

Pawnee Hills Community Association  
Board of Directors Meeting  
June 11, 2009

Board Members Present: Tina O'Bryan, Mary Hill, April Osborn, Liz Krupinski. Sandy Perry present as Treasurer. Pam Schultz not present.

Meeting was called to order at 7:05 p.m.

Motion was made and passed to approve the agenda.

MINUTES:

Communications for the Community Members - none

Architecture Control Committee (ACC) – Pete Smilanic. No report.

I e-mailed the new ACC rules and regs that we had approved at the last meeting to Bill Herbrand and Pete Smilanic and then I sent it to you for the newsletter. If anybody needs to do any architectural control, they need to go online to the website and print out the form and if they have any questions they can contact Pete or Bill. If homeowners cannot get the forms online, then they can contact the clubhouse and we can mail a copy to them.

Activities Committee - Karlene Herbrand.

Tina: I haven't heard anything from her so I'm assuming everything is going well.

Directory – Tina O'Bryan. No report.

Equestrian – RC Cuellar. No report.

Tina: I had talked to RC today. She called me last night, I wasn't home. I was at work and so I called her today and she had another situation about dogs that were running loose. They come out into the easement. There is no back fence there so they come out and I guess they followed them and barked and she kind of spooked the horses all the way to the barn or whatever so it wasn't a good situation. So she said that she would contact them, the homeowners, and talk to them and I said, "You know, if you don't get anywhere there is always Animal Control." Animal Control is really good. So, then I had the chance to ask her about the trail markers. She said that she was going to try to get the samples from David and then see if Rudy would do the welding which is fine with me. So, at least I kind of got a little nudge on the trail markers so hopefully she will get the samples from Dave and then get over and talk to Rudy and see if we can them done.

Newsletter – Liz Krupinski.

Tina: I'd say put more of the CMA information in there, whatever we can. Make sure that is in there.

We had reports of a couple of stolen keys already this spring and one lady, she couldn't get in because that gate, with the rain and stuff. It is wood and the wood will expand, and contract. Sometimes the latch overshoots and it sticks so people think their key isn't working. I have gotten three calls. "Did you change keys?" Which is three out of how many—I feel good about that. So one of the ladies that happened to be here and she asked me if I could try her key because she had just tried it. She went in and there was a gentleman there that talked to one of the kids when we were all here training and he

was joking. He said, "Oh, so do you have to pay to come in here?" And then a woman kind of said, "Ha, ha, he's just kidding. We know we don't have to pay." So they sat up here and the lady with the key had her bag right by this man. They got up and left when I showed up and they had a little family here and he was an older gentleman; my age or a little older. And she goes to get her key out of her bag and it is missing. So I would like to just put in the newsletter, "Please do not be offended. Staff has been asked to check your address and your key." Very politely they are just going to ask when people come in, "May I please have your address and may I please see your key?" Now some people, and I don't know how you guys feel about this—I'm okay with it because they haven't done anything bad. Some people are swimming, like if they have company at their house and they send them over here with their key to swim but they are company. I had my family reunion years ago, as long as they were 18 and older.

I'm okay with that as long as they are adults and there is not, you know, 20 kids and one adult who is reading a book and nobody paying attention to the kids.

And there were a bunch of kids warming themselves in the steam room. The adults were all out at the very far corner with their little things of beer and the kids had the key in here so there were little kids out there pounding on the door and I just went down and said, "You know, it would probably be best if the people outside the door kept the key instead of the people inside." But other than that—and I wouldn't check the address. I know whose it was and they were absolutely here earlier but then those people were guests of theirs.

Board Member: So names, addresses, and key they are going to check.

Not necessarily your name because your address—if you can tell them your address and show them your key, the key list has the address that is associated with that key. I caught a young man here that I caught last year with the same excuse that, "Yeah, we are members here." It was one of the cold days and we hadn't closed yet so they let them swim and then they come in and for some reason I just thought, you know, I am not comfortable with this because it had just happened and I said, "May I please have your address?" And he said, "Uh, it is my aunt's." And I said, "Oh, what is your aunt's name?" "Mary." And I said, "I need you to be straight up with me right now or I will call the police and they can be straight up with you." And I said, "I need to have that information." He said, "No, we don't belong here." "Then I need not to see you here."

