

Pine Meadow Ranch Owners Association
Annual Meeting
November 14, 2017
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PINE MEADOW RANCH OWNERS ASSOCIATION
ANNUAL MEETING
SONS OF UTAH PIONEER HALL
3301 EAST 2920 SOUTH
SALT LAKE CITY, UT
NOVEMBER 14, 2017

In Attendance: Tony Tyler, President; Dan Heath, Vice President; Pamela Middleton, Secretary; Andrew Pagel, Treasurer; Jonathan Hoffman (Area 1); Jeremy Jespersen (Area 2); Joe Pagel (Area 3); Kirby Wilson (Area 6); Tom LeCheminant (Area 7)

Excused: Bruce Hutchinson (Area 5); Jody Robinson

Ex-Officio: Carol Steedman, KGC Associates; Robert Rosing, HOA Attorney

Tony Tyler called the meeting to order at 6:45 p.m.

Mr. Tyler introduced Carol Steedman with KGC Associates. He remarked that Carol handles the administrative responsibilities and the operations of the Ranch, and she keeps everything running smoothly. Jody Robinson, the Ranch Manager, was not present.

Mr. Tyler reviewed the agenda items that would be discussed in detail. He explained that the 2017 Election for the Representatives would not be held this evening; however, each candidate running for Board positions would provide a brief bio this evening and why they would like you to vote for them. The actual voting is done through a mail-in ballot.

Mr. Tyler presented a slide with the names of the current Board members. The names shown in dark red were the Board seats up for election this year. Mr. Tyler remarked that a number of individuals had resigned from the Board for various reasons. When that occurs, the Board appoints a representative to fill that Board seat until the next available election cycle. The person who is voted in this year for that particular position serves out the remainder of the original term. Mr. Tyler noted that it was unusual to have so many Board seats up for election in one year.

Mr. Tyler gave a brief overview of the HOA itself. He presented the Mission Statement, which was created from a number of different documents that the Board has used over time. Mr. Tyler stated that the role of the HOA is to maintain infrastructure inside the Ranch and the roads leading to the Ranch. Historically, those are the roads associated with Pine Meadow Ranch, Forest Meadow Ranch, Forest Meadow Road down to the highway, and Tollgate Canyon Road coming up the highway. Mr. Tyler stated that the

road work includes grading and resurfacing, applying mag water on certain roads, asphalt repair, winter snow removal to the owners parking lot. He pointed out that the budget prepared for 2018 allocated additional funds to clear additional roadways from Forest Meadow. Other work includes drainages and bar ditches. Mr. Tyler stated the HOA does nothing with driveway culverts. Everyone is supposed to maintain their own driveway culvert. If water runs down a driveway and creates a rut in the road, the owner is responsible for fixing the culvert.

Mr. Tyler remarked that the Mission Statement is to preserve the quality of life on the Ranch property. The PMRHOA is committed to the health, safety and welfare of the lot owners. Everything they do is intended to maintain the Ranch and protect the quality of life for every different type of user on the Ranch.

Mr. Tyler presented slides of things on the Ranch that brings the community together. He noted that Tom LeCheminant collects donations every year to stock the pond at Bobcat Springs. Mr. LeCheminant was responsible for heading the project that allows people to enjoy fishing at Bobcat Springs. Another slide was the Halloween Hayride. Mr. Tyler stated that Kiki and Dusty organize the event. They put together a route of Halloween Houses and took approximately 40 kids to each house with a tractor hayride, ATVs, SUVs, etc. Mr. Tyler noted that Sue Smith, in cooperation with North Summit Fire District, planned a barbeque that was well attended. It was good to meet other members of the community, and to discuss ways to get fire and emergency access up the mountain. Mr. Tyler stated that the mailboxes at the bottom were a collective effort of volunteers who helped relocate the existing mailboxes, form and help pour the slab, and install the new mailboxes. Mr. Tyler thanked everyone for their effort.

Approval – 2016 Annual Meeting Minutes

Mr. Tyler noted that the Minutes included all the details associated with the 2016 Annual Meeting. He asked the members to review the Minutes to see if anything needed to be corrected or changed. The membership would vote on the 2016 Annual Minutes later in the meeting.

Elections

Mr. Tyler stated that Tom LeCheminant and Scott Boyle were the candidates for Vice-President, and it was the only race with a runoff. Dan Heath has held that position for a number of years and he was not running for election. It is a three-year term that will expire at the end of 2020.

Tom LeCheminant stated that was currently the Area 7 representative. He was also on the Architectural Committee. He instigated the fishing at Bobcat Spring. Mr.

LeCheminant liked the direction the Ranch was going. They are getting many more newcomers on the Ranch. He would like people to vote for him as Vice-President.

Scott Boyle stated that he has owned land on Pine Meadow Ranch since 1978. He has been involved with the HOA for ten years. He was the Area 7 Representative for one year and then the President for nine years. Mr. Boyle remarked that his bio would show that he has a lot of experience and a lot of knowledge. Much of that knowledge is based off years and time reading through the Minutes beginning from when the Association was started back in the 1970s. He learned from some of the mistakes made by the previous Board and tried to avoid repeating those mistakes. Mr. Boyle stated that when he first became President of the Association, Pine Meadow Ranch had just lost a major law suit to one of the landowners in Plat A because of a misplaced comma in the CC&Rs. One of the first things he did was to hire five law firms to review the CC&Rs. All five firms came back with the same opinion, that it was impossible to change Pine Meadow Ranch and Forest Meadow CC&Rs without 100% agreement of every landowner. All 800+ lots would have to agree to change the CC&Rs.

Mr. Boyle explained why the HOA plows up Tollgate Canyon to the parking lot. Pine Meadow Ranch outgrew the two lower parking lots that were down by the freeway because too many people wanted access to their cabins and it became impossible to be able to park and handle the crowd who came up during the winter. They determined that the HOA owned gravel pit was the only place large enough to handle that request. For that reason, they decided to plow up to the winter parking lots as they exist today. Mr. Boyle pointed out that the decision was made after considerable discussion. It was similar to the discussion that would take place tonight regarding the current request to plow on the Forest Meadow side. Mr. Boyle stated that the advice he was given by their legal counsel when he was President still exists today, which is one Pine Meadows Ranch sets the precedence to start plowing other roads, they would open themselves up to lawsuits within Pine Meadow Ranch because others would want the same benefit. He used Timberlakes as an example.

