

PINE MEADOW RANCH OWNERS ASSOCIATION
MONTHLY BOARD MEETING
RANCH MANAGER'S OFFICE
PMROA WINTER PARKING LOT
ARAPAHO DRIVE
OCTOBER 15, 2013

In Attendance: Tony Tyler, President; Dan Heath, Vice-President; Bob Burdette, Treasurer; Honey Parker, Secretary; Matt Brown (Area 1); Alan Powell (Area 3); Tom Deaver (Area 4); Mike Gonzales (Area 6),) Nick Boyle (Area 7)

Ex-Officio – Jody Robinson, Ranch Manager

Excused: Jeff Hubbard (Area 2); Mark Hodgson (Area 5)

Guests: Brad and Mary Lynn Bergner, Lot D-140.; Frieda Butterfield, Revenue Recovery

Tony Tyler called the meeting to order at 6:38 p.m.

Owner/Visitor Open Forum and Other Owner Communications

Honey Parker raised a safety issue for the Board to consider regarding the number of children sledding in the road. She was not proposing to prohibit it; but she thought it would be beneficial to create a children's sledding area as a fun alternative in an effort to decrease the amount of dangerous behavior. Ms. Parker asked the Board members to consider potential areas that could be designated as a safe sledding area. Mr. Tyler understood that Ms. Parker was talking about a sledding hill on HOA property that would be safe and practical.

Mr. Heath stated that several years ago the hill behind the second parking area was used as a ski hill and hay bales were brought in and placed at the bottom. Mr. Burdette stated that the area Mr. Heath referred has commonly been a recreation area for snowmobiles and other activity, but he thought it could also be used for sledding. Mr. Tyler suggested that they promote that area as an alternative to sledding on the road. Ms. Parker favored the idea of hay bales or some type of demarcation and the area could be posted for sledding. It was noted that hay is a problem with wildlife and straw would be a better option.

Mr. Tyler asked for volunteers. Ms. Parker volunteered to draft language to help promote the sledding hill. Mr. Heath volunteered to get the straw. Mr. Deaver suggested additional areas where children could safely sled.

Mr. Deaver thought it should be made clear that the designated area is for sledding and tubing, but it would not be accessible to ATV's in the summer. Mr. Tyler stated that

they should also make a sign indicating that people would be sledding at their own risk. Ms. Parker offered to design a sign and research the cost.

Mr. Deaver reported that he had owners in his area who intended to build and they would be submitting their plans information. They intended to build on Navaho Road this summer but due to other commitments their plans were changed. Mr. Deaver stated that the owners had sent him a rough sketch of the floor plan and told him that they were working on the required forms. Mr. Deaver would not present their plans until the forms were completed.

Mr. Tyler reported that the Vanhook's by Boyce's corner had started constructing a 4' x 4' shack over their water meter. He had asked Alan Powell to contact the owner as their area rep. Mr. Tyler noted that the owner comes up occasionally during the winter and they like to turn their water off. However, the Ranch pushes snow in that location and they have not been able to turn their water off or on. To remedy the problem, they decided to build a structure over their meter. Mr. Tyler thought it was clear that the owner was building a structure within the HOA right-of-way. They were welcome to build the structure, but Jody and/or the Owner Association would not be responsible if it gets hit when plowing snow.

Mr. Tyler noted that the snow plowers meeting was held on Friday. They basically reviewed the snow plowing contract and made sure everyone understood the insurance requirements. Signed contracts were submitted and the plowers filled out the map on which areas they plow. Mr. Tyler had updated the map and posted it on the website. He would send an email to the entire Ranch asking people to contact him if they plow a route that is not marked on the map.

Mr. Gonzales asked for clarification on the insurance requirements. As a member of PMEEF or FMEEF, they have Ranch coverage. And the additional requirement is another \$1 million. Mr. Tyler replied that there was no additional requirement. Mr. Gonzales clarified that the coverage through PMEEF and the regular homeowners insurance was sufficient. Mr. Tyler explained that if the plower works through PMEEF or FMEEF, they are covered under that policy as long as the individual plower or the area has paid into that fund, and no other insurance is required. However, it does not cover the individual plower's liability. They should have their own liability policy, but it is not required by the HOA.

