

Approved
December 15, 2015
as corrected

PINE MEADOW RANCH OWNERS ASSOCIATION
SPECIAL BUDGET MEETING
NOVEMBER 3, 2015

In Attendance: Tony Tyler – President; Pat Kreis – Treasurer; Honey Parker, Secretary; Matt Brown (Area 1); Jespersen (Area 2); Alan Powell (Area 3); Tom Deaver (Area 4); Mike Gonzales (Area 6); Tom LeCheminant (Area 7).

Jody Robinson – Ranch Manager

Excused: Mark Hodgson (Area 5)

Guests: Tim Williams, Lot D-53; Amber Martinez, Lot D-53; Mandy Deuel, Lot D-42, Ken Smith, North Summit Fire District and Pine Meadow resident, Lot PI-59; Greg Sperry, Lot FM-D-151; John Zimmerman, Lot FM-D-154 and 149; Lori Maag, Lot PI-C-37and B-2.

Tony Tyler called the meeting to order at 6:32 p.m.

Mr. Tyler reported that the Monthly Board meeting in October was cancelled because the Board lacked at quorum. He had not prepared an agenda for this meeting because the primary focus was to prepare the Budget for the Annual Meeting on November 17th at 6:30 at the Sons of Utah Pioneers Building in Salt Lake City.

Approval of Minutes – September 15, 2015

MOTION: Pat Kreis moved to APPROVE the Minutes of September 15, 2015 as written. Tom LeCheminant seconded the motion.

VOTE: The motion passed.

New Construction

Lori Maag, Lot PI-C-37and B-2 was planning to build a garage next year, but they also needed to put in a driveway and a septic. She was prepared to pay her impact fees this evening. Ms. Maag presented her plans to the Board for review. Mr. Tyler informed Ms. Maag that her plans needed to be reviewed by the Architectural Committee. He asked Architectural committee members Tom LeCheminant and Tom Deaver to review her plans while the Board moved on to other new construction.

Mr. Powell had received plans for a shed on Lot PI-2 that he had sent electronically to the Board for review. The owner had paid the impact fee. The shed was 180 feet and it would be used to house a tractor.

Mr. Gonzales commented on a garage that was recently built. The plans were approved by the Board but the garage was red. He recalled that red was not an

acceptable color under Architectural Guidelines. Mr. Tyler stated that the Board would not have approved a red garage. He believed it was in Area 7. Someone asked if it was Terry Beever's lot. Mr. LeCheminant had not noticed a red garage in his area but he would go look. Mr. Tyler clarified that a roof has to be a non-reflective and earthtone colors such as greens, brown and gray. He noted that the blue roofs that are occasionally seen were prior to the Architectural controls. He pointed out that the Architectural Guidelines were posted on the website.

MOTOIN: Alan Powell moved to approve the plans for a shed on Lot PI-2 as presented. Tom LeCheminant seconded the motion.

VOTE: The motion passed unanimously.

Mr. Deaver asked Ms. Maag about her roof material and color. Ms. Maag replied that it would either be a forest green tin roof or an asphalt roof. The siding would be hardy plank in a cedar color. Mr. Tyler informed Ms. Maag that hardy plank is technically not an approved material and the Board would have to see it. Ms. Maag stated that they were also looking at concrete siding. Mr. Tyler noted that concrete siding has only been approved in one specific case. If she chose to use the concrete siding the Board would need to see a sample of that as well. Ms. Maag reiterated that the garage would not be built until next summer.

Ms. Parker informed Ms. Maag that the concrete siding that the Board approved had a texture that made it look less like concrete. Mr. Tyler stated that it was also approved because it was on a 20 acre lot and the house itself was not visible from anywhere else. He noted that the Board has generally discussed a preference not to see concrete siding or faux material siding such as hardy plank. However, it would not preclude her from providing a sample and getting their opinion.

Mr. Deaver stated that he was driving by their lot and he noticed that the driveway was almost done. He did not remember approving the driveway and he asked the owners to come in this evening. That was why Ms. Maag was here this evening. Mr. Tyler clarified that a driveway does not require HOA approval. Mr. Deaver understood but he wanted them to be aware that the garage must be approved before starting construction. Mr. Tyler stated that approval for the garage would have to include materials and colors. He told Ms. Maag that she could pay the impact fee now or she could wait and pay after she received Board approval. Ms. Maag opted to wait until it was approved. Mr. Deaver thought the garage design and location were acceptable and the only issue would be the material. Ms. Maag stated that she would be back next year with the required material samples.