Mr. Boyle was interested in being on the Board to help improve the communication between the Board and the HOA membership. For example, he would like to have seen an agenda mailed out prior to tonight's meeting with the budget attached, or at least an email sent to everyone letting them know where they could find the budget on the website.

Andrew Pagel was running for Treasurer. He is a full-time resident and he is currently in the process of building his house on the Ranch. Mr. Pagel noted that he was appointed to fill the vacant Treasurer position for the last few until the election. Along with others on the Board he helped prepare the current budget proposal. Mr. Pagel stated that he is a mechanical engineer by degree and a software engineer by profession. He also has a

degree in Mathematics, which qualifies him to work with numbers, which is something he enjoys. It would also allow him to use his skills to help the community. Mr. Pagel stated that his goals going forward would be to show the actual data and numbers so everyone can see what the HOA is doing with their money currently and in the future. The intent is to make sure that all the members are happy with the direction the HOA was taking and what the Board members were doing to advance that direction.

Pamela Middleton was running for the position of Secretary. Ms. Middleton stated that she is a full-time resident in the Forest Meadow neighborhood. She is a biologist. Ms. Middleton noted that she was appointed to fill the vacant Secretary position after Honey Parker resigned from the Board. She has enjoyed getting to know the Board members and seeing how the HOA functions. She has learned how to work on the website, which has been challenging, and she continues to learn. Ms. Middleton stated that she would like to remain on the Board as Secretary to make sure that everyone is represented and that the community grows in a direction they all want.

Jonathan Hoffman was running for Area 1 Rep. He has been living in Tollgate for three years with his wife and two sons, and he loves the community. Mr. Hoffman stated that he has had the opportunity to meet many people on the Pine Meadow side as well as the Forest Meadow side, and he believes they all have a common desire. Whether people live there full-time or part-time, they all come up to escape the chaos and the madness. Mr. Hoffman remarked that everyone has a common vision of finding peace and they all want to maintain a special world without the distractions of technology, paved roads, sidewalks, etc. He stated that as they attempt to preserve those characteristics, they also want to maintain civility and safety. Mr. Hoffman noted that he was asked by Matt Brown to fill his position on the Board, and he agreed, even though he knew very little about being in an HOA. After he became involved he realized that it is a difficult trying to represent individuals that he knows and others that he does not know. Mr. Hoffman thought it was important to understand that they are all part of a community regardless of where they live and that everyone uses the Mountain in different ways. He believed they would all agree that Pine Meadow is a special place. As they move forward, the community will grow and they will see people moving in and using the community differently. He thought most would agree that the Pine Meadow community should not be used for financial gain or as a tool to make money; other than the gain when they sell their property. Mr. Hoffman remarked that the inherent value they attain from their investment is the pleasure they get from being up there. He was proud to serve as the Representative for Area 1, and as he makes decisions, he respects the fact that he is making decisions for others across the Mountain. He is excited to be part of the community and part of the HOA Board and he would like their vote to continue being the Area 1 Rep.

Joe Pagel was running for Area 3 Rep. Mr. Pagel stated that he moved to Tollgate

Canyon a year ago. He and his brother Andrew were building homes off Modoc and they were doing most of the work themselves. He looked forward to working with everyone on the Ranch. He is a people person. He works for Century Link and manages the entire Salt Lake Metro, as well as Tooele. He works with different people and different personalities. Mr. Pagel stated that the HOA members pay into something and they look for something in return. In his mind, running the HOA is like running a company. It is important to take care of the customers and everyone he works for. Mr. Pagel thought being on the Board and in the community was all about meeting new faces, working with people, and being the best person possible. He requested that people vote to keep him on the Board as the Area 3 Rep.

Robert Walthall was running for the Area 4 Rep. He explained that he was appointed to the Board as the Area 4 Rep after Tom Deaver had to step down. He enjoys working with the Board and he would like to continue to do so.

Kirby Wilson was running for Area 6 Rep. He and his wife have owned a cabin on the Ranch for 14 years. They were part-timers for seven years and full-timers for seven years, and now they are back being part-timers. He loves snowmobiling in the winter so it is fine with him personally if the roads are not plowed. Mr. Wilson noted that one of the major issues under consideration is plowing in Forest Meadows. He was part of that meeting and he voted in favor of that plowing. He agreed with Mr. Hoffman that Pine Meadow is a community and they should have the resources to plow in Forest Meadows. However, whether or not to increase the dues to accomplish that plowing will be up to the HOA members, and they will be voting on that this evening. Mr. Wilson looked forward to working with the Board and drafting a solid set of CC&Rs this year to have that as a framework for issues that arise on the Mountain.

Mr. Tyler noted that Tom LeCheminant was also running for his current position as Area 7 Rep.

2017 Projects

Mr. Tyler noted that in March and April the Board begins to talk about a work list for summer projects. They create a prioritized list of road projects that vary from replacing a culvert across the road, to simple regrading, to adding additional 3" minus to bring the road up, or just adding additional road base such as gravel. Mr. Tyler stated that the projects related to the road infrastructure over the summer. He encouraged anyone interested in the process to attend the Board meetings in March and April to hear the discussion and understand how the Board works through the priority list. Mr. Tyler noted that the HOA has a set amount of resources for a very significant amount of roads, and he believed they do a good job with what they have available. He pointed out that they were able to do quite a few projects this year.

Mr. Tyler reported that the Board allocated additional funding associated with redoing the roads and providing additional aggregate this year in order to do deferred work that has been on the priority list for a few years. He explained that when the I-80 project was being done a few years ago it was very expensive and difficult to get materials up to the Ranch. The HOA did limited work during those years and then expanded the scope last two years to make up some of the deferred work.

Mr. Tyler stated that the only major asphalt project was a chip seal and crack seal on Tollgate Canyon Road. When the asphalt was laid they were advised to do the chip and crack seal every three to five years to maintain the life expectancy of the road. This was the fourth year and the first time they were able to do it.

