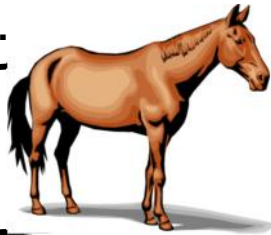


Notes from....



Serrano Creek Ranch Equestrian Center

AUGUST 2007

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“Oh mysterious forces, bespeak to us , what lies in our future?”

As a heads up, here is what lies for the balance of the year and beyond.

In September we will screen the front and back arenas to remove the dust and add footing to prepare the arenas for the winter rains. Generally we have found that once cleaned of slippery dust, the footing remains course enough to allow riding throughout the rainy days. By not having to close arenas, they can accommodate those last minute rides right before rains. This provides more opportunities for horses to get out and be exercised. It is expected that each arena should take between 7-10 days. It has been several years since we have done this, and they are over due.

After completing the two arenas, our next step is to lay new waterlines for the stalls #1 -70. These new water lines will have reduced water pressure, and all the funky hoses will be replaced with steel pipe with very short metal-braid covered hose lines. This should go quite far in reducing flooded stalls from burst/ chewed hoses. Phase one will be digging through the stalls and laying new underground pipe. This is needs to be done prior to the winterization so all the material that is placed isn't then lost. Phase two will be the above ground work of installing metal piping and new individual shut-off valves. This will be accomplished after the winterization of the pipe stalls. Look for the project to be completed in early January 2009, depending on weather conditions.

Out of the 70 stalls in this section, only 17 remain that have the old green shelters. Our goal is to complete this renovation by the start of summer 2008. Why the rush? First is that the stable looks better with uniform covers. Second is that the old green covers don't meet county regulation. The inspectors have been gracious enough seeing that we are making headway in converting them, but should the project stop we could easily be cited. Third, these covers are just plain good for the horses, providing much more shade in the summer and a large dry area in the winter.

Being sensitive to the increased rates for the larger covers, in the past we have worked on a volunteer/

vacancy lists. But as we slowly get down to a few, we must be mean and nasty and complete the project.

On another note, an idea that has been rattling around in my head that involves the bull pen, trail course, turn-out arena. The idea is move the trail course to where the turn out is, and to convert the bull pen and previous old trail course area to another riding arena that would also allow turnouts and lounges. That new arena would be approximately 70' x 120'. In a perfect world the arena would be move to the center of the stable. But because of

Effective July, a new rate schedule reflecting the previous year's inflation rate went into effect for boarders joining the stable as of that date. For those who were here prior to July, you are grandfathered in to the old rates until January 2008. As has been our policy in the past, we have raised our prices to cover general inflation. Unlike the past, certain items have far outstripped the listed inflation rate of 3.8%.

As the nation moves to developing more ethanol, the effect has been to dramatically raise the price of corn. This is because corn is the principal ingredient in the creation of ethanol. Now historical purchasers of corn such as cattle and hog growers must compete with purchasers of corn for ethanol refineries. As corn prices have increased, the

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dairies / feedlots cattle have looked to other feed sources. Thus there is more demand for alfalfa to substitute for corn.

Obviously hay is a significant expense in running a stable. This year's prices are running 14% above last year. Not counting any other items, \$8.50 for this year's increase will be used to offset this increase alone. A second expense is an increase in shavings. These have gone up twice the inflation rate. Other costs continue to increase such as fuel, wages, blah, blaaah blaah...

When we develop our price sheet believe it or not there is some rational thinking that goes on. We use a standard 24 x 24 1/3 covered pipe stall / Breezeway as a boarding "unit". The rate for these is now \$282 per month. Stalls that are smaller are discounted and stalls that have more coverage are increased. Barn stalls are based on the stall unit with additional charges for shavings, labor and disposal.

Each barn stall is allocated 4 bags per week (remember that there are 4.33 weeks in a month). Cleaning of barn stalls requires more than twice the labor of cleaning

pipes. This amounts to an additional \$1.92 per day (Would that be a vente?) Lastly there is a significant increase in disposal costs from all those shavings that go into the barn stall, and the per bag costs is \$1.74. Listed below is how we arrive at a standard barn price starting with a standard pipe stall.

