



**DC Ranch Association  
Board Report 12-7-2020 #1**

**Subject Matter: Arcadia Sissoo Tree Removal/Replacement Project  
Allocation of Professional Fees**

**Background:** The November 2, 2020 board meeting minutes provide the following: *Discussion regarding whether the Ranch Master would participate with the expenses ensued. Mr. Shaw was asked to bring this discussion to the December 7, 2020 board meeting.* The foregoing was discussed in the context of how legal fees and landscape design/project consultant fees would be allocated.

In December 2019, the Board decided that legal fees incurred by the Arcadia neighborhood related to the above captioned matter would be allocated directly to the neighborhood, whereas landscape design/project consultant fees would be split between the Arcadia neighborhood and the Ranch Master. The basis for the latter was because the Ranch Association Board was looking for guidance regarding the totality of the initiative; it benefitted from the advice and consultation, so splitting the cost seemed equitable.

Where the subject of allocating community related costs is concerned, it's important to note that the Board adopted a resolution on February 4, 2019 (attached) regarding the allocation of legal fees to the neighborhoods, aligning its position with Article 2, Section 18 of the CC&Rs "Neighborhood Expenses."

Article 2, Section 8 of the CC&Rs defines Neighborhood Expenses as "*the actual and estimated expenses the Association incurs or expects to incur for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods as a Neighborhood Expense.*" The Resolution adopted by the Board provides that legal fees and attorney costs incurred by a Neighborhood shall be assessed to the Neighborhood or Neighborhoods as a Neighborhood Expense.

Prior to the resolution, legal fees for any matter, association or neighborhood-wide, were allocated and paid by the Ranch Master, meaning that all legal fees were shared by the 2,879 owners, even if they were incurred at a neighborhood level.

As this initiative moves forward, legal fees and costs will continue to be incurred (owner attorneys increasing expenses), some of which may be paid by the Association's insurance carrier. A claim has been tendered.

A contract with CollectiV (landscape designer) was approved by the Board on November 2, 2020 in the amount not to exceed \$30,000 for complete project design, consultation, and oversight costs. Should the Board continue to split these costs between the Arcadia neighborhood and the Ranch Master? Article 2, Section 8 of the CC&Rs provides the needed direction regarding all expenses incurred by the neighborhood.

**Recommendation:** All fees and costs associated with the sissoo tree removal/replacement project should be allocated to the Arcadia neighborhood to conform with the CC&Rs.



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Darren Shaw, Executive Director



**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE  
DC RANCH ASSOCIATION, INC.**

By an affirmative vote, the Directors of the DC Ranch Association, Inc. (the "Association") hereby adopt the following resolution as an official action of the Board of Directors (the "Board") of the Association and direct that this action be reflected in the meeting minutes.

**WHEREAS**, the Association is governed by the *Amended and Restated Declaration of Covenants, Conditions, and Restrictions for the Ranch* recorded in the Official Records of Maricopa County at Instrument No. 1999-0673267 ("CC&Rs");

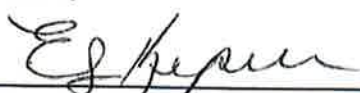
**WHEREAS**, pursuant to the CC&Rs at Article II, Section 2.18, "Neighborhood Expenses" are defined as the actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods;

**BE IT THEREFORE RESOLVED**, when legal expenses, including attorneys' fees and costs, are incurred for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods, they shall be assessed to the relevant Neighborhood or Neighborhoods as a Neighborhood Expense.

IN WITNESS WHEREOF, the undersigned have executed this resolution as of this 4<sup>th</sup> day of February 2019.

  
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Susan Grace, President

Attest:

  
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Elizabeth Kepuraitis, Vice President