Amber Martinez, Lot D53, understood that landscape watering was prohibited and asked how they could keep their trees alive. Mr. Tyler stated that he personally collects rain water to water his trees and garden. He pointed out that the Water Company is a separate board and they had placed the restriction, not the HOA. The biggest problem is when individual homeowners set up irrigation systems and plant lawns. Mr. Deaver stated that another alternative is the ability to lease a quarter share of irrigation water out of Wanship if the owner has a Wanship address.

Fire Station

Ken Smith, with the Fire District, reported that Pine Meadow annexed into the North Summit Fire District last year. The Fire District was currently constructing a temporary building that was built to HOA specifications because the HOA would eventually use it as a shop for Equipment. In the interim the Fire District will use it as a fire station when it is finished in the Fall or early Winter. Mr. Smith stated that the building would eventually be turned over to the HOA in trade for a lot to build a permanent fire station on the Ranch.

Mr. Smith remarked that the Fire District had shown their due diligence by constructing the building and they were ready to start the process of transferring the future building lot to the Fire District so they can start to obtain all of the required permits and begin the zoning process in order to build a fire station. The property was currently zoned AG-40 and it would have to be rezoned. Mr. Smith remarked that the first step would be to have the property surveyed and see what process is required in order to transfer the lot. He assumed it could be as simple as a quick claim deed from the HOA to the Fire District.

Mr. Smith explained that the Fire District was building a structure on Ranch property that would eventually be turned over to the HOA. For purposes of Summit County, the HOA would be giving this piece of ground to the Fire District to build a permanent fire station. Mr. Smith provided a conceptual layout of what the Fire District would like to build. It would not look like a steel industrial building because the style and materials would make it look like a building that belongs in this environment.

Mr. Smith requested Board approval to move forward with the process. The Fire District would hire a survey company at their cost. Someone from the HOA would have to sign the paperwork to deed the property over to the Fire District. Mr. Tyler explained that it would end up being a subdivision plat and the HOA would have to apply for a subdivision to split the lot. He believed it would have to be part of the use application as well. Mr. Smith had already spoken with the Planning Department and he understood the process. Mr. Tyler did not anticipate any problems. He thought it was just a

question of following the correct process.

Mr. Tyler asked how much area the Fire District would need for the fire station. Mr. Smith stated that it was approximately three acres. The building would also have a meeting room that could accommodate 60 people and the HOA would be able to reserve it for meetings. Mr. Smith noted that the requested acreage is needed to accommodate the fire station, parking, and a dedicated helipad for medical and fire use; and still leave enough room for future expansion.

Mr. Tyler stated that his only concern with the shape of the lot was that the curve of Arapahoe was the only place where they could get an additional road into the winter parking lots if needed in the future. Mr. Smith thought they could redesign the lot so the HOA could retain that corner. Mr. Tyler noted that the Board previously talked about the concept of trading the shop for the land but that agreement with the Fire District was never formalized. He understood that Mr. Smith was looking for consensus by the Board so he could start moving forward.

Mr. Tyler stated that he personally liked the idea of having a fire station on the Ranch. It would be a benefit to the community and having a permanent location is incredibly valuable. He expressed appreciation to Mr. Smith for spearheading this project. Mr. Tyler remarked that his only stipulation would be to have a reverter clause stating that the land would revert back to the HOA if for any reason the Fire District ceased using the building as a fire station. Mr. Smith was comfortable including that provision in the agreement.

Mr. Tyler summarized that Mr. Smith was looking for Board approval on the concept, with the understanding that a legal agreement still needed to be worked out and approved by the Board. Mr. Smith reiterated that the Fire District would bear all of the costs related to subdividing the property and the cost to build the fire station in exchange for the land.

Mr. Deaver asked for an estimated cost of the permanent building. Mr. Smith replied that the outside structure of the building including the foundation was approximately \$180,000. He estimated another \$45,000 to \$50,000 for the inside. The outside groundwork would begin next summer and the construction would extend over three years. The plan is to have the outer shell completed by 2017 so they could move from the temporary structure. The inside amenities would be completed by June 2018.

