

Tierra Grande Improvement Association, Inc.  
Board of Directors  
May 23, 2018

**Directors Present:** Judi Magnussen, President  
Michael Sumner, Executive VP  
Jim Lardner, Director

**Directors Absent:** Carol Gasperetti, Secretary/Treasurer  
Howard Snell, Director

**Administration Present:** George Hobbes, Accountant  
Sue Moran, Administrator

**Guest(s):** Ryan Oldfield, Blue Springs Ranch

Judi Magnussen, President, called the meeting to order at 4:02 p.m.

**AGENDA:** Ms. Magnussen asked if there were any changes to the Agenda. There being no other changes to the Agenda, the Agenda was accepted as presented.

**ACTION ITEMS:**

**Minutes:** The minutes of the March 28, 2018 Board Meeting were reviewed.

Ms. Magnussen asked if there were any changes or corrections to the content or to the substance of the minutes. No changes were identified.

Mr. Hobbes discussed the foreclosure expenses and recovery costs reflected on the financial statements. He also shared where income from the sale of TGIA owned lots is posted

There being no further discussion:

**Motion: Motion by Mr. Sumner, seconded by Mr. Lardner to approve the minutes of March 28, 2018 Board Meeting as presented. No further discussion. Unanimously approved. Motion carried.**

**Nominating Committee & Election / Proxy Committee:** Ms. Moran reported that no one, other than Mr. Lardner has submitted a resume to run for the position of Board member.

The full Board agreed to serve as the Nominating Committee.

Ms. Magnussen, Ms. Earthman and Mr. Hobbes were recommended to serve to count the ballots and to apply the Board's proxy votes.

**Motion:** Motion by Mr. Sumner, seconded by Mr. Lardner to appoint Mr. Hobbes, Ms. Earthman and Ms. Magnussen to the Ballot / Proxy Committee and to cast the Board's proxy votes. No further discussion. Unanimously Approved. Motion carried.

**FINANCIAL REPORT(s)** – The Financial Reports for the month ending March 31 and April 30, 2018 were reviewed.

There being no discussion the Financial Statement for the periods ending, March 31 and April 30, 2018, will be placed in the record for audit or review.

**GUEST:** Ryan Oldfield, owner of Blue Springs Ranch, came before the Board to discuss the possibility of leasing a section of Tierra Grande Open Space in Socorro County to graze his cattle. This section falls within an area currently leased by Sleeping Indian Ranch. This lease will expire in August 2018. The area Mr. Oldfield proposed has a natural boundary created by the surrounding mountain range. He believes the land would support approximately ten (10) head of cattle.

Discussion took place regarding the possible lease rate (\$4.00/head / month = \$480/year). The Board informed Mr. Oldfield that they will review his offer after discussion with the Dr. Sanchez, the owner of Sleeping Indian Ranch.

Mr. Oldfield left the meeting at this time.

An option to consider would be to offer Mr. Oldfield a one (1) year lease to see how things work out. Discussion continued regarding the management of the grazing exemption paperwork with the Socorro County Assessor.

Ms. Moran was instructed to meet with Dr. Sanchez to discuss the proposed revised lease.

## **OLD BUSINESS**

**Office Lease:** The office lease is due for renewal in October 2018. The Board reviewed the proposed lease. Mr. Sumner recommended adding a section reflecting the tenant's option to a five (5) year renewal for an additional five (5) years. It was also recommended that a paragraph for an "out clause" be added to the lease should circumstances such as the business closing, or funding losses or similar conditions cause TGIA to close or relocate. Ms. Moran will research these additional items then send the revised lease to the Board for review.

**Foreclosures:** Ms. Moran shared a spreadsheet of the properties that were offered at the April 6, 2018 foreclosure sale. There were about ten (10) bidders present. Four (4) lots sold. There was no overage to account for. The remaining lots defaulted to TGIA. There is a nine (9) month right of redemption from the date the courts release the deed. Most likely, TGIA can offer these lots to purchase in February 2019.

**Year 3 Past Due Accounts:** The Board reviewed a spreadsheet of the forty six (46) owners who are three (3) years past due. Only four (4) owners took advantage of the offer to write off the interest if the account was brought current. One (1) owner donated her lot to TGIA. Ms. Moran did not think it was worth the investment of time for a return this small, especially, when it is most likely that the owners would have paid anyway. Ms. Moran suggested that a different step might be to write to these owners, let them know that they are behind in their assessments, perhaps even their taxes, and inform them that there are land speculators who may purchase their lot even if there are taxes and assessments owed.

## **NEW BUSINESS**

**Late Billing:** Ms. Moran reported that there were ninety (90) billing statements that owed less than \$1.00 (total due = \$63.63). It was not cost effective to mail out those billing statements. The Board agreed.

**Liens:** Ms. Moran reported that she will begin the notification process for placing a lien on two (2) properties with a residence in Tierra Grande if the accounts are not brought up to date.

**Assessments:** Ms. Moran reported that if the Association wants to continue to operate in the black changes will need to be considered either to income or expenses. The Board reviewed a chart showing the maximum income at Tierra Grande current Indenture rates. Expenses are pretty fixed. The only large expense that has some flexibility is the foreclosure expense. This can be adjusted somewhat. The Board felt it was responsible to the paying members to pursue foreclosures. The Board agreed to begin to explore the options for increasing income while reviewing where expenses can be reduced. Ms. Moran was instructed to contact our legal counsel to review the process of amending the Indentures that are within the Protective Covenants.

**2017 Annual Review – DRAFT:** The Board reviewed the draft of the 2017 Annual Financial Review as prepared by Ricci & Company. Mr. Hobbes stated that the review matches his books. Minor word corrections were recommended by Mr. Hobbes to Note 1 and Note 6.

Discussion took place regarding a recommendation from Wayne Brown, Auditor, that the allowance for doubtful accounts for \$7,500 be increased at least by double. Ms. Moran reported that currently unpaid accounts run around 18-20%. Mr. Lardner suggested that if the allowance for bad debts is changed it should be the percentage of the unpaid accounts. However, Mr. Lardner and Mr. Hobbes, both suggested that the allowance for bad debts be removed altogether as it can be addressed using other accounting principles.

Decision was made that the allowance for doubtful accounts remain at the \$7,500 for the 2017 review and that consideration be given to the percentage of unpaid accounts OR that the allowance be removed altogether at the end of 2018. Mr. Hobbes will inform Mr. Brown of the Board's decision.

**Renewal of Grazing Lease:** Sleeping Indian Ranch. This was discussed earlier in the meeting. Item tabled for further discussion at the June Board meeting.

**Open Space:** The Board reviewed the Open Space Journal created by Kim Pravda. At the end of the journal, Ms. Pravda included an application to join the NM Wild Sheep Foundation and the Wild Sheep Foundation along with topo maps of the Cibola National Forest and Manzano Mountains in relationship to Tierra Grande's Open Space.

The Board thought it would be a good idea to join the Wild Sheep Foundations.

**OTHER ITEMS:** None

**ADJOURNMENT:** Ms. Magnussen adjourned the meeting at 6:00 p.m.

**Next TGIA Board Meeting:** Scheduled for Wednesday, June 27, 2018 at 4:00 p.m.

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Signature

/sdm: Minutes05/23/18

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Date Approved