Mr. Powell commented on an issue with Catarina. The Board discussed the insurance requirements and other aspects. Mr. Tyler stated that he would work with Catarina and Mr. Powell to resolve the question. However, he understood that if a plower was covered under the PMEEF policy they would not be required to carry additional

insurance.

Mr. Boyle recalled a previous issue with owners on Alexander Canyon not wanting to pay into PMEEF and doing things on their own. Mr. Tyler replied that a number of people on the Ranch do not pay into the fund and still plow the roads. He was comfortable with that approach as long as they signed the plow agreement and provided the necessary insurance requirement. He clarified that if someone refuses to sign the document and still plows the road, the Association has the right to fine them under the Rules and Regulations. The document sets the fines at \$50, \$250 and \$500 for consecutive occurrences.

Mr. Tyler pointed out that he was very serious about enforcing the requirements because one liability lawsuit could bankrupt the Ranch without insurance coverage. Mr. Tyler would send Carol the contracts he received during the meeting and others were sending them directly to Carol. Carol would compile a list of eligible plowers and Mr. Tyler would distribute the list to all the Board members.

Approval of Minutes

September 17, 2013

Bob Burdette referred to the first page and the members listed as excused, and corrected "was excused" to "were excused".

Mr. Burdette referred to page 5, last line of the third paragraph, "When he spoke with Mr. Whitt, he was more competitive in pricing, but until recently he did not have a four wheel vehicle." Since most vehicles have four wheels he corrected the sentence to say four-wheel drive vehicle.

Mr. referred to page 6, fifth paragraph, "Mr. Burdette presented a picture of one of the equipment trailers that was parked on the road." He recalled that they had looked at five pictures of vehicles that were parked on the road.

MOTION: Honey Parker moved to APPROVE the minutes of September 17, 2013 as corrected. Dan Heath seconded the motion.

VOTE: The motion passed. Tony Tyler, Mike Gonzales and Matt Brown abstained since they were absent from the September meeting.

Mr. Tyler clarified his reason for scheduling road parking on the agenda at the last meeting. He thought a notice should be placed on the car before having it towed. If the

car is still there within 24 hours, the call is placed to have it towed. Mr. Tyler noted that Dan Schow at Towing Operation in Wanship will tow on credit. Mr. Schow is a local person who was trying to get his business started. Mr. Tyler emphasized that he did not want a car parked on the road longer than 24 hours after it was discovered. He suggested that the Board members use their cell phones to take a picture of the license plate so they have a record that it was parked on the road in the event that the car has to be towed. Mr. Tyler stated that if a notice is placed on the vehicle and the vehicle is moved, but comes back again in the same spot, there is no second notice. The vehicle should be towed immediately.

Mr. Gonzales thought they needed to use judgment on the 24 hours window. Mr. Tyler was not opposed to using judgment. Mr. Gonzales liked the idea of having a proper noticing document, but did not think they should do anything that would destroy the vehicle or make it difficult to clean off. Ms. Parker agreed with having a proper document. She offered to draft a notice and make copies that they could keep in their vehicle. If they see a car parked on the road it would be easy to reach out and put it under the windshield wiper. The Board agreed.

Ranch Manager's Report

Jody reported that the equipment was in good shape. However, the battery needed to be replaced in the sander. The roller has some broken windows but he would put in plexiglass because going through the trees would break the glass windows again. Plexiglass is an inexpensive replacement. He needed to purchase a cutting edge for both the grader and the plow truck this winter.

Mr. Deaver asked for an update on overhauling the grader. Mr. Tyler stated that Wheeler was the only company that responded. Another option was on the table but Jody followed up several times and they have not submitted a bid. Mr. Deaver thought that could be indicative of the quality of service. Mr. Tyler stated that Wheeler submitted two bids; one was for the chassis and the other was for the engine. The chassis bid was \$14,181.90, which included a full breakdown of all the metal parts and the bearings and bushing on the machine. Mr. Tyler read a disclaimer stating that the bid was only an estimate and the actual cost would be given after tear down. The final cost could be more or less than the estimated bid.