MOTION: Tony Tyler moved to Approve in concept the exchange of land as shown in the concept drawing, with the comment regarding the corner piece, for the fire station that the Fire District was currently building. The details would be worked out at a later

time. Pat Kreis seconded the motion.

VOTE: The motion passed unanimously.

Mr. Deaver stated that because it was a quid pro quo he thought the value should be somewhere on the record.

Survey

Mr. Powell presented the survey for the two homes on HOA property. He noted that the survey showed that homes were located in the wrong place. Mr. Kreis stated that Carol had prepared a check to pay for the survey.

Mr. Powell pointed to the lot identified as SS-BDY-15-1 and noted that Bob Kendall built the cabin in 1975. The developer suggested that he build on top of the hill for a better view and he offered to give him the lot. Mr. Kendall accepted the offer and he built his cabin. It was obvious that the developer did not give Mr. Kendall the lot and his cabin was on HOA property. Mr. Powell stated that Summit County finally noticed that there was a cabin on the lot and changed the taxes to a developed lot. Mr. Kendall has been paying taxes on Lot 18 which has nothing on it. Mr. Kreis pointed out that the HOA received a tax bill in the amount of \$12,000 and they were appealing it.

Mr. Powell stated that if they swap lots with the owner it would require doing an easement. In talking with Mr. Kendall and his daughter, they would like to purchase the HOA lot and do a lot line adjustment. Mr. Tyler pointed out that his cabin was also on SS-146. Mr. Powell stated that Mr. Kendall had already worked that out with the owner of SS-146.

Mr. Powell stated that the second issue was a triangular piece of property, which is an HOA lot in Morgan County. The people below thought the fence line was the lot line and they built their cabin in Morgan County on HOA property. They were supposed to build on Lot PI-23-A. Mr. Powell suggested that the HOA sell the owner the lot in Morgan County and let Morgan County figure out the cabin issue

Mr. Tyler reported that he was supposed to have a meeting this morning regarding the appeal; however, he received a call from the Assessor's Office asking to reschedule to December 16th. He planned to attend that meeting on behalf of the Owners Association. He noted that the attorney, Ted Barnes, believes there is a precedent for the appeal. The house being on HOA property has a negative value to the HOA because they would have to demolish it in order to return the property to its original state. Rather than increasing the property value, it should actually decrease the value. Mr. Barnes was confident that would be the case.

Mr. Tyler pointed out that selling the lot would require a subdivision because of the emergency exit. Mr. Gonzales did not believe they would have to subdivide the lot due to the emergency exit because the HOA has an existing right of egress regardless of who owns the lot. Mr. Tyler was not opposed to looking at putting it into the language of the sale, but he wanted to make sure the owner would not be able to build a house back there that would prohibit egress. He understood the point Mr. Gonzales was making about not spending money on a subdivision. Mr. Tyler thought they should wait for a decision on the tax appeal before making any other decisions. He also thought the owner needed to bring a proposal to the Board.

Mr. Powell stated that the person who owns the cabin in Morgan County is aware of the situation. He purchased the property within the last ten years and the title insurance signed off on it. Mr. Powell intended to provide the owner with the information from the survey. Mr. Tyler stated that in addition to Mr. Powell providing the information, Ted Barnes should also write a letter formally informing the owner that they were on HOA property. He would follow-up with Mr. Barnes for his legal opinion.

Mr. Kreis wanted to get Board approval on the check for the survey that was already done. The check was in the amount of \$1,000 for Simpson Associates. Ms. Kreis noted that the owner offered to reimburse the HOA for the cost of the survey.

MOTION: Pat Kreis moved to Approve paying the survey cost in the amount of \$1,000 for the survey. Tony Tyler seconded the motion.

Mr. Tyler noted that the Board had actually approved the cost in March when they approved the survey up to \$3,000. He was unsure whether they needed additional approval but since a motion was made and seconded he called for a vote.

VOTE: The motion passed unanimously.