Ideally, the rate for a standard barn stall should be \$501.50. Under the new price schedule we're only charging \$495. So there is some subsidy from the pipes to the barns. This will be corrected over the next few years. Also smaller stalls are discounted and larger stalls are increased proportionately.

The four bags of shavings meet the weekly needs of the majority of horses. By quantifying the amount of shavings you receive in a box stall this allows us to maintain a level of care that works for the majority of horses. There are some horses that are either very wet, or pace in their stalls and in these cases more shavings are required. Raising the maximum number of shavings per week from 4 to 6 would raise the barn rate for everyone from \$495 to \$606 per month, - \$121 per month more! It seems fairer for the few wetter horses to pay for more shavings on their own, and to not raise the rate for all barn stalls.

Base Rate For 24 x 24 1/3 Covered		Unit	\$ 282.00	
17.5	Bags of shavings/ month	Bag	\$ 8.50	\$ 148.75
1.91	Additional Labor	Day	30	\$ 57.30
<u>17.5</u>	<u>Disposal</u>	<u>Per Bag</u>	<u>\$ 1.74</u>	<u>\$ 30.45</u>
				\$ 501.50



July 12, 2007

Susie Hillman
Manager, Serrano Creek Ranch
25201 Trabuco Road
Lake Forest, CA 92630

Hi Susie,

As we discussed, the Association received a homeowner complaint yesterday about girls riding horses in the common areas in one of our neighborhoods. The horses were in a neighborhood called "The Woods" which is one of the private property tracts within the Lake Forest II Master Homeowners Association.

Having horses in an urban/ suburban environment can be challenging at times. As much as this might come as a surprise, there are members of the public who don't see horses as manna, but conjure up a different image that's begins with the letter "m".

As a gentle reminder please ride only on the trails that are in Serrano Park or on Serrano Creek trail that follows the creek upstream. Please resist the temptations of Mephistopheles to venture unto other lands that have not been consecrated. Trespassing unto these sands of the uninvited shall begat unto thee a thousand year's of plague and pestilence. Perorations from the dark side (a.k.a. homeowners associations) are taken with gravity in this humble office.

Serrano Creek Ranch (949) 768-5921

Monthly Rates

Effective July 1, 2007

Prices include daily stall cleaning. Horses are fed three times per day.
A security deposit of \$300 per stall & \$25 per tack shed is required.

<u>Stall Only- No Feed</u>	<u>Price/mo.</u>
24' x 24' Pipe Corral - 1/4 cover	\$265
24' x 24' Pipe Corral - 1/3 cover	\$282
24' x 24' Pipe Corral - 1/2 cover	\$298
18' x 24' Pipe Corral - 1/3 cover	\$257
16' x 24' Pipe Corral - 1/3 cover	\$254
12' x 24' Breezeway	\$265
12' x 24' Pipe Corral - 1/3 cover	\$232
12' x 24' Pipe Corral - 1/2 cover	\$248
Box Stall - Small	\$456
Box Stall - Standard	\$495
Box Stall - Large	\$514
Box Stall - Small In and Out	\$495
Box Stall - Large In and Out	\$514

EXTRAS:

Tack Shed	\$ 25
Trailer Parking	\$ 50
Feed Box	\$ 9
Drystall charge - per day	\$ 5

FEED

<u>Description</u>	<u>Price/mo/feeding</u>		
	<u>¼ flake/pail</u>	<u>½ flake/pail</u>	<u>Full flake/pail</u>
Cubes	\$ 7	\$12	\$23
1 Feeding of Hay or Grass	\$22	\$29	\$46
1 Feeding of Special Feed	\$ 6	\$ 6	\$ 6

Timothy/Orchard available through tack & feed store special feed program.

LATE FEES; \$25.00 on all board received. after the grace period (10th)

INTEREST; 1.5% on all accounts 30+ days late (18% per annum)

NSF CHARGES: \$25.00