Mr. Tyler reported that limited applications of magnesium chloride are done, which is a dust inhibitor. The benefit is that it helps some of the particulates stay together. It is applied selectively on roads throughout the Ranch, primarily on steep and heavily traveled roads. Mag Chloride is applied on an annual basis, which helps the roads stay better for a longer time. It allows Jody to focus his attention on other roads rather than having to continually regrade the same roads that are heavily traveled.

2018 Projects

Mr. Tyler stated that because so many road projects were done in 2017, the list of projects for 2018 was so short that he omitted it from the presentation. There were only four or five roads that were on the priority list for 2017 that would be done in 2018. That list is posted on the website if anyone was interested.

2017 Year-to-Date Financial Report

Mr. Tyler stated that the document on the slide was the same document that was handed out prior to the start of the meeting. He noted that they had done things a little different this year to make it as clear as possible. The first three pages were a combination of both the year-to-date actuals from 2017 and the proposed 2018 budget. Mr. Tyler explained that the Board met as a group two weeks ago and worked through every budget line item in detail and they reviewed the past history over three to five years. Andrew Pagel had spent a lot of time making sure that the numbers were realistic and consistent with what was spent. They realized that they were consistently over-budget in certain categories, and that line item was increased to accommodate the actual expenditure. In other cases, they realized that they had over-budgeted certain items and those line items were reduced.

Mr. Tyler noted that a number of things in the budget are difficult to predict. For example,

from the standpoint of construction assessment fees, it is difficult to determine how many cabins will be built during the year or the number of additions. The Board tried to find a realistic number for the budget. The construction assessment fee line item for 2017 showed a \$21,000 budget; however, they actually collected \$65,631. That indicates a lot of construction activity on the Ranch and Mr. Tyler could see no reason why that would slow down. As a Board they elected to increase the budget for those assessments to \$42,000, which is more consistent with the actual amount received over the past few years.

Mr. Tyler walked through the individual line items. He remarked that the most important part of the meeting is understanding the budget, how much was actually spent, and where the money was spent. Mr. Tyler noted that the budget was more detailed than the proposed 2018 budget. He explained that they generally carry larger line items and then break them out in more detail for tracking purposes. This method helps the Board understand where and how the money is being collected and being spent. Mr. Tyler clarified that there was more detail in the document presented than what would actually be approved as the HOA budget.

Mr. Tyler stated that the HOA typically collects finance charges between \$4,000 to \$15,000, which includes fine income, delinquent assessment fees, key fees, parking decals, and other miscellaneous items. He noted that added together, the amount collected was in the range of \$8500-\$9000. The Board budgeted \$10,000 for 2018.

Mr. Tyler pointed to the road income from the Church camps. He noted that the LDS Church Camps behind the Ranch boundaries contribute a significant amount every year to help offset the traffic generated by the camps during the summer. The Church contributes \$11,036, and that number was based off of a traffic study that was done a few years ago. That amount remained the same for the 2018 budget.

Mr. Tyler stated that the HOA receives road maintenance contributions from other users in the Canyon that are not HOA members. He noted that the contributions vary from year to year but typically hovers around \$10,000. That number remained the same in the budget for 2018.

Mr. Tyler remarked that a number of assessments are multiple years delinquent. Some of those accounts are in collections, some are in payment processes, and some are in foreclosure. They are in the process of actively collecting those accounts and the number of back HOA assessments continues to dwindle. The Board budgeted \$2,000 for that revenue source.

Mr. Tyler reviewed the expenses, noting that they were broken down into fixed and variable expenses. Fixed expenses are things that have to be paid. Variable expenses

are more voluntary. He reviewed the various line items under the fixed expenses. He pointed out that the Board has consistently under estimated the bank charges. More people are paying their assessment by credit card and the Ranch pays a processing fee in order to accept money from those who pay by credit card. The amount has typically been in the \$5000-\$5500 range. It was higher in 2017 and the Board budgeted \$1,000 more than last year.

Mr. Tyler noted that the HOA spends between \$5000-\$6000 per year on Directors and Officers Insurance for the Board Members and the HOA, liability insurance, and vehicle insurance. The budgeted amount remained the same for 2018.

Mr. Tyler commented on the payroll expenses. He noted that the Board had hired a second full-time employee to help Jody Robinson. The purpose was not to double the amount of work that gets done, but rather to guarantee that someone is always available to work on the Ranch. There are days when Jody literally will not go home and he sleeps at the Ranch Manager's Office. The Board felt it was important to increase Jody's quality of life and make his job description more manageable on a year-round basis. Having a second person relieves Jody in the winter time when each of them can take on a certain amount of the day. Having a second person also helps in the summer to get more work done during the daylight hours and the short window of months. Mr. Tyler pointed out that the significant increase in the payroll budget number for 2018 was due to the second employee. He clarified that most of the budget increases were not related to plowing; contrary to what some had been saying.

Brian Hobbs, FM-D-169, clarified that the additional employee was not hired on the anticipation of additional plowing routes. Mr. Tyler replied that he was correct.

Mr. Tyler noted that the line item for Secretarial Services is the amount Carol charges to administer the HOA. The amount has remained fairly consistent for the last few years. The Board has traditionally under budgeted and overspent in this category, and they decided to increase the budget to reflect how much they actually pay.

Mr. Tyler stated that property taxes were hard to predict. Sometimes Summit County reassesses and other times not. For 2017 they budgeted \$7600, but they actually spent \$11,600. That line item was increased to \$10,000 for 2018.

Mr. Tyler stated that the smaller line item amounts were operational expenses. He noted that the overall budget from January to November 2017 for Fixed Expenses was 214,806.50. The proposed 2018 Budget was increased by approximately \$7,000.