Playground

Mandy Deuel reported that over the summer they have spread the word to neighbors about the playground. The response was positive and people are very excited. They started a Facebook page and she has been getting feedback from neighbors in terms of the most attractive amenities for the Park. The top three were 1) the play structure; 2) a picnic area; 3) a dog area. Ms. Deuel had met with builders and obtained estimates on the cost. She had put together a budget and the total cost was \$45,000. The budget included the playground, the picnic area, a dog area, and the land prep.

Ms. Deuel recognized that \$45,000 was a significant amount and as she talked to the neighbors the idea kept coming up for a special assessment. It would be a minimal amount if everyone pays and they would be able to fund the Park at one time. For example, if they were to do a one-time special assessment of 20% above the annual assessment and tier it, the amount would be \$80 for full-time; \$53 for part-time; and \$40 for landowners.

Mr. Kreis recalled that when the playground was first introduced she understood that there would be donations and fundraisers to fund the playground and park. Ms. Deuel replied that it was the initial intent before they started looking into the actual cost. She has fundraising background and from her experience there is no way they could raise \$45,000. Ms. Deuel stated that once they build the Park, it would be easy to fundraise or solicit donations for maintenance or add-ons. Mr. Deuel noted that this would be a benefit to the community as a whole and it should be supported by everyone in the community.

Ms. Kreis has affiliation with other land interests who have been discussing dog parks and playground equipment. Some of those HOAs were considering a use fee for the people who actually use the playground and other amenities, as opposed to assessing every property owner. Mr. Tyler thought that would be a slippery slope in terms of the legal authority of the HOA to charge a fee for using a service.

Mr. Gonzales remarked that the CC&Rs tell them how they can charge a fee for use of HOA property. He agreed with Mr. Kreis and believed they would be covered by the CC&Rs. Mr. Gonzales stated that the original premise was that the playground would be similar to the fishing pond. Those who were interested would contribute. He believed that a special assessment to the whole HOA would be unfair to the people who would never have the opportunity to use it. Ms. Kreis agreed. She pointed out that many people just own land and some of them never come to their property. They still pay HOA dues because they own the land, but they should not be expected to pay a special assessment for an amenity they would never use. Ms. Deuel remarked that road and other improvements are made to the Ranch all the time that she does not benefit from, but she has no problem paying for them because it benefits the community as a whole.

Mr. Powell asked Ms. Deuel if the project could be phased as they raise money. Ms. Deuel stated that they could, but right now they have the momentum. She was concerned that people would lose interest if it was done in phases.

Ms. Parker recalled that Ms. Deuel originally anticipated the cost to be much less. She

wanted to know which amenity was the biggest expense. Ms. Deuel replied that the playground was the largest expense at \$23,000. Land preparation was the next highest expense. The playground and land preparation combined totaled approximately \$30,000. Ms. Parker assumed that a dog park would be a minimal expense. Ms. Deuel agreed. However, it was something that would help broaden the appeal for the Park.

Ms. Kreis stated that if they determine that a special assessment is the best way to cover the entire cost, it should be voted on by the entire membership. She was unsure whether the Board was in a position to make that decision. Mr. Kreis personally would not vote in favor of a special assessment, but she would not want to interfere with other opinions. Ms. Deuel stated that her next question was going to be whether it was possible to have a community vote. If the community votes against it then they probably would not need a Park. Ms. Kreis thought it was important for the membership to understand that a Park equals a special assessment. Funding a park with donations is different than funding by assessment. Ms. Parker thought Ms. Deuel needed to be specific when presenting it to the community so they would know exactly what their assessment would be. She thought it was important to explain that it would be tiered like the annual assessment and to provide as much information as possible before they vote. Ms. Kreis suggested putting a bio of the proposal directly on the ballot and include the tiered percentages.

Mr. Powell asked if it could be added to the ballot for candidates that they send to all the property owners. Mr. Tyler noted that the Annual Meeting would be held in two weeks. He asked if that was enough time to get sufficient information to the entire membership so people would know that a vote would be taken at the Annual Meeting; or whether it should be conducted through a mailed ballot.