Mr. Tyler noted that there were four different packages on the engine rebuild. There was a big difference between the low end package and the next one up. The bronze package was \$12,700 and the silver was \$19,400. The gold was \$22,500 and the platinum was \$24,500. He stated that \$24,500 for the platinum package plus \$14,200 totaled \$38,700. Mr. Tyler recalled that the Board previously approved a budget of

\$60,000 to overhaul the grader. He noted that the platinum package includes a three year, 5,000 hour warranty.

Mr. Tyler recommended that they take it to Wheeler for a tear down and actual cost.

Mr. Deaver asked about the transmission. Jody replied that the transmission was fine. Mr. Deaver asked about timing. Jody stated that he would like to have the grader back by the first of January. Mr. Deaver thought Jody would need the grader well before the first of the year and asked if they should wait until Spring to have it overhauled. Mr. Tyler replied that Jody uses the other equipment more than the grader this time of year.

The Board agreed that Jody should take the grader to Wheeler. Mr. Burdette pointed out that the cost did not include hauling the grader to Salt Lake. Jody would find out how much it would cost and whether Wheeler would pick it up and return it. Mr. Tyler thought Jody should tell Wheeler that they should provide the transport since the HOA was spending \$40,000. If Wheeler would not comply, the Board should authorize \$150 each way for transport.

Jody stated that he would be able to double the amount of sand in the sand shed if he could purchase 12 pieces of plywood to stack the sand in. The plywood would go on top of the concrete blocks. Jody estimated the cost at approximately \$300. The Board authorized Jody to purchase the plywood.

Mr. Deaver proposed to budget money next spring to add another sidewall in the back and another roof to create a double sand shed.

Revenue Recovery Update

Frieda with Revenue Recovery commented on Katz and Zelch and noted that she and her attorney had been in touch with the Bank's attorney. The house was built on the wrong lot and it was in foreclosure. However, after discussions with the bank, they decided to keep it as clean as possible and not foreclose on the HOA. Frieda had received a check in full on Friday for both the HOA and the Water Company.

Frieda reviewed an updated list of collection properties and identified the properties that had paid or were making payments. She also identified the lots she was taking legal action against. Frieda stated that Lot 94 was owned by a bankruptcy trustee and she had issued a cease and desist order against Frieda saying that she could not collect interest or late fees and that she could only collect two years worth of assessments. Frieda stated that unfortunately the trustee was correct. Frieda reported on the properties that had filed for bankruptcy and how much of the amount owed the HOA

could expect to receive.

Water Company Report

Mr. Tyler reported that the monthly Water Company Board meeting was scheduled for Thursday, October 17th. However, he had spoken with Brody Blonquist regarding the pump house and other issues. The pumps were on schedule and should have power by next week. The pumps would be delivered after they get power. The contract has a completion deadline of October 31st. Brody was unsure whether they would actually meet that deadline, but it would be close. The last part of the project is to remove the old pump house at Bobcat, but that would not be removed until the new pump is installed and operational.

Mr. Tyler also talked with Brody about the re-piping along Pine Meadow Road. The Water Company added road base in the areas where they had dug on the right-hand side, but it was still soft. Brody explained that the intent was to let the road base settle over the winter and add more road base if necessary in the Spring. Mr. Tyler believed the road was as good, if not better, than when they started.

New Business

Mr. Tyler noted that Brad and Mary Lynn Bergner, Lot D-140, had attended to hear the discussion regarding parking stickers. He moved that discussion to the next item on the agenda.

Mr. Tyler had received an email from Carol stating that she had 15 parking stickers left. Carol had obtained a price for purchasing the parking decals. Mr. Tyler suggested that Ms. Parker work with Carol to update the logo.

Mr. Deaver noted that years ago there were two types of stickers. One went on the inside of the window and one went on the outside, like on a snowmobile and ATVs. He pointed out that snowmobiles and ATVs also have to have stickers. Mr. Deaver remarked that Carol has only been issuing the outside stickers and they tend to scrape off with an ice-scraper. Mr. Burdette stated that he taped his to the inside of his window.