Mr. Tyler reviewed the Variable Expenses. The line item legal fees are never consistent. There are times when they need to spend a lot of money and other times when they do

not need legal advice or services. Mr. Tyler stated that the Board has taken steps over the last year to normalize those expenses over time. They hired Robert Rosing, an attorney with Wrona DuBois, to represent the HOA. Mr. Rosing attends every Board meeting and facilitates getting answers to the Board in a quicker manner. Mr. Tyler remarked that it is a consistent cost, but overall it provides a higher level of confidence in the Board's operation. Another benefit is the potential to lower the opportunity for lawsuits and other adverse legal actions because they are able to get immediate feedback from a professional. Mr. Tyler noted that the budget for legal fees was increased from \$3,000 to \$5,000. They spent considerably more last year because a lot of time was spent with the attorneys going over the governing documents to determine what is currently legal, what needs to be amended, how the documents interrelate to each other, and how they can plan to amend them; or possibly replace them in the worst case scenario. Mr. Tyler emphasized that the Board was actively working on that project.

Amy Jackson, Lot I-21, noted that time and money reviewing the governing documents had already been done in the past. She questioned why they would spend \$11,000 on work that was already done. Mr. Tyler clarified that the \$11,000 included all legal fees. Work on the CC&Rs was not the majority of the \$11,000. He recalled that it was \$2,000 or \$3,000 of Mr. Rosing's time to go through the governing documents. Mr. Tyler explained that the Board decided to have another set of eyes look at the document based on the current HOA laws and environments, because they did not believe they were getting an appropriate response from the existing legal counsel.

Ms. Jackson asked for the difference between the \$11,000 paid and the \$2,000 or \$3,000 that was paid to Mr. Rosing. She thought \$11,000 was a large amount. Mr. Tyler replied that the HOA had been paying two attorneys for 2017. They were finishing up items that were in Ted Barnes' purview for the first part of the year. Mr. Barnes was still finalizing a few lingering items. In the meantime, the Board elected to bring in Mr. Rosing to help supplement and effectively replace the legal counsel that the HOA Board was receiving. Mr. Tyler acknowledged that there was an overlap of legal services for 2017, which increased the usual cost. He stated that if they were looking to increase the legal fees they would spend every penny. On the other hand, if they kept the fees the same and tried to remain on budget, he believed they could do that as well.

Ms. Jackson asked if they were to the point where most of the budget has been spent. She understands that legal fees can rack up very quickly. Mr. Tyler replied that it was difficult to answer her question without understanding what the rest of the Board wanted to do. The decision on whether or not to increase the legal fees or stay within the current budgeted amount would occur at the Board level. Mr. Tyler pointed out that if the Membership directs the Board to stay within a \$5,000 budget, they would follow that direction. He clarified that the Membership includes all the property owners.

Bob Burdette noted that the Membership approved last year's budget. He wanted to know who had approved the expenditures over and above the budget that was approved. Mr. Tyler explained that the entire Board votes on a monthly basis to pay expenses related to the 2017 budget. Mr. Burdette asked if they could do that despite the will of the membership. Mr. Tyler answered yes. He stated that the Membership votes for their Area Representatives on the Board, and they do the best they can with the information they have. Sometimes they go over budget and sometimes they stay under budget. In this particular category, the Board determined to spend additional money to accomplish what they thought was appropriate for the membership.

Ms. Jackson asked if Mr. Tyler could provide a breakdown of where the \$11,000 was spent. Mr. Tyler did not have that information available this evening and offered to provide it at a later time. Ms. Jackson thought it would be helpful.

Brian Hobbs, Lot FM-D-169, recalled from attending Board meetings earlier this year, that there were a number of lingering legal issues that the previous attorney was not addressing. He was billing hours without any results. Mr. Hobbs thought the Board had made a good decision to cut the losses and hire another attorney. He believed most of the expense occurred during that time frame. Mr. Tyler noted that some of the expenses were spent on issues that the Board has been trying to clean up. For example, fees were spent to analyze issues related to cabins that were built on HOA property. Summit County had been putting pressure on the HOA to resolve the issue, and when he met with Summit County he was told that unless the issue was resolved, they would begin assessing the HOA for the improvements on the lot. Mr. Tyler reiterated his offer to provide a breakdown of the legal fees.

Mr. Tyler continued reviewing the Variable Expenses. He noted that the Ranch purchased an additional truck and plow this year as both a backup and as an additional capacity source for the second employee. The budget for equipment repair and maintenance remained the same at \$10,000 per year; however, they pulled out the equipment rental. Mr. Tyler pointed out that the \$20,510.54 that was spent this year was never budgeted. He stated that the roller the Ranch owns is useless and they have had offers to scrap it for a few hundred dollars. Since Jody was spending more time and money fixing the roller, the Board made a decision last year to rent a roller on a seasonal basis. That allows the HOA to have a service contract and if the roller breaks someone comes up to fix it. Anticipating that the roller rental would be approximately the same or possibly higher, the Board had budgeted \$25,000 for that expense.

Mr. Tyler stated fuel, gasoline and diesel were still the same budget at \$7500. He expected to spend more out of that category in the next two months as they prepare for winter.

Mr. Tyler reported that the Board had voted to plow from I-80 to Junction Court and back around to Arapaho. It became clear during the course of the discussion that the HOA did not have the capacity to plow that route. With approval of the membership, the concept is to allocate a budget line item of approximately \$20,000. They would issue a Request for Proposal from anyone on the Ranch who was interested in plowing that particular route. That person would be a contractor to the HOA and plow that section of road. Mr. Tyler noted that the plowed road would guarantee a second route in and out of the Ranch around Forest Meadow Road and down to I-80. However, it would also increase the overall 2018 budget by \$20,000. He explained that the Board made a determination that it was necessary and beneficial to the community as a whole to effectively plow an entire circle around the Ranch to help people get both in and out of the Ranch on a more regular and consistent basis. Mr. Tyler stated that there has been a lot of controversy surrounding this item; but the cost is a small number in the overall budget and the benefit to the membership is substantial.

George Sears, Lot I-3, wanted to know which part of the membership would benefit, because a large portion of lot owners do not go to the Ranch during the winter. Mr. Tyler understood the point Mr. Sears was making and noted that the Board takes into account the entire membership. What they heard from many different members who attended the Board meetings was that everyone was looking for more consistent regular plowing for roads coming into and out of the Ranch. The primary concerns were safety and access in the winter for both part-time and full-time residents on both sides of the Mountain. Mr. Tyler stated that there are times when Tollgate Canyon is shut down and times when Forest Meadow Road is shut down. He thought it was beneficial for all property owners to have a second route for ingress and egress.