Mr. Tyler stated that he was personally in favor of the playground and he would definitely donate funds. However, he was strongly opposed to a special assessment because lending entities and banks will look at the records of the HOA. If a special assessment was imposed in the last five years it puts the HOA in a different lending category. When an owner wants to purchase property the category is more high risk and the interest rate is higher. Mr. Tyler stated that if they choose that route, he would suggest that they increase the Annual Assessment and lower it again next year. Mr. Tyler emphasized that they should avoid calling for a special assessment. If it came to a vote he would vote against a special assessment. He personally thought the Park should be funded by donations. Mr. Tyler was not opposed to taking it to the membership for a vote, but he was not comfortable with the Board making the decision. Mr. Parker was concerned about rushing it for the Annual Meeting in two weeks because they still did not have the best strategy. It was a significant amount of money and she thought they needed to spend the winter deciding the best way to fund it and

the best way to get a vote from all of the property owners. Mr. Powell agreed that asking for a vote too quickly could cause it to be denied. Ms. Parker felt strongly that the decision should be made by all the property owners and not just the ones who attend the Annual Meeting.

Mr. Powell felt there were two options. Option A would be to allow a presentation at the Annual Meeting and to mail a ballot so everyone could vote. He was unsure whether the mailing cost would be paid by the HOA or by Ms. Deuel. Mr. Tyler stated that he would support the Board funding the mailing because it is an initiative that was brought forth by an owner. The second option would be to pay for a mailing that asks for donations.

Ms. Deuel remarked that another problem with the donation approach is that if they raise more than \$10,000 they would have to file for non-profit status in the State of Utah and start their own DBA. Carol also informed her that the HOA would not be receiving donation checks and they would have to start their own bank account.

Mr. Tyler agreed that there was not enough time to address it at the Annual Meeting in two weeks. However, he would support the HOA mailing a ballot out to the entire membership. Ms. Kreis thanked Ms. Deuel for what she has done because it is very positive for the community. She just wanted to make sure that all of the owners have the opportunity to weigh in on the idea. The Board agreed that time should be scheduled on the agenda for Ms. Deuel to present her plan at the Annual Meeting.

Mr. Deaver was comfortable with Ms. Deuel giving a presentation at the Annual Meeting; however, he would not support committing any HOA funds for mailing or anything else until they get a sense of what the members want. He pointed out that the playground started out as a donation only, small in size project. The Board was told that donations would be used to build the playground and to maintain it over time, and the only expense the HOA would incur was the road access. Mr. Deaver clarified that he was in favor of the playground and he would donate towards it.

Ms. Parker believed that people who attend the Annual Meeting were a different sample of the community than those who follow the Ranch online.

Mr. Tyler asked Ms. Deuel to send him the information and images that she would like him to include in the presentation for the Annual Meeting.

Miscellaneous

Mr. Tyler reported on an email he received from Dave Klopp at the bottom of the hill.

He has submitted a request to Summit County to install a fence that bisects the parking lot so it looks more like a driveway to get into their home. In the past they have had people block their driveway during the winter. He asked the Board to provide feedback and whether or not they have an opinion. Mr. Tyler informed him that it was not on HOA property and it is not controlled by the HOA. Therefore, the HOA had no opinion. Mr. Tyler stated that he would provide that same response in writing if the Board thought it was appropriate. Mr. Gonzales stated that winter parking is at a premium and the lot is always full. If the lot is made smaller people will be parking by the mailboxes and the garbage cans. Mr. Tyler pointed out that they had also eliminated the parking lot on the Forest Meadow side. Mr. Gonzales thought they should be looking for alternatives to expand the parking not to reduce it.

Mr. Deaver favored the idea of the HOA not having an opinion. He wanted to know what it would take to re-establish the upper Forest Meadow parking lot on the second curve to the right. He suggested grading and adding 3" minus so it would hold the weight of cars.

Mr. Tyler agreed with Mr. Gonzales that parking is at a premium, but the HOA does not control it and they should not give an opinion.

Mr. Tyler had received a letter from a "concerned member" complaining that two other members of the Ranch are finishing their basement without paying impact fees. The letter implied that Mr. Tyler was not doing his job and that the HOA has to be in accordance with Summit County laws. Mr. Tyler stated that his first response was do not to send a complaint if you are not willing to put your name on it. His second comment was that finishing a basement does not incur impact fees as long as it does not add square footage or impact the footprint and the exterior materials are not changed to something that did not comply with the Guidelines.