Board Member: How did they get in?

Cynthia: Some homeowner let them in.

Tina: Do you think it would be good for us to put in the newsletter that trespassers will be prosecuted? We have done that. We will call the police if there are people that don't belong.

Cynthia: And we will obviously check. And please, if they ask for your key, you can get it back at the next Board meeting. That is what they are being told. And they know that if they get key 88, they are to politely ask and they have been told. Do not make yourself feel threatened in any way. Ask very politely for their key. If they choose not to give it to you or be belligerent, do not be confrontational. Just take down license plate numbers in the parking lot. Walk away from the situation. It is not your job to be confrontational. Be very courteous. If you feel threatened at any time, come in and lock that bolt lock. I have had one situation in all the years I have worked here that made me uncomfortable. Luckily, the Board was up here and they kind of left but they were kind of mouthy with me. That was the only time. Most people are polite. They have been told; if you are uncomfortable, call the police. If you feel it is an unsafe situation, that is not what you are here for.

Board Member: So yes on trespassers?

Tina: Also know that if your key doesn't open up the one door, to try the other gates because there are more—there are three gates in the back and they don't know that.

Board Member: So that would be the north side, the east side.

Cynthia: The south, the north, and east.

Board Member: Okay, south, north, and east doors.

Facility Coordinator Report - Cynthia.

All the repairs that we were doing in the ladies' restroom, it turned out to encompass the men's restroom as well, so we had them put green board in there and new base in there. There had been water damage previously and I was concerned about that. Part of what they were supposed to replace when they redid this was with the base but he did not wind up doing that. It concerned me. I started pulling stuff off. Got bigger and bigger and bigger and I saw water damaged areas and I just did not ever want to go back to what we went through before so I physically tore it all out and he came back in and redid it. It has been primed and the staff is going to paint it.

Board Member: Was that from the hot water heater?

Cynthia: No. That's from over the years. They would only replace a segment of it, what they could see and I knew there was more than met the eye because I used to see water coming out from under places and it made me uncomfortable but even though that wasn't part of the remediation, it was part of what I asked them to replace having known that it had been water damaged in the past. He chose not to do it because it still was solid. It was not rotting or anything but I was always uncomfortable that we didn't actually replace that whole section of water damaged materials. So with my discomfort and what we just went through, the expense that was involved with that, I did not want to go back there so I tore all that out and there was definite old water damage throughout that whole section. I didn't see any really mold problems that I would be concerned about but I still went and bought mold inhibitor while I had all that torn apart and I sprayed all the framing and up inside the drywall up higher.

Board Member: The drywall was okay then?

Cynthia: Up to a point. Like the drywall I tore out definitely had water damage and if we kept introducing moisture to it, I just was deeply concerned about it so I tore it all out. It has been all replaced. We put green board instead of the old drywall because that in itself is for moist areas and so we did it right this time. I just was not comfortable with that. Now, having said that, we do still have a problem with them overflowing the sauna and it does run underneath into the cleaning closet and underneath our new laminate. It doesn't happen often but I have never found a way to keep them from doing that. Even McKenzie came and found somebody had—they take the trash bag out of the ladies' room trash can, fill the trash can partially full with water. I'm sure they don't put the whole thing but when they do that, it takes a quarter cup maximum to make that sauna have any sort of moisture. We have a wet steam room right next door but they want to put water on the sauna rocks, which is better than spitting.

Board Member: Should we replace those trash cans into metal dumpsters or something?

Cynthia: They will find something else.

Board Member: Well, maybe screw them to the floor or something.

Cynthia: Then they will take the bags that are in there and fill the bags or they will soak paper towels which is a little better but they will take the whole paper towel roll which, by the way, we don't have that in the bathrooms anymore because we filled the men's room. The men's room always worked and we replaced the ladies' room one so that they don't have paper towels sitting out anymore. We actually have paper towel dispensers. So we don't have the paper towels sitting on the sink anymore. That has been replaced.