Mr. Sears reiterated that there are different individuals who use their properties in different ways. He understands the people who use their property on a year-round basis and those who use it just during the winter; but a large number do not go up at all. He understood completely the reason for plowing up to the parking lot, but they were talking about expanding that vision in a completely different way. Mr. Sears remarked that those in attendance this evening was a subset of the total 800 owners. He pointed out that the proposed 17% increase in the annual assessment would apply to everyone, and it was a significant increase.

Someone asked what the 17% would be in terms of dollar amount. Mr. Tyler replied that the Board was proposing a \$50 increase per year. He recognized that arguments could be made about use, but the Board cannot govern based on use or charge an assessment based on use because it is prohibited by the CC&Rs. The assessments are based on a per lot per year fee. To the extent that the budget increases, it increases on every lot in the same capacity regardless of use and whether it is developed or undeveloped. All the lots are assessed identically.

Ken Whitney, Lot F-34, thought it was a safety issue. Increasing the assessment from \$300 to \$350 a year is only \$4.00 per month. In his opinion, plowing that route would be prudent, as long as it does not set a precedent for further embellishments along those lines.

Cheryl Groot, Lot E70, stated that as part of the safety group, there is a real advantage to having the connector because it takes a long time to go down to the bottom and come up Forest Meadow to go out on a call. She believed the safety aspect would benefit everyone.

Mr. Burdette stated that the two responsibilities of the Board were maintaining the roads and enforcing the CC&Rs. He wanted to know in which of those two categories the \$7200 for mailboxes would come under. Mr. Tyler replied that their responsibility is to maintain everything on the Ranch; not just the roads. Mr. Burdette disagreed and suggested that Mr. Tyler read the founding documents. He reiterated that the Board has two responsibilities; maintain roads and enforce the CC&Rs, period. Mr. Tyler stated that there are also provisions in the documents about recreational property and requirements for things that the HOA has never done. He remarked that the HOA as a whole is a living entity and the Board does things and maintains things for the benefit of all the members. Mr. Tyler noted that they were also proposing a \$75 per month fee on the Fee Schedule to cover the cost associated with the mailboxes, because the Board did not think it was fair for the HOA to pay the burden for a few members. Mr. Tyler anticipated that the \$7200 that was spent on mailboxes would be recouped from those who actually use them.

Ms. Groot, Lot E70, reminded everyone that Pine Meadow is a growing community, and the HOA fees for the size of their community is considerably lower than most HOAs.

Amy Jackson, Lot I-21, found it disconcerting to see \$7200 for mailboxes when nothing was budgeted. She wanted to know who was making the decisions and why they would think it was a good decision.

Someone remarked that this was how self-governance works. They set up a budget as a village and then elect representatives to make the decisions and carry it out. It is impossible for everyone to attend every meeting. Ms. Jackson agreed, but felt that the representatives should follow what the membership voted on. It was noted that the mailboxes were discussed in a myriad of monthly HOA meetings before they made the decision. Mr. Burdette argued that mailboxes should not have been discussed at all because it is not within the purview of the Board.

Robert Walthall, Lot E-90, noted that the post office used to pay for the mailboxes but they

changed the policy and stopped paying. That effected a change that required the Board to make an executive decision.

Ken Whitney, Lot F-34, stated that if the mailboxes are paid for within a few years that would be equitable and reasonable. He did not understand the argument if the mailboxes would be paid for by those who use it.

Mr. Tyler requested that they continue with the snowplowing conversation. Jonathan Hoffman, Area 1 Rep, stated that to keep the \$20,000 in perspective, the \$50 assessment increase covers more than just this line item. He estimated that plowing the connector was approximately \$23 of the \$50 increase.

Bill Groot, Lot E-70, asked Mr. Tyler to clarify why the HOA is not able to handle plowing the connector in-house when they hired an additional employee and purchased another truck. Mr. Tyler explained that the Board approved the additional route without knowing whether it would be plowed in-house or whether it would be an additional expense. After talking with Jody and looking at his winter workload, they do not have the capacity to plow the amount of additional road that the Board has agreed to plow. Mr. Tyler stated that historically, they have been plowing from I-80 up to the winter parking lot. They have also plowed from the winter parking lot around Valley View up to where it connected to the existing plow route with the Forest Meadow emergency evacuation routes. The Board discussion centered around what Jody has been doing and determined that it was too much for one person. In some cases, Jody spends four to six days and nights a week plowing non-stop. The purpose behind a second employee and another plow truck is to provide the same or better quality of service on the roads that the HOA manages, and to handle the connector route more efficiently, taking the strain off of Jody. Mr. Tyler remarked that it was the reason why the Board settled on the concept of a Request for Proposal to have a contractor plow the section of Forest Meadow Road from I-80 up to the connector route.

Geoff Cooper, Lot 54, asked if the \$20,000 budgeted was a fixed fee, or whether it could increase during a heavy snow year. Mr. Tyler replied that the Board had not yet submitted any Request for Proposals for someone to say what it should be. He explained that a meeting was held with the Forest Meadow Emergency Evacuation Fund and they went through their historic billing for Forest Meadow Road. The cost ranged from \$12,000 to \$25,000. Based on that information, the Board decided on \$20,000. They hoped the proposal from a contractor would be on a fixed fee basis. Mr. Cooper asked if the Board could demand a fixed fee instead of hoping for it. Mr. Tyler stated that if they demand a fixed fee, no one may apply. He was unable to answer that question until the proposals come back. Mr. Cooper wanted to know how the membership could vote this evening without knowing the terms of the proposal. Mr. Tyler stated that they could vote on it as a budget line item and trust the Board members to make the

appropriate judgement.