Mr. Tyler stated that they would continue to charge \$1.00 per sticker. Once the stickers are ordered he would send a Ranch-wide email, and post it on Facebook and the website, that parking stickers are available.

Mr. Bergner asked if the stickers could be mailed to individual owners if they send in

their money. Mr. Tyler answered yes. Ms. Bergner asked about the parking lots. Mr. Tyler replied that the HOA controls four parking lots. The two parking lots at the bottom, the lower parking, which is for wheeled vehicles, and the upper parking lot which is wintertime only parking for snowmobiles and track vehicles.

Ms. Bergner understood that a car can be parked in the lot for one week. Mr. Tyler stated that the time frame was more flexible. They specified one week due to issues with abandoned vehicles. However, unless it becomes an eyesore and the vehicle is not moved for several months, the time can be extended beyond one week if it is a reasonable time period. Mr. Tyler noted that parking stickers are required, but until the new stickers are available, it would be selectively enforced. It was noted that stickers are usually available at the annual meeting.

Ms. Bergner asked if the water quality needed to be tested individually or if it was tested by the Water Company. Mr. Tyler explained that the Water Company is a separate entity and he suggested that they attend a Water Company Board meeting to address water related questions. Mr. Tyler noted that the Water Company tests the water on a regular basis and they are held to State standards for a community water system. Complying with State guidelines was one reason why the Water Company replaced the two pump houses. The State Auditor deemed it as high risk for water contamination. They have never had a problem, but the Water Company felt it was best to do something now instead of waiting for a problem. Mr. Powell noted that the Water Company posts the water quality reports on their website.

Ongoing Business

Snowplowing the Pine Meadow/Forest Meadow Connector

Matt Brown stated that during the Forest Meadow meeting two people offered to plow the connector; however, yesterday they both respectively declined. Ms. Parker noted that she and Mr. Brown had not pursued it further because they thought they had someone to do it. Ms. Parker suggested that they keep the same \$6,500 cap and ask whether someone who has signed the HOA insurance agreement would be willing to plow the connector with the \$6,500 cap. The connector would be plowed from the tower house up to the Grandview/Valley View corner. She and Mr. Brown were proposing to set aside \$6,500 in the budget in case they were able to find someone. Mr. Deaver thought they should add the provision that if the winter is heavy and the cost exceeds \$6,500, the Board could discuss compensating for the extra hours.

Mr. Deaver understood that Bill Bonnelli had moved to the Ranch full time and he suggested that they ask Mr. Bonnelli if he was interested in plowing the connector. He

is retired and always looking for something to do. Mr. Tyler reiterated the importance of keeping the connector open during the winter for emergency purposes. He noted that Jody does not have the time to plow the connector on a regular basis. Mr. Tyler recommended that they keep the cap of \$6500 in the budget. They should identify one individual to do the work so Mr. Burdette does not have to keep track of bills from different people. Ms. Parker concurred that the Board should agree on one person and that person should know that they are responsible for blowing and clearing the snow.

Mr. Tyler thought they should continue to look for someone to plow the connector. Ms. Parker welcomed any suggestions.

Long Term Planning Discussions

Mr. Tyler understood that Hutch, Ken and Dan had been collecting signatures from voters to be annexed into the North Summit Fire District. The process was still ongoing. Anyone who was for or against the annexation would have the opportunity to voice their opinion at a public hearing.

Mr. Deaver stated that when Dirt World does the supplying in the Spring, he has to rent the machine that grades and sorts it. If the HOA could estimate the amount needed for next Spring and pre-order, he would give them a reduced price per ton. Mr. Tyler stated and he and Jody would work on projects for next summer and try to determine a reasonable amount to pre-order to take advantage of the price reduction. Mr. Deaver noted that the pre-order needed to be in by Christmas.