Mr. Gonzales reported that Brent Kasza with the Division of Natural Resources wanted to attend a Board meeting to have a discussion because he believes that all the rules about hunting are unenforceable. He would not come up and enforce any complaints about hunting unless someone was right on the road or near a home. Otherwise hunting is permitted. The 600 foot rule applies regardless of what the County has to say. Mr. Kasza told Mr. Gonzales that the State governs the hunting and it would not be overridden by the County if the State has not approved it. Mr. Gonzales thought it would be worthwhile to have someone from the Sheriff's Office and the DNR attend a Board meeting at the same time to discuss the facts. Mr. Tyler asked Mr. Gonzales to send him Mr. Kasza's contact information.

It was noted that Rocky Mountain Power had dug up the road. Mr. Tyler had contacted

Rocky Mountain Power and he was told that they have an easement and they can dig in it whenever they need to without notice. They fix the road before they leave as best as they can but it does not have to be exactly as they found it.

Mr. Gonzales commented on the abandoned camper that Dennis has been asking about. He needed to know what was sent to the property owner so they could follow through on it. Mr. Tyler asked Carol to check and see if any notices have been sent to Lot G-41 or G-42 regarding an abandoned trailer on the property. If she was unable to determine which property it was on, she should send a notice to both properties.

Mr. Gonzales asked about the fence by the Olsen property. He noted that the Board had not approved it and they needed to determine what action should be taken. Mr. LeCheminant stated that it was an ongoing battle between the two homeowners. He had delivered a letter in January informing the owner that the fence was non-compliant and it had not been approved. Mr. Tyler asked Carol to send a warning letter to Lot PI-D-18 regarding a fence as a structure that has not been approved by the HOA Board and required approval before it was installed.

Budget

Ms. Kreis reviewed the handout. The first page was a draft of the 2016 budget, which was included for Board input prior to presenting it at the Annual Meeting. Page 2 was a draft reserve for emergency and/or equipment replacement proposal. She was also requesting input on that draft as well. Ms. Kreis stated that page 3 was for information purposes. It was the budget they have been through this year. The right-hand side of the page showed all of the actuals through November 1. Mr. Kreis thought it was helpful and instructive to look at how they have performed this year against budget as they plan for next year. They had budgeted revenue of \$223,000. On that line item alone they had actually collected \$226,000 or 101%. Adding to that the past due collections, the Church contribution, the SS lots, impact fees, and other income, the amount collected was \$310,000, which is 112% of what was forecasted.

Ms. Kreis stated that historically they have not been able to collect on 5% of the accounts. However, because collections are so much improved, she recommended reducing the percentage of uncollected accounts to 4% or possibly 3%. Ms. Kreis pointed out that as of this date they had only used 64% of their budget; but there were still large expense items that needed to be paid, which included \$5,000 for grinding rock, \$10,000 for the total property tax, additional legal fees due to the appeal on the tax issue, and the audit in the amount of \$9,500. Ms. Kreis stated that after the larger expenses are paid, they would be able to move \$30,000 into the reserve and still have a surplus. She recommended that they budget rolling over \$30,000 into the reserve

account in 2016 to grow the reserve account.

Mr. Kreis stated whenever an entry is made into the ledger is must be accounted for with a liability. She explained that Carol will take the unfunded reserve account and show that it goes out over a year. She will also show how they were adding to fund the unfunded reserve.

Mr. Gonzales commented on the recommendation from the audit. Ms. Kreis pointed out that the number the audit recommended could not be achieved in the next year, but maybe over five years. Mr. Tyler clarified that the \$706,000 was not what the audit recommended they have in an account. The actual recommendation for the account was \$112,896. Mr. Tyler explained that if they had to replace everything they have today it would be worth \$706,000, but it would be depreciated.

Ms. Kreis assumed that the majority of the Board was in favor of building up the reserves. Mr. Powell liked the idea of keeping the budgeted amount at \$30,000 each year, but if they have an additional \$15,000 that is not allocated to a specific project, that money should go into the reserve account.

Mr. Tyler stated that the Board has the responsibility to present a recommended budget to the membership that was voted on by the Board. The membership has the option to approve the budget, amend it, or reject it. Mr. Deaver thought it was important to make sure that the people who vote are current on their assessments.