Balance Sheet

Mr. Tyler referred to the last page of the packet, which showed the assets and liabilities, as well as the pieces of property that the HOA owns and the Board manages on behalf of the membership. Overall, the balance sheet shows the health of the HOA as a whole. Mr. Tyler remarked that the current assets were approximately \$420,000. A substantial portion of that amount were vehicles and equipment. The \$417,000 showing was actual cash available, including the Reserve. The accumulated depreciation of all the equipment was \$134,595. The net fixed assets of the equipment were \$78,000 of value. Mr. Tyler pointed out that the other assets under Real Property were individual lots and pieces of property that the HOA owns.

Mr. Tyler stated that the current liabilities showing as \$2500 were payments still owed at and would be paid off at the end of the month.

Mr. Tyler remarked that the liabilities and equity was \$495,543. It was a healthy number, but he thought they should be contributing more to the Reserve.

Amy Jackson stated that when she was on the Board, Jody was working very hard, but that was in the winter, not the summer. She questioned why they needed another full-time employee in the summer. Mr. Tyler replied that summer is when most of the maintenance is done on the Ranch. They tried to find a part-time employee to help Jody this summer but no one was interested. Jody spent more time than in the past working on the Ranch roads. He was able to place a lot of gravel and maintain a lot of roads, and he assumed everyone had enjoyed that benefit. Mr. Tyler stated that in his opinion it is first a safety issue. Jody operates heavy equipment and it is always good to have a second person in the event of an accident. Secondly, it is an efficiency issue. When Jody is doing a road the dump trucks come through and dump the material. Jody grades the road, parks the grader, and then gets in the roller to roll that section of road. If he needs to water the road to help it pack in better, that requires another trip. It can take Jody up to three days to do a small section of road that might be done in one day with two people. Mr. Tyler reported that the goal is to get to the point of being able to work on every road on the Ranch every summer.

Ms. Jackson indicated the payroll temp help and asked who that was for. Mr. Tyler replied that the payroll temp help was intended to pay for the temporary help over the summer, but instead it was used to fund the second full-time employee who was hired 45 days ago. He pointed out that for 2018 the \$22,000 budget for temporary help was removed and the payroll was increased on the employee side.

A member stated that when they bought their lots years ago it was a snowmobile in only community. Since so many people have moved in, she wanted to know why they did not increase the construction assessment fee to cover this type of expense because the benefit primarily goes to the year-round people who are building. As a lot owner who seldom goes up to the Ranch, she should not have to pay the increased assessment to cover a snowplowing expense that only benefits some on the Ranch. Mr. Tyler noted that the majority of the construction assessment fees that were collected this year were from part-time cabin owners. The other issue is that they are not allowed under the current CC&Rs to take use into consideration. The fee is set on a per lot basis. Mr. Tyler stated that the Board could take the overall membership's goals and direction into consideration, but here is no mechanism to disproportionately charge certain users of the mountain different rates. The member thought the construction assessment was to cover the wear and tear on the road during construction. Mr. Tyler replied that the construction assessment is there to help offset the impacts of building on the Mountain, but nothing more. The member believed that having to do the extra snow plowing was an impact on the Mountain. Mr. Tyler believed they were separate issues. One is related to maintenance and access and the other relates to anticipated damage due to a specific activity. The member pointed out that her assessment went from \$240 as a lot owner only to pay the same assessment as a full-time owner. Now she was being asked to pay an additional \$50. Mr. Tyler re-stated that the fee structure the HOA had for assessments two years ago was illegal because it was not allowed by the CC&Rs. The member asked if they could change the CC&Rs. Mr. Tyler stated that they could try to change the CC&Rs but it is a difficult task because it requires 67% of all the owners in the HOA to approve it. Ms. Smith still thought it was unfair.

Carey Luthren, Lot C-71, asked if anyone was a member of the Ranch HOA who was not represented by an Area Representative. Mr. Tyler answered no. He asked if the monthly meetings were still open to the members of the HOA. Mr. Tyler answered yes.

Janet Levitre, Lot F-17, noted that Mr. Hoffman had stated that only a portion of the \$50 increase was for plowing. She wanted to know what the remaining amount was for. Mr. Tyler replied that it was an aggregate of a number of different categories. In some cases, it is an increase based on historical spending trends, and in other cases it is an addition to scope; for example, the second full-time employee. There are major contributing factors, but it is primarily spread over a number of different categories.

Jonathan Hoffman, Area 1 Rep, thought it was important to keep in mind that there are additional revenues that come in from construction assessment fees and other smaller sources of revenue. He believed they look at that revenue stream partially in reflection of the improvements made within the community by people who want to develop. Mr. Hoffman thought they would be remiss if they did not look at the overall impact of the

interest of development on the value of all properties, whether developed or undeveloped. Whenever someone wants to sell they would benefit from the improvements and increased value.

Nate Heiner, Lot C-16, referred to the emergency evacuation fund group that previously existed and had funding troubles last winter. He asked if the HOA would be paying into that emergency evacuation fund, replacing the dues that they would normally pay. Mr. Tyler answered no. He explained that the HOA would submit a Request for Proposal that specifically outlined the portion of road that they would contract someone to plow. Mr. Heiner clarified that it was only the main road and not the smaller spur roads. Mr. Tyler replied that he was correct. Mr. Heiner asked who was with the EEF Group that used to plow in the past. Mr. Tyler did not have that answer because it was handled by a number of different plowers, particularly last year when there were financial issues. Mr. Heiner clarified that it was not a subsidy for that group. Mr. Tyler replied that it was not a subsidy. George Sears asked if it would offset an expense that the EEF was already incurring. Mr. Tyler answered yes. Mr. Heiner pointed out that the HOA would be picking up what that group was unable to pay. Mr. Sears believed that was inconsistent with how it was presented. Mr. Tyler disagreed. He explained that portions of the road were being plowed by people who were not paid at all. The HOA anticipates taking on roads that are otherwise not plowed at all. Mr. Tyler stated that the insinuation that they are funding a private group to plow a portion of their roads was not accurate. Mr. Sears noted that Mr. Tyler had said that by the HOA taking over some of that responsibility the EEF would no longer be responsible for it. Mr. Tyler remarked that some portion of the road was being plowed last year by the group that was collecting donations for their membership group that will be offset by the entire route that the HOA had taken on. Mr. Sears thought that explanation answered Mr. Heiner's question. Mr. Heiner stated that he was in favor of having another route, but he manages an evacuation fund as well and it is a financial burden for all of them. People involved in these groups know what it is involved. He stated that if it does not subsidize the group and it is a benefit of the whole, that was acceptable. However, if it is a subsidy to help where the group because they financially collapsed last year, that would be another issue. He understood from the explanation that it was for the benefit of the whole. Mr. Tyler thought it could be a little bit of both. The HOA would not be paying directly to the Forest Meadow Plow Group. The intent is that the HOA would hire that specific route for this specific season for hopefully a specific dollar amount that was still unknown. Mr. Tyler pointed out that just like the Tollgate Canyon Route to the winter parking lot disproportionately benefits those homes that have direct driveway access to it, this would also disproportionately benefit those homes along that route that have direct access to it. The overall benefit to the Ranch is having an entire plowed loop that provides two means of access from anywhere on the Ranch. That was the reason why the Board elected to recommend this budget to the