Mr. Deaver recalled comments at a previous meeting from Mr. Bonnitt and Rick Rouse about fundraising for Lower Tollgate. Mr. Tyler had not heard from either of those gentlemen. Mr. Tyler stated that he was supposed to follow up with Mr. Bonnitt and he apologized for not doing so. He would contact him. Mr. Tyler thanked Mr. Deaver for the reminder.

Mr. Deaver asked if the Board was still maintaining their commitment to machine pave part of Lower Tollgate. Mr. Tyler thought they should pursue it. He intended to discuss it when they present the recommended budget at the annual meeting.

Mr. Deaver proposed doubling the size of the sand shed as a long term planning goal, in addition to the shelf of plywood that Jody had requested.

Mr. Brown noted that he was not able to attend the last meeting but he had sent pictures and estimated costs of signage. The sign person he talked to was supposed to drive around the Ranch to see what was needed. Mr. Brown was unsure of the status

and what the Board had decided. Mr. Deaver noted from the minutes that Mr. Heath had offered to get a competitive bid from Schmidt Signs. Mr. Heath stated that he needed to know how many signs because the more signs they order the lower the price per sign. Mr. Tyler replied that it would be a significant number of signs if they decided to do the entire Ranch.

Mr. Tyler asked for a volunteer to count the total number of signs and put it together in a formal bid. Mr. Brown suggested that every area rep could submit a number for their area. Mr. Heath noted that they only post the intersections. Mr. Tyler thought they could look at the map and determine the number of signs needed by the number of intersections. Mr. Heath pointed out that a new color coordinated map was being made. He suggested that they identify the plat in color on the road signs. The Board members thought adding color would be too expensive. Mr. Heath offered to get a price for signs with color and without.

New Business (Continued)

Fire Pit regulations

Mr. Tyler stated that he was asked by an owner in his area if a stone ringed fire pit was acceptable. Mr. Deaver replied that it was not acceptable if it was put in the ground, but it would be allowed on the surface. Mr. Tyler noted that the fire pit was in the ground and concrete-stone lined, with rocks on the outside. Mr. Tyler had read through the regulations and found that an iron fire ring was required. He thought stone was as combustible as iron, and questioned whether a stone ring would meet the same guidelines if all the other regulations were met.

Mr. Deaver asked if it was stones set in concrete or stones sitting on the side of the dirt hole. Mr. Tyler replied that it would be stacked stones. Mr. Boyle commented on the pre-cast fire rings that are designed specifically and the stones go in a circle. Most have a metal ring on top. Some are buried in the ground and others can have a concrete bottom.

Mr. Tyler stated that the fire pit he saw was half buried in the ground and half above the ground with pre-cast concrete blocks in a circular pattern. The owner had ordered a grate for the top of the fire pit and all the trees were cleared from around it. The owner was requesting approval to burn.

Mr. Powell stated that the Ranch regulation is a copy of the National Forest Service. Mr. Burdette recalled that it came from the State Fire Marshall. Mr. Tyler asked if the Ranch requires a metal ring or if it they could allow a stone or concrete ring. Mr. Heath

thought they should follow what the State Fire Marshall allows.

Annual Meeting Budget Preparations

Mr. Tyler noted that the annual meeting was scheduled for November 19th. He noted that for the 2013 budget, \$230,500 was budgeted for owners dues. Mr. Tyler reviewed the profit and loss/budget versus actual. The collections for 2013 was 95%, which amounted to \$219,800 collected, versus the \$230,500 budgeted. Mr. Tyler suggested that the Board review the expenses individually and plan for next year so they could put together a 2014 budget.

Mr. Burdette noted that in preparing the budget they take the three types of properties; land only, part-time users and full-time users. They multiply the annual dues times the quantity of each of the three categories. A factor is then applied for the non-collectable dues. He anticipated that 95% of the total possible dues assessed would be collected next year. Carol had given Mr. Burdette the current number of landowners, part-time users and full-time residents. There were 405 landowners, 126 full-time residents and 299 part-timer users.

Mr. Tyler stated that he would like the Board to put together a rough budget for 2014. Once the budget is finalized, Mr. Burdette could send it to the Board for review before the annual meeting.