Mr. Deaver questioned why the number of part-timers had reduced from 121 to 115. Mr. Tyler referred to the actual numbers. He explained that adding the part-time owners and full-time owners for 2015 there were 411 homes. Adding the part-time and full-time for 2016, there were 416 homes. Six homes were added to the Ranch this year. Mr. Deaver pointed out that it was also showing two additional vacant lots, which were tear downs. He thought the reality was that they lose empty land rather than gain empty land. If they replat, the number would be going down not up. Mr. Tyler thought Mr. Deaver made a good point. Mr. Tyler asked Carol to provide clarification on why for 2015 they showed 813 lots but 419 homes between part-time and full-time, but for 2016 they went down to 416 homes between part-time and full-time owners.

The Board reviewed the proposed draft budget and compared it on a line item basis with the 2015 budget.

Ms. Kreis asked for their thoughts on the proposal to reduce the percentage of uncollected accounts from 5% to 4%. Mr. Tyler preferred to leave it at 5%. The Board agreed.

Ms. Kreis commented on the actuals on past due collections. Mr. Tyler believed that in theory that number should go down over time. He thought \$2,000 was sufficient. Ms. Kreis stated that she likes to be conservative and budget lower than what is actually collected.

Ms. Kreis noted that the Church contribution was increased this year and that amount should remain the same. She remarked that they always over-budget on the SS lots because it is a donation. Mr. Deaver suggested lowering that number to \$5,000. The Board agreed. The Board agreed to keep the impact fees budgeted at \$21,000. Ms. Kreis itemized the categories included under Other Income. She recommended keeping the amount at \$10,000. The Board agreed.

Ms. Kreis noted that Carol had spoken with Jody regarding health insurance. The health insurance budget was adjusted to \$17,530 based on a per month formula and the agreement that the HOA would fund 80% of the total cost.

Ms. Kreis commented on project part-time labor. Mr. Tyler stated that he and Jody had looked at what was accomplished in years with and without Cody's help. He noted that the difference was significant and that many more projects were completed when Jody had help. Mr. Tyler suggested that they look at making part-time help a second permanent position. Jody explained that he did not need Cody last year because it was a lighter winter. He was unable to forecast the future but if it is a heavy snow year he could definitely use Cody's help.

Mr. Kreis recommended that they keep the payroll taxes and Worker's Comp the same. Ms. Kreis stated that they had gone over budget on Professional Fees/ Accounting line item because of the extra work Carol had done providing data for the audit. She believed there would be an additional \$2,000 in accounting fees at the end of the year that would bring the total to \$20,000. Ms. Kreis emphasized that it was not a trend that they would see again next year. She was not opposed to increasing the budget, but not to the full amount that was reflected in the actuals for 2015. Mr. Powell thought the budgeted amount could remain the same unless Carol was planning to increase her rate. Mr. Tyler agreed that they should leave it as budgeted.

Mr. Kreis referred to the credit card charges and merchant fees. To date they were over the budgeted amount at 105%. Mr. Powell thought that amount should be increased because more people are using credit cards to pay their assessments. The Board agreed to increase the amount to \$4,000. Ms. Kreis believed the amount budgeted for income tax return preparation was standard and should remain the same.

Ms. Kreis commented on the \$10,000 budgeted for Equipment Repairs. She noted that

to date the actual was \$9,160. She asked Jody whether he anticipated anything different for next year. Jody explained that the expenses were high this year because of the injectors in the dump truck and repair of the Ranger. He was not aware of any additional expenses that would be incurred next year. The Board agreed to leave the budgeted amount at \$10,000.

Ms. Kreis noted that Building Repairs was budgeted at \$1,000. Mr. Tyler questioned what they had spent \$6,000 on for building repairs. He thought it was incorrectly categorized. Ms. Kreis believed that the signage was put under building repairs. Mr. Tyler stated that signage should come from the Capital Reserve. Ms. Kreis had looked at the meeting minutes and the Board voted to take it from the impact fees. Mr. Tyler thought the signage expense should be categorized under Miscellaneous Ranch Projects and not Building Repairs. The Board agreed.