be clear that it was the guiding principle of any member of any Board. They have a fiduciary duty to all of the members collectively as a group, and they have to think about everyone as a group when making their decisions.

Geoff Cooper, Lot F-54, clarified that last year the dues were \$300 per lot. He asked if the Board was proposing to increase the dues to \$350 per lot. Mr. Tyler stated that it was the recommended budget, which they would discuss later in the meeting.

Greg Sperry, Lot FM-D-151, stated that he benefits directly from the connector that was created a couple of years ago on Arapaho. He wanted to know what it would take for other areas of the Ranch to get a connector to their plow route. He recalled that in the past it was paid for by a special assessment. Mr. Tyler stated that he personally supports the addition of the route to clear Forest Meadow because it benefits every member of the community to have a second way in and out of the Ranch. He reiterated that it absolutely disproportionately benefits certain members over others, but the principle that applies is that everyone benefits from having a second access in and out. Mr. Tyler noted that he plows a large portion of Pine Meadow Road every year that costs a lot of time and money that no one lives on or uses. But he and his neighbors need to get to their houses in the winter and for that reason he will continue to plow that section. Mr. Tyler stated that he would personally never ask the HOA to plow his road because it is not plowed to his driveway. It is a difficult argument to make because it specifically benefits certain individuals and not the overall membership. His goal is to forget the Pine Meadow/Forest Meadow talk because they are all one HOA. It is more important to figure out what is best for everyone member. Mr. Tyler emphasized that he personally supports having the HOA pay for the plowing because everyone benefits by having a second access in and out.

Scott Murray, FM-D-164, stated that the way to get a spur road plowed is to pay \$1500 apiece, which is what he and his two neighbors do. If people want it bad enough they will pay to have it plowed.

Peter Van Hook, Lot C-83, stated that in June of this year he had an unfortunate accident, and if it had not been for people like Cheryl Groot and a clear route, he would not be here. He remarked that the safety and well-being of the entire community tends to be prominent in his mind these days. Mr. Van Hook stated that he and Carol have been around for a while and they have a lot of friends all over the world. He believed this was the best run HOA they know, and he thanked them.

Mr. Tyler reviewed the remainder of the year-to-date budget. He noted that the aggregate and purchases hauling budget for 2017 was set at \$35,000. However, there was a significant carry-over from the previous year that was not deposited into the Capital Reserve Account, and was carried over with the intention of spending it on the roads this

year. He pointed out that even though the budget was \$35,000, the Ranch spent almost \$112,000 in total aggregate purchases and road improvements this year. That was the reason why more roads than usual were done this year. Mr. Tyler stated that every budget with the exception of last year has spent approximately \$55,000 in aggregate and hauling expenses. Mr. Tyler pointed out that the \$40,000 in purchases and hauling were aggregates for the summer road maintenance. They split out the winter aggregate because it is important for everyone to see how much they spend on sanding the roads in the wintertime.

Mr. Tyler noted that they carry a \$2,000 culvert installation budget every year. Some years they spend it and others years they do not, but typically a couple of culverts are replaced each year. Mr. Tyler indicated the \$5,000 budget for miscellaneous road projects, which would include reshaping a road, digging drainage ditches, and specific independent projects. In the past the HOA has used the miscellaneous budget for signage and posts for the signs. Mr. Tyler referred to the line item for mag water installation. He noted that the amount was for three loads of mag water. They typically budget \$12,000 for plus or minus four loads. They did not spend that much last year but the Board elected to keep the budget the same.

Mr. Tyler stated that for the total variable expenses, they had budgeted \$75,000 and spent \$179,000. The significant overage was due to the aggregate cost. The Board proposed a budget of \$141,400, which brings the total expenses year-to-date to \$312,681 from the budget of \$283,375. Mr. Tyler noted that the numbers reflect over budget on expenses to date, but under budget if they consider the carryover from last year.

Mr. Tyler pointed to the Net Ordinary Income on the 2018 Budget and noted that \$281,000 was the net revenue that needs to be made up in assessments. Mr. Tyler stated that Carol had prepared a chart showing 800 lots. The number of lots change on an annual basis because some people purchase adjacent lots and combine them, which means they pay one HOA assessment and one water bill instead of two. That was the reason for going from 806 lots last year to 800 lots year. Mr. Tyler stated that the 2018 Budget shows an annual income based on dues and assessments of \$280,000, which was calculated on 800 lots times \$350 for each lot.

Mr. Tyler clarified that this was the proposed budget that the Membership would vote on this evening. It had an overall gross revenue of \$355,036 and total overall expenses of \$356,206.50. He pointed out that it was approximately \$1170 in the negative, but that was as close as the Board could get without fledging any other numbers.

Mr. Tyler reviewed the 2017 Balance Sheet, which showed how much money the HOA has in the bank, the assets, and total accumulated depreciation; in addition to retained earnings net income.

Mr. Tyler presented the proposed fee schedule. He outlined the changes that Board had proposed. First was the property owners HOA Assessment on an annual basis of \$350/year. The Construction Assessment, the additions and outbuildings remained the same. A post office box fee was added for the HOA owned lockers at \$75/year.