Mr. Tyler reported that the LDS Stakes contributed \$9,036 last year. He recalled a discussion at a previous meeting about asking the LDS Stakes to increase their contribution since the HOA had raised their fees 20%. Mr. Burdette stated that the request was made but it had not yet been approved. The next assessment would go out for the same \$9,036. The Ranch would be on their schedule for next year to consider the increase.

Mr. Tyler indicated the budgeted impact fees of \$10,000 and noted that \$12,600 was actually collected. Since real estate was turning around and construction was occurring again, Mr. Tyler suggested raising the fee by one additional lot and increasing the budget from \$10,000 to \$15,000. Mr. Deaver questioned why they would raise it to a level higher than what was collected this year. Mr. Burdette explained how he projects the numbers and acknowledged that it is a guess on most items. He anticipated a better real estate year next year, and budgeting more for impact fees was based on that assumption. Mr. Tyler believed they would collect more than \$15,000 in impact fees. There was general consensus among the Board to budget \$15,000 for impact fees.

Mr. Tyler stated that Other Income was late fees, etc. They typically receive more than what is budgeted. He believed \$500 was more than adequate.

The Board discussed assessments. Mr. Tyler noted that the 2012 assessments were \$400 for full-time, 300 for part-time and \$250 for land only. In 2013 the assessments were increased 20%. Mr. Burdette noted that they rolled back the \$50 increase and then added 20%. The current assessment was \$240 for land only, \$300 for part-time, and \$420 for full-time. Mr. Tyler pointed out that the total assessment was \$97,200 for land owners, \$89,700 for part-time, and \$52,920 for full-time, for a total of \$239,820. Mr. Tyler preferred to budget 100% and add an uncollected assessment line item at 5%, which becomes an automatic expense. He explained that the 5% is \$11,991 for unpaid/uncollected assessments.

Mr. Tyler stated that the total budgeted income of \$264,356 was a combination of all income categories, including the contribution from the LDS Stakes and the budgeted impact fees. Mr. Deaver clarified that it did not include the SS lot contributions because that was not dependable income. Mr. Tyler replied that this was correct.

Mr. Tyler outlined the fixed expenses. Mr. Tyler noted that they have traditionally given an annual raise to the Ranch Manager. Mr. Deaver thought this discussion should be held in an executive session. Mr. Burdette offered to prepare a proposal and email it to the Board. He emphasized that it would only be a proposal and he expected the Board members to provide input.

Mr. Powell asked about budgeting for a year-round helper for Jody. A helper could plow the connector with the blower while Jody plows the main road. They already budget \$8,000 for summer help and \$6500 to plow the connector. Adding another \$10,000 would be a \$24,000/year salary for a year-round helper. Mr. Tyler stated that he has had this conversation with Jody and he believed they were very close to needing year-round help. He believed Jody does as much work in the winter as he does in the summer, and sometimes more. He noted that Jody was primarily using the tractor with the blower to load sand into the truck to plow the roads. If he had someone available to help him load the sand and cut and blow the banks back, using the equipment they have, it would be beneficial.

Mr. Deaver was not opposed to hiring a helper for Jody, but his concern was the equipment. If someone is mechanically responsible like Jody who can fix a broken down piece of equipment, they take better care of the equipment. Mr. Burdette asked about health insurance. Mr. Tyler thought they would have to offer insurance to a full-time employee. Mr. Burdette noted that the insurance and payroll tax would be an additional \$14,000 above the salary.

Mr. Tyler asked Jody if he thought they could find someone with machinery experience who would be willing to take the job for \$24,000 a year plus benefits. Jody believed they could. Mr. Tyler asked Mr. Burdette to add a line item for a full-time employee and calculate the taxes and insurance on a \$24,000 salary. The Board could then see what it does to the overall budget before making a decision. Mr. Burdette did a quick calculation and determined that the cost to have a \$12/hour full time person would be \$40,000 with payroll taxes, Workman's Comp, and health insurance. Mr. Tyler stated that subtracting \$8,000 for summer help and \$6500 for plowing the connector left an additional \$26,000 to hire a full-time helper. Mr. Burdette noted that they could not subtract the full \$6500 because they would incur the cost of using their own equipment to plow the connector.