Mr. Kreis asked Carol to remove the signage expense for 2015 from Building Repairs and move it to the category of Miscellaneous Ranch Projects. She was aware that it would exceed the budgeted line item of \$1,200 for 2015. Ms. Kreis pointed out that they would not see this expense next year and she recommended that they leave the \$1,200 budget, unless the project would roll over into next year.

Ms. Kreis pointed out that \$10,000 was budgeted for diesel. Mr. Tyler thought it was budgeted too high based on the actual amount spent. He suggested lowering the diesel budget to \$5,000. Ms. Kreis asked if they would need more equipment and use more fuel if they increase the part-time project labor. The Board agreed to lower the budgeted amount to \$7,500.

Ms. Kreis reported that they had budgeted \$6,000 for Liability Insurance and they had spent \$4,704. The Board agreed to leave it at \$6,000. Ms. Kreis stated that \$1,100 was the budget for the telephone. The actual expense was already close to that amount and Carol anticipated a rate increase. The Board increased the budget to \$1,250. Mr. Gonzales thought they should renegotiate the contract with Verizon.

Mr. Tyler thought the budgeted amounts for Utilities and Propane could remain the same. Ms. Kreis commented on property taxes. She reminded the Board that this was the budget for 2016 and the property tax issue should be resolved by then. Mr. Deaver thought they needed to prepare for the worst case scenario. Mr. Tyler agreed and suggested that they increase the budget amount to \$7,600.

Mr. Tyler pointed out that the Board had talked about the Contribution to Reserve earlier in their discussion. The budget for Office Supplies and Postage should remain the same. The Internet Service budget should remain the same. Ms. Kreis recommended

increasing the budget for Legal Fees because the tax appeal would roll into the next calendar year. Mr. Gonzales pointed out that they would not be spending money on legal fees for Deer Meadows in 2016. Mr. Tyler agreed. The Board decided to leave the budget for Legal Fees at \$3,000.

Ms. Kreis asked if Mr. Tyler had spoken with the attorney about the representation letter that needed to be signed on the audit. Mr. Tyler replied that he has spoken with Ted Barnes and he had forwarded his comments to Ms. Kreis today.

Ms. Kreis noted that License and Permits were budgeted at \$1,200 and they had only spent \$300. The Board agreed to leave the amount as budgeted. Culvert installation was budgeted at \$3,000 and they had spent \$513. The Board agreed to leave the budgeted amount at \$3,000.

Ms. Kreis referred to Miscellaneous Ranch Projects and asked if the Board wanted to increase the amount. Mr. Tyler thought they should keep the \$1,200 budget. Ms. Kreis noted that for 2015 they had budgeted three applications of mag water. She asked if that would change next year. Jody thought the budget should remain the same.

Mr. Kreis asked for an explanation on the difference between Asphalt and Aggregate. She noted that last year they had budgeted asphalt at \$5,000 and aggregates at \$50,000. Since she was unsure how to differentiate between the expenses she had combined the two line items for a budget total of \$55,000. Ms. Kreis thought it was important for the Board to discuss this line item because it would fund the projects for 2016. The Board was comfortable leaving the budget at \$55,000.

Mr. LeCheminant wanted to know what Jody does when he needs tools to repair the equipment. Mr. Tyler replied that the expense is included in the Equipment Repair budget.

Ranch Manager's Report

Mr. Tyler remarked that he had inadvertently skipped the Ranch Manager's Report before moving to the Budget. He noted that Jody was requesting new hydraulic remotes on the tractor. The cost was approximately \$1600. Mr. Tyler reported that the tractor is under warranty; however, if changes are made it voids the warranty for that particular piece. Mr. Gonzales did not believe the remotes would constitute a change. Mr. Deaver asked if the \$1600 for the hydraulic remotes for the tractor was in the budget. Mr. Tyler noted that there was money available. Ms. Kreis asked if it would be a 2015 purchase. Mr. Tyler answered yes and that it should go under Equipment Repair.

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MOTION: Mr. Deaver moved to authorize the purchase of new hydraulic remotes on the tractor before it snows. Pat Kreis seconded the motion.

VOTE: The motion passed. Mike Gonzales abstained from the vote.

Jody left the meeting.

The Board moved into Executive Session at 8:49 p.m.

The meeting of the Pine Meadow Owners Association Board adjourned at 8:49 p.m.