Amy Jackson pointed to the current assets and a surplus of \$379,000. She wanted to know why they could not use some of that money instead of raising the assessment. Mr. Tyler stated that they could. Ms. Jackson asked if it was an option they could vote on this evening. Mr. Tyler replied that the Membership can vote on whatever option they see fit. The Board had recommended a budget and a fee schedule, but if the direction from the membership is to take the cash out of the capital reserve, that could be done. Mr. Tyler noted that the Board had discussed it at length, and decided that it was not appropriate for two reasons. The first is that it is not sustainable long term and may only be a one-year stopgap. The second reason was that the Board did not want to deplete the reserves to the point where they have nothing in the bank if an emergency arises. Mr. Tyler remarked that there is currently a total of \$210,575.86 in the cash reserve accounts. At the end of 2017 they anticipate contributing \$50,000 to that account. That was the net positive cash flow from the 2017 budget, which was partially funded from the rollover from 2016 into 2017; partially from savings and individual line items where they did not spend the entire budget; and from additional construction impact fees that were unanticipated for 2017. The 50,000 would roll out of the operating budget and into the capital reserve budget at the end of 2017, which brings the 2018 balance to \$260,575.86. Mr. Tyler noted that the Board elected to recommend that they do not contribute to the Capital Reserve Account in 2018 because they believe the account is adequate. Mr. Tyler explained that the Capital Reserve Fund is used to pay for one-time capital expenses. He preferred to be more prepared than less prepared, but it was an option if the Membership wanted to allocate the overage from the Capital Reserve to the 2018 budget year and keep the assessments the same.

George Sears, Lot I-3, questioned why they would spend \$20,000 each year to rent a roller rather than purchase one out of the Capital Reserve. Mr. Tyler stated that a new roller costs approximately \$80,000. The member asked why they would not purchase the roller if four years of renting would pay for it. Mr. Tyler replied that the HOA could purchase a roller. The Board has discussed it and there were split opinions. The consideration for renting versus buying came down to wear and tear on machinery and the overall cost of ownership over the lifetime of the equipment. The member asked if someone had actually done an analysis on the cost of ownership. Mr. Tyler stated that they had done an analysis on the cost of ownership and determined that it would be seven years before they got the return once all the associated costs were added in. At that break point sometimes it makes sense to buy and sometimes it makes sense to lease. The Board elected to lease the roller. If the Membership directs the Board to

purchase a roller they would eliminate the \$25,000 out of the 2018 Budget and pull from the Capital Reserve to cover the cost of the roller. Mr. Tyler outlined other areas where the money from the Capital Reserve could be spent, particularly catastrophic or emergency situations. He pointed out that if they purchase a new grader the Capital Reserve Account would be diminished significantly.

Mr. Tyler stated that next year he would like to commission a professional Capital Reserve study to assess the amount needed to fund the equipment over time. Ms. Jackson asked if the Board had considered purchasing used equipment. Mr. Tyler stated that the Board always considers used equipment first, and they pursued that approach before deciding to lease the roller. However, with the construction industry today, used rollers are not available.

Mr. Tyler commented on pets, leash laws, and parking. He noted that the issue always comes up and the answer is always the same. The HOA CC&Rs does not regulate pets and it does not have leash laws. That is regulated by Summit County. When a dog is running around loose and chasing off wildlife people should ask the person to control their dog, and if that does not work they should call the County.

Mr. Tyler reminded everyone that parking is not allowed on the roads at any time, and particularly this time of the year when they have to maneuver snow plows. That is the reason for having a winter parking lot. If a car is parked on the side of the road the HOA Board members have notices. They try to contact the car owner and leave a notice on the car. If the car is still there after 24 hours, they typically call a tow truck. If the car is blocking the road or appears to be abandoned, and it creates a major safety or access issue, the car will be towed immediately if the owner cannot be found. That is the exception to the 24-hour rule.

George Sears, Lot I-3, was told by individuals that if there is space at the end of a road they were allowed to park there. He asked if that was consistent with the HOA rules. Mr. Tyler did not believe they would be allowed to park in that space. He would have to look at where it specifically sits on the Ranch, but the road itself has a right-of-way. Mr. Sears was aware of the rights-of-way, but there are places on the Ranch where there is space on the sides of the roads. Mr. Tyler reiterated that he would have to look at it on a case by case basis to determine whether or not it was appropriate. He would look into it.

Membership Voting

Mr. Tyler noted that everyone would be handed a voter card. If people have multiple lots they should request one voter card per lot. Only one vote is allowed per lot. If they receive two votes for one lot both votes would be disqualified. Mr. Tyler noted that the votes would be counted at the end of the meeting if anyone wanted to wait for the results.

Mr. Tyler explained how to fill out the vote card.

Mr. Tyler noted that one of the items was to approve or deny the Minutes of the 2016 Annual Meeting as presented. He asked if everyone had the chance to read through the Minutes and whether there were any corrections. The second item was to approve or deny the revised Fee Schedule as recommended by the Board. The third item was to approve or deny the 2018 Budget as presented.

Mr. Tyler noted that Amy Jackson had corrected the Meeting Minutes to attach the 2017 Budget that was approved as part of the 2016 Annual Meeting. The budget would be attached before finalizing the minutes from 2016.

Membership Open Forum

Leo Moshier, Lot PI-D-75, asked if the budget could be posted prior to the meeting so the members would have the opportunity to read through it. He also noted that in years past the Meeting Minutes were posted fairly quickly in draft form so those who had not attended were aware of what was going on. It helps individuals decide whether or not to attend monthly Board meetings. He thought a number of the issues raised this evening could have been better handled if the members had clarification a little earlier. Mr. Tyler agreed that the Board had not done a good job of getting information posted before the meeting. He only received the budget that morning and got it into the presentation for this meeting. He had worked with Carol based on the Board recommendation two weeks ago. Mr. Tyler suggested that the Board should hold their Budget Meeting in October so they would have six weeks to get the information out to the membership. He would also revisit posting the draft Minutes.

Cheryl Groot thanked Tony Tyler and the entire Board for all they do.

The annual meeting of the Pine Meadow Ranch Owners Association adjourned at 8:45 p.m.