McKenzie has been doing a great job, and if I say that we need this done, that done, she is on it. We went and we did just a walkthrough. I drove and showed her all of the facility, and we went in the barn and I said, "If people leave it like this, at some point we need to clean this up." The next day she is over there, cleans the barn, rakes it down. She is the one that I said was coming to do the median. She not only finished trimming the median and thank you for starting that. April did a wonderful job starting it.

Board Member: Just trying to get the wild oats before the seeds dropped.

Cynthia: And so she finished that and then sprayed it. Just like that. She is not afraid to do anything. We are tearing out drywall. I had my Sawzall in there just ripping drywall like no other. I said, "Do you want to try it?" She grabbed the Sawzall and she goes, "That's the most fun day I have had." I go, "Drywall?"

Board Member: That's wonderful.

Cynthia: So she is pretty phenomenal. The other two are good. They need more direction. And she makes a list and she just goes down her list. She was actually with a referral from someone who teaches and coaches at the high school.

Board Member: So she doesn't live here in the community?

Cynthia: No. We had one person in the community apply and we were going to give it to her and she called back and said she had been in an auto accident and she has back issues and I asked her when I interviewed her if that would be a problem. I said this is a very labor-intensive job. She said, "No. I won't have a problem." And she talked to her parents and they felt like it may be a little too physical for her. So, she wound up not taking it. Everyone else, I posted the job description at the high school this year and so I had five people I interviewed which is much better than usual.

Board Member: We will hope she doesn't go off to college any time soon.

Cynthia: She is a junior and she has already said. I said, "Would you be wanting to come back next year?" She said, "Absolutely."

Electrical repairs: I don't know if you all noticed but our light did go out in the parking lot but it has been repaired now. It was just the bulb. It does have a cover that keeps it from going too far. So, that has been replaced. The back pool light is going to be a fairly large issue for us at some point. There are no guide wires, stabilization wires. I don't know what they call those. Dead man wire? Whatever, that goes off the other side and that pole has a lot of play in it. Also, if you look, the wire coming from it is frayed. It is starting to snap. We have a little bit of that starting at the barn as well that we need to keep an eye on and the light is out. So, when they go up to fix it, they are actually going to come back with their recommendations on what to do with that. It is going to be a little expensive. However, if you want that light to stay there, we have to do some different things with it. So, this light here that was installed, it

really is faulty. Kept replacing the bulbs and kept going out so he is going to have to replace this one right here. Do you guys really want it replaced? I don't even think it is that bad without it. Is it overkill?

Tina: Pam is the one that wanted it. Every time she walks—I want that light.

Cynthia: Yeah, mounted on the porch so you have two fairly large lights. This one is quite sufficient. This side of the door is a dummy door. It doesn't cause a shadow that someone could hide in. Do we really—can we just have him cap it off?

Tina: That wasn't the new one that we put in, was it? Was it one of the new ones?

Cynthia: Yeah. It has not worked, though. I think it worked for six months and then it just went bad.

Tina: Well, and then that is the one that we had people complaining about, right? Because that was the one that you could see from the road?

Cynthia: No. That's when he was trying different lights and said, "Is this light okay? Is this light okay?" And I said, "Ew, don't put that in." That is when he was trying to find out what type of light we wanted in there. So that was put actually back by this door I think which I bought bulbs for because I have never had the kind of bulbs we have and I have to replace some.

Board Member: Well, I trust you guys. I mean, if one is sufficient, why put two?

Board Member: The only thing I would think would be if the steps were slick at all. Disability?

Cynthia: It is on the dummy side of the—people don't even come up that side because it is on the dummy door. The one that is right here works just fine. You can see to get your key in. This is the one that lights that. I think it is overkill. We did it because it is what existed all those years. I'm not sure if it is necessary. But sometimes, like if it is dark, before I tell him to replace it, tell me what you think.

Board Member: Well, if somebody slipped and fell and then find fault that we didn't have the second light on—

Cynthia: Well, if the light is not there though.

Board Member: So you would take it down completely?

Tina: Take it down and cap it off.

Cynthia: Blank it out.

Tina: I'm fine with that.

Cynthia: Well, look at it when it is dark and we'll do what you feel is necessary.

Tina: I have never had a problem. It has been out and we still walk out at night and I'm still fine.

Board Member: Yeah. The only one I missed was when the tall one was out.

Cynthia: That is fixed.

Tina: I am fine with capping it off if you guys decide to do that.

Board Member: Probably save, what, \$50.00, \$60.00, \$80.00 bucks to replace it?

Cynthia: And every time you replace it. Even long term down the road. If we seriously do not need it, let's not keep replacing it.

Board Member: Yeah.

Cynthia: Okay, there is a baseboard heater at the top of those stairs here, right in the landing. It is no longer functioning properly and it does not shut off. It can be 90 degrees in here. The thermostat does not work and the shut-off doesn't work. I am having him replace that.

When we looked into radiant heat and all that and we found out it would cost more—it wouldn't ever pay itself off to put radiant heat in here. It is much less operating but to actually install it, it would take longer than you will be alive to actually pay for itself. But they said there were more energy efficient baseboard heaters out now than what exists here and I think we did talk about doing a few at a time rather than have a big huge expense put into it.

Tina: It depends on how much energy efficient it is from what we've got now to what they could put in.

Cynthia: And I don't know how you test that until it is in and you go—but he is going to do that one. Then we will get an idea of what that costs.

Tina: That would be good.

Cynthia: And we can go from there. Then he is going to give us a price for some additional fans to vent the moisture from the steam room. That fan is so absolutely ridiculously inefficient it is not even funny.

Tina: I don't know if you have ever been in here when someone has had that steam room going. You come in and you just have to hit that door and we thought we had a big enough fan to pull that out of there but you can actually see moisture on that wall, on that drywall.

Cynthia: You know, we mop the walls and try to keep some of that down. I take some light bleach water and mop the wall.

Tina: I mean, it is already exhausted to the outside. So the trick is, we need a bigger fan and long story short, we had Board members that thought that this is all we need. "I know what I'm talking about." And Cynthia and I both were like, bigger the better, guys. Come on, get that pulled out of there.

Cynthia: One of the Board members at the time was an electrician and then someone else on the Board said, "Well, it is not my area of expertise so I am going to go with whatever they said." And it kind of went from there and we had had some people come in and say that you need a fairly large—and here's what you need here and one here to really pull that out and he said, "No, that is way too expensive. This little bathroom fan is going to do the trick." The other piece of it was, the contractor was asked to put it on the other side of where he did and when I confronted him about that, he said a Board member had said it was okay where it was and it had already been approved. So I wasn't going to fight with him. I left it and I wanted to see if, indeed, because I didn't know if it would work or not. I don't know. Now I know. It is almost like not even having it so what we do is we leave that fan on and like we used to do, just the men's and the ladies' fans on at night—

Tina: And think about all the kids. I know because my two were one of them. I try to dry them off before they run into the bathroom but good God, we have had water—I've come in and there is like that much water on the floor just from the kids running in and out back and forth from the pool. And then they are playing in the steam room.

Cynthia: He is going to give me a price for that. That is one of the things.

Tina: So that is the other price thing that we need to hopefully get him to look at. What else do we have?

We did get the new pool cover because our is falling apart and leaving pieces in the pool and that is not fun.

Cynthia: Clogs up our filter. We also got a new skimmer net, ours is broken and I usually keep a backup on hand. It is just cheaper to pay shipping one time. Delivery one time and I usually keep a backup of everything. The riding mower, they said they should be finished. It just went in for its preventive maintenance. It was not anything big. We should have that back tomorrow. I have been using mine. They said they thought it would be finished tomorrow. I will not let the employees use my mower, because it is kind of dangerous. So they keep saying, "I'll do that." And I'm, "No, you won't." I don't think so. Mine bucks you off. I have actually run it off the ravine once years and years ago.

Treasurer's Report: (Sandy Perry)

Bank balances as of the end of May: Petty cash ending balance is \$350.00, checking account is \$4,229.95, savings account is \$10,737.14 for a total operating cash of \$15,317.09. The reserve account is at \$21,196.22 for a total cash of operating plus reserves of \$36,513.00.

List of checks written was read and discussed. Motion was made and passed to approve bills as read.

Sandy: We did receive our completed audit from Weidner and Associates for 2008. I've got that scanned and it is published on the website right now along with 2007, 2006, and 2005. We just go back four years on audits on the website. A couple of things that Weidner and Associates noted that need to be brought to the attention of the Board is regarding property and equipment. It says, "The Association's asset accounts included over 50 capitalized assets. We believe that those items should not have been capitalized and should not have been on the Association's books. The reasons for this follow. A) Capitalizing many of the items was not in conformity with preferable accounting for homeowner associations. For homeowner associations, only properties and items that can be sold should be capitalized. B) The cost of the items was too small to justify being capitalized. Therefore, the capitalized assets were removed from the books. The accounting entries to do this were all made effective as of December 31, 2007, last year end. That avoided having the write-offs go through the current year's income statement. The write-off of these items net a previously recorded depreciation was \$101,313.00." So apparently we are just—they are shifting some stuff on our balance sheet. The second item that they note is right off of accounts receivable. "Accounts receivable write-offs totaling \$5,003.00 were included in the Association's books for 2008. We did not see reference to these write-offs in the minutes of Board meetings. We suggest that as a matter of procedure and to improve accounting control, all write-offs be authorized in the minutes of Board meetings. Boards can document such decisions in their minutes using no name, no address authorizations, whereby the minutes just reference the dollar amount of the write-off." That is probably a very good thing because to be honest with you, I don't know what the attorney writes off or what they settle for and things of that nature. I am assuming that at years end we've got our bad debts account that it somehow floats through there but we really don't have a good system of knowing. Perhaps maybe, Tina, you as President, you might receive documentation from Cheryl whenever she settles a case and something comes back.

Tina: Sometimes what happens is, in our monthly financials it will show, and I'm just going to use an example, Sandy Perry write-off \$50.27 per judgment on such-and-such date. So it will have the numbers in there. It is just that it is not brought out. In other words, I don't say, "Okay guys, Sandy Perry living at XYZ address, we wrote off—our attorneys wrote off \$50.25 cents as a judgment thing. The judge wrote that off and we have to write it off" and that type of thing. So we have never put in. It has gone in—the paperwork and everything is there. It has never been discussed. So we have never come back at the next meeting and said, "Okay guys, this is what happened. The judge decided to write off \$327.00 of this homeowner's judgment so we are not going to get that. We are going to have to write that off and put that in the minutes." We are going to probably have to start doing that so write-offs only come when we go all the way to court and we are asking for the total amount of \$5,000.00 and the judge comes back and says, you know, "We'll give you \$4,500.00." That is the judgment and then we would state what the write off was of that piece.

Sandy: But I think this is also going to encompass things like people going bankrupt, going into foreclosures. Any amount of money that we eat because probably within the last month we split out our legal fees into collection and a general/legal and attempt to find out how much of our legal fees are recoupable from a homeowner. So we really didn't know that. So all of this stuff has been in effect not very wrong but what we need to do is we need to be a little bit more conscientious about recording what we have written off.

Sandy: I did have copies of the audit. I haven't really spent much time with it. I just got it yesterday and like, if I had spent a lot of time with it and still not understand it. I did kind of notice that we were in the hole again. We are spending more than we are bringing in. Anyway, I also have Weidner and Associates who did our audit this year, a pseudo contract I guess where we commit to have them do our 2009 audit and also our 2009 Federal tax and Colorado State Income Tax reports for a price of \$1,575.00. This year it was \$1,950.00 but I believe it was because it was our first year with them so they had a lot of past documents to go through and different things to clear up so next year they would like to do essentially the same thing for \$1,575.00 and it said that the incremental time incurred and communications will be \$140.00 per hour plus any additional expense incurred. But if you guys want to vote on that or whatever, I will need a signature here from a Board member and then I can mail that back to them if you guys decide to do that.

Tina: Okay, I'll go ahead and make a motion that we have Weidner and Associates do our audit and tax returns for 2009. Do I have a second?

Board Member: Second.

Tina: Any discussion? No? All in favor?

Board Members: Aye. Aye. Aye.

Tina: Sandy, there you go. All signed. Then you can send that back.

Sandy: And I've got a couple of reimbursements that can be made. I just need, I guess, approval from somebody on the Board.

Tina: Okay. We have Home Depot, utility knife blades for restroom repairs, True Value, grounds maintenance, sprinklers, Quick Connect, the good oil soap, fuel stabilizer, oil, fuel spout. Okay, that one is for \$362.44. I'll have you guys look that over and just one of the Board members can sign off on

approving that. And this is for McKenzie. She needed two copies made for Teresa at True Value so she was able to open the pool and mileage for her. But she didn't put—

Sandy: So 22 miles would be about \$11.00.

Tina: Okay, well, you can figure that out and I'll—

Sandy: I also—

Board Member: That's for a month?

Sandy: Mileage is expensive. We spend a lot on mileage. Another thing I need—

Tina: That might be a group of—

Sandy: Another thing that I need is time sheets. Approved time sheets because I've got payroll expenses that have to go in my receipt book so I need to show the—I don't know if Cynthia has got the finalized time sheets. I did pick up paychecks for people so I'm assuming time cards were turned in.

Tina: Yeah.

Sandy: I'll just need the signed originals or whatever and copy that for the books. And then also the financials are being e-mailed to the Pawnee Hills account and I don't have the password on that account.

Tina: Okay. She said something about—Cynthia said she was going to fix that.

Sandy: But in the meantime, if somebody can just forward the sheets to me.

Tina: We did spend some money on the club house. The trash can out here, we used to have this trash can and it got—it was used to prop the door open and it just—then it wouldn't be there, then it would break the light but we fixed the light and moved it so that the door couldn't break the light. Long story short, we ended up getting a nice trash can with the cigarette drop. So we got a nice trash can for out there, trashcan/smoking thing. Then we had ordered some—instead of having Cynthia drive to Home Depot or having someone get supplies like your paper towels, your trash bags, we decided we are spending a lot of money on paper towels so we got the rolls that you see—the dispenser and the rolls that you see that have a hand towel for the bathrooms. So we didn't have a dispenser in the women's bathroom. We bought that and then we bought the rolls to fit both the men's and the women's so now both of them are in there. We have the rolls that go in there so we are not wasting so much money on paper towels. Trashcan liners, bought a whole bunch of them at one time through Office Depot. Just buy them through them. They deliver it right to my house. I then travel it over here. Cynthia needed a new mop handle and new mop heads. Anyway, we had quite a bit of different things that we needed supply-wise here.

Board Member: The siding is done now, correct?

Tina: The siding is all done.

Board Member: Okay, so that was a fairly noticeable expense that's done.

Tina: Yeah. That is done.

Board Member: There were some pool expenses I know with the drain cover and all of that.

Tina: Yeah, the dome cover thing. We have already taken care of that. The automatic shut-off valve, emergency shut-off valve and that dome cover. We are all in compliance and that information has been sent to Gary Hartzell of the Elbert County Health Department so that's been done.

Sandy: To answer Liz's question, really quickly out of the audit, the operating fund was \$88,540.00 and then we had a deficiency of revenues over expenditures of \$26,000.00 there.

Tina: That was because of the mold remediation stuff?

Board Member: All of the above.

Sandy: Probably. Then we had a excess of \$5,000.00 in the reserve fund. And then we had for total funds then, we were almost \$21,000.00 behind. So our total funds at the beginning of 2008 were \$45,259.00. Funds at the end of the year were \$24,501.00. You know, just caution.

Tina: Yeah, I think the mold remediation just ate up all of our reserve.

Tina: And I think what we are trying to do is—if we get some numbers, what can happen is, it helps us to budget. You know, next year we've got a pool situation. Can the following year then be our heaters? Can the following year then be our roof?

Sandy: That's fine. I'm