The Board discussed the possibility of increasing the assessments to cover the cost of an additional employee. Mr. Burdette calculated that the average increase would be \$40 per lot or a 15% increase.

Mr. Tyler asked the Board if there were other major items that would affect the budget. Mr. Burdette noted that they pay \$12,000 per year property tax on Ranch-owned lots. Mr. Powell stated that they would have to go through an extensive process in order to be exempt from paying the tax. The easiest option is to find a way to make a common property. Mr. Burdette noted that they could abandon building rights on land and drop the valuation of the property. Mr. Powell remarked that there was no value to three-quarters of what they have. Mr. Burdette disagreed. Mr. Powell stated that there is no access to some properties and some are not buildable lots. Others have roads through the entire piece of property. He recognized that there were several good pieces of property.

Mr. Tyler believed that there were one or two properties that the Ranch should not own because they have no intrinsic value from an HOA standpoint. They do have building rights and they are worth a lot of money. It is a difficult discussion, but he thought the properties that have no long-term value should be sold. He offered to take on the task to identify and make a recommendation on each piece of Ranch-owned property.

Mr. Burdette stated that they have argued long and hard about the fact that once they hit full build-out there will be major problems because they do not have sufficient infrastructure to handle it. He noted that selling lots that the Ranch currently controls would open them up for building. He believed a better option would be to drop the property taxes on some of the lots by abandoning the building rights and making them into essential public parks. The Ranch would still own them and have to pay property tax, but at 20% of the rate they currently pay. Mr. Gonzales understood that the

Association sells property when they need money. Mr. Burdette replied that they only sold once to purchase a road grader. Mr. Gonzales understood that abandoning the building rights on some of the less buildable rights would be strategic. Mr. Burdette stated that once a building right is abandoned, you never get it back. Mr. Gonzales thought it made sense to abandon the rights on some of the unbuildable lots and retain the ability to sell the other lots if it ever becomes necessary.

Mr. Tyler stated that when he first came on the Board he prepared a map of all the Ranch-owned properties. He reiterated his offer to review each property individually and make a recommendation for discussion. Mr. Powell stated that he has experience on the matter and he offered to help Mr. Tyler.

Mr. Powell assumed that the money that was held over for the bottom of Tollgate would not show up as a line item. Mr. Burdette stated that what he would like to show for the 2014 budget was a \$60,000 deficit. They would plan to spend \$60,000 more in 2014 than what would actually be collected. That would be the carryover of the 2013 surplus into 2014.

The Board concluded the budget discussion and agreed to review the draft budget via email once Mr. Burdette has it prepared. The Board members should provide their comments to the group so they could be incorporated into a final budget recommendation for the annual meeting in November.

Annual Meeting

The Annual Meeting was scheduled for November 19th at 6:30 p.m. Friday, November 8th, is the last day for the call for candidates. Mr. Tyler asked the Board to commit to trying to get a budget and a recommendation out before November 11th. They should have every issue they would be voting on, in addition to the budget and proposals from Mr. Burdette.

Review of Fee Schedule

Mr. Tyler asked if the Board wanted to make changes to the impact fee or any other fees on the Fee Schedule. If changes needed to be made, it should be placed on the agenda for the Annual Meeting to involve the homeowners.

Mr. Deaver wanted to know how much they would have to increase the fee structure in order to raise the \$40,000 for a second employee. He was told that it would require a 15% increase. Mr. Tyler clarified that the annual HOA assessment was separate from impact fees and other fees charged for various reasons. For example, they could

increase the construction impact fee. The impact fee has remained at \$5,000 for several years, even though the price of road base and labor has increased. Ms. Parker asked what other neighborhoods charge for impact fees. Mr. Tyler replied that the number varies, and Pine Meadow Ranch is considerably lower compared to most. Mr. Deaver noted that a 2% increase would raise approximately \$23,000. He pointed out that if they increased the impact fee to \$6,000, they would still need 40 new starts to break even on \$40,000. A new employee would be a permanent full-time expense on the premise of variable revenue to support it.

