with, split bucket and rear mounted rippers. The beauty of the 855 is that it is a front loader which can be used as a light duty dozer and ripper. The bucket is versatile and can be used for extraction, loading and levelling. On the back of this success your board is hoping to purchase a similarly priced second hand grader in the first half of 2011. Beau is already on the lookout for a suitable candidate.

As I write much has been achieved in reinstating full access for all the owners. The main loop is now completely drivable although as Beau himself points out, it would benefit from some grading work in areas. The main thing is that access to the ranch is now regained. Beau informs me that Sunset trail is completely passable and that he is working on Redrock road to regain access to the final lots (77 & 78). The one remaining

spur road thereafter will be Moonglow Trail. The damage at the immediate departure point from the loop is significant but Beau tells me that he can and will re-instate the access when he finishes on Redrock Road. The other breaks in Moonglow Trail further in are on a more manageable scale.

Although there is intensive work needed to get access fully restored, Beau has said when the initial work is completed, thereafter it becomes a maintenance activity. Given that we can now address small problems immediately when they become evident, they should not develop into large problems.

Our investment in the first machine was less than \$15K and with delivery we spent about \$16K all in. The hourly running costs amount to \$48/hour inclusive of fuel and labour. The grader will run around the same running cost making it much for cost effective than hiring a full service contractor who needs to travel to the ranch.

In due course it is the intention to make the capability available to every owner who would like to have work carried out on their lot for perhaps road entry points etc. As it stands currently we perceive a charge of \$60 per hour could be justified for such work given that there is maintenance of the equipment which needs to be factored into the usage costs. Equipment of this nature though, has a huge appetite for work and much can be achieved in one or two hours. It is certainly a capability however that should be available to every owner who wishes to avail of it. It will always come with the operator.

#### 2011 ANNUAL MEETING.

Making a date to accommodate all comers is never the easiest of tasks. Your board has elected to offer as a date for the next meeting the 3<sup>rd</sup> of July which is over a weekend. If there are a large number of owners who wish to attend and can't make this date we could try for another date. Although it has not yet been ratified by the board I suspect the venue will again be the Hampton Inn, Santa Rosa.

In closing let me say that your board has worked hard to bring about confidence and stability to the ranch. Things are looking up and I am happy to see the fruits of our combined labours are bearing rewards for every owner.

Do remember that we have a gated entry now and that a combination is required for the lock.....currently 3-9-4-3.

I wish you all a very Happy and Prosperous New Year.

Sincerely,

James Mc Donell - [mcdonell@mcdonell.com](mailto:mcdonell@mcdonell.com)

President, Bull Canyon Ranches POA.

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Accrual Basis

**Bull Canyon Ranches Property Owners Assoc.**  
**Balance Sheet**  
As of December 31, 2010

	<u>Dec 31, 10</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1000 · Wells Fargo - Reserve	583.41
1001 · Wells Fargo - Savings	4,284.58
1002 · Wells Fargo - Checking	6,038.89
<b>Total Checking/Savings</b>	<u>10,906.88</u>
<b>Accounts Receivable</b>	
1200 · Accounts Receivable	11,247.25
<b>Total Accounts Receivable</b>	<u>11,247.25</u>
<b>Total Current Assets</b>	22,154.13
<b>Fixed Assets</b>	
1500 · Fixed Assets	
1510 · Road Maintenance Equipment	14,500.00
<b>Total 1500 · Fixed Assets</b>	<u>14,500.00</u>
<b>Total Fixed Assets</b>	<u>14,500.00</u>
<b>TOTAL ASSETS</b>	<u><u>36,654.13</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
1110 · Retained Earnings	35,366.48
Net Income	1,287.65
<b>Total Equity</b>	<u>36,654.13</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>36,654.13</u></u>

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Accrual Basis

**Bull Canyon Ranches Property Owners Assoc.**  
**Profit & Loss**  
January through December 2010

	<u>Jan - Dec 10</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4010 · Special Assessment Fees	-2,300.00
4030 · Association Dues	20,500.00
4050 · Late and Return Fees	20.50
4070 · Disclosure Fee	1,046.00
4090 · Interest Fees	878.71
<b>Total Income</b>	<u>20,145.21</u>
<b>Expense</b>	
6165 · Land Lease	977.20
6120 · Bank Service Charges	75.71
6160 · Dues and Subscriptions	53.11
6175 · Improvements/signage,gates,etc.	968.00
6180 · Insurance	
6185 · Liability Insurance	3,468.57
<b>Total 6180 · Insurance</b>	<u>3,468.57</u>
6240 · Web Design Services	150.00
6250 · Postage and Delivery	813.92
6260 · Printing and Reproduction	175.97
6265 · Filing Fees	327.54
6266 · Board Meetings	53.44
6270 · Professional Fees	
6280 · Legal Fees	6,449.78
6281 · Legal Settlements	9,000.00
6650 · Accounting	700.78
<b>Total 6270 · Professional Fees</b>	<u>16,150.56</u>
6285 · Title Fees	-607.00
6300 · Repairs	
6320 · Road Maintenance	33,805.42
<b>Total 6300 · Repairs</b>	<u>33,805.42</u>
6340 · Telephone	100.00
6380 · Travel	92.00
6500 · Transportation	1,400.00
6770 · Supplies	
6790 · Office	252.15
<b>Total 6770 · Supplies</b>	<u>252.15</u>
6820 · Taxes	
6860 · State	213.31
<b>Total 6820 · Taxes</b>	<u>213.31</u>

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Accrual Basis

**Bull Canyon Ranches Property Owners Assoc.**  
**Profit & Loss**  
January through December 2010

	<u>Jan - Dec 10</u>
7000 · Bad Debts	1,503.50
Total Expense	<u>59,973.40</u>
Net Ordinary Income	-39,828.19
Other Income/Expense	
Other Income	
7010 · Interest Income	6.34
7020 · Grazing Income	41,000.00
7030 · Other Income	
7035 · Bank Fee Refunds	129.50
Total 7030 · Other Income	<u>129.50</u>
Total Other Income	41,135.84
Other Expense	
8010 · Other Expenses	20.00
Total Other Expense	<u>20.00</u>
Net Other Income	41,115.84
Net Income	<u>1,287.65</u>