Mr. Powell thought the discussion should focus on whether or not to change the fee schedule in general; rather than an increase to cover another salary. Mr. Burdette remarked that one of the past arguments for impact fees was that construction would cause an impact on the Mountain and the fee would offset the impact. However, since that time, they have added a number of assets to the Owners Association and an owner who purchases land now also gets the benefit of the road grader, the roller, the dump truck, the sand shed, etc. They also get the benefit of the \$75,000 emergency fund and the \$150,000 equipment reserve fund. Mr. Burdette stated that an owner buying into the Mountain gets those benefits at no additional cost until they decide to build. Mr. Burdette felt the HOA has a lot more to offer to a new owner now than what they had in the past.

Mr. Tyler personally favored a fee increase due to the fact that construction is non-stop traffic for ten months and that impacts the entire Ranch. He would be comfortable increasing the construction impact fee to \$7500. Mr. Powell noted that a 20% increase would be \$6,000. He also suggested an impact fee based on a cost per square foot; however, he felt a percentage increase was more consistent and defensible. Mr. Burdette stated that a previous Board member was a landowner, and she had said that if the impact fee continued to increase she would never be able to afford to build on her lot. Mr. Burdette pointed out that this was not the intent of the impact fee.

Mr. Heath suggested a base impact fee, with an additional cost of x-amount per square feet. He remarked that a 3,000 square foot home would have more impact than at 1,500 square foot home. Mr. Tyler felt that was an equitable adjustment. They could keep the base impact fee at \$5,000 and charge \$1.00 per square foot. Mr. Tyler personally liked the idea of tying a portion of the impact fee to the size of the home, but he could also support an across the Board 20% increase.

The Board discussed the pros and cons of using the per square foot approach. Mr. Powell favored an increase but he preferred a percentage perspective. Mr. Tyler thought the Board should think about the increase as it relates to the HOA assessments and use the same percentage for the impact fee.

MOTION: Mr. Tyler made a motion to handle the recommended budget for the Annual Meeting, and any conversations about employees and wages, via email between now and November 11th, for a final recommendation before the Annual Meeting. Alan Powell seconded the motion.

VOTE: The motion passed unanimously.

Mr. Deaver asked if members who were delinquent on their assessments had the right to vote on issues at the annual meeting. Mr. Tyler checked the bylaws and read from Article 1 – Voting rights. “Members in good standing, those with all Association assessments paid in full shall be entitled to one vote for each lot owned. Combined lots are entitled as one vote.” He clarified that if the owner is not current, he would not have a voting right. Mr. Deaver asked if a delinquent member has the right to make a motion or to second a motion. Mr. Tyler stated that it was not specifically addressed but he assumed it would be considered an act of voting. Mr. Tyler asked Carol to provide an updated list of any lot owners who were not current on their assessment prior to the Annual Meeting. Mr. Deaver suggested that those who are current and eligible to vote should get a green card with the number of votes that person is allowed to cast based on the number of lots they own.

It was noted that at this point there were no candidates for Areas 2 and 6. Mr. Gonzales, the area rep for Area 6, stated that his Board attendance has been subject to his travel schedule and it would not be getting better. He was willing to stay on as a Board member if there were no candidates, but he wanted the Board to be aware that he would still have attendance issues.

Mr. Tyler had received a resume for Treasurer from a woman who was a landowner only.

Budget Review

Mr. Burdette reviewed the unpaid bills detail in the amount of \$13,459.00. He added two bills to the list. One was to Dirt World for \$772.50 for the sand stored in the sand shed. The second was \$15.00 to Honey Parker for paying the notary and filing fees on the lien release last month. The two additional bills raised the total to \$14,247.00.

MOTION: Mr. Tyler proposed to pay all the bills as outlined. Tom Deaver seconded the motion.

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VOTE: The motion passed unanimously.

The meeting of the Pine Meadow Owners Association Board adjourned at 9:24 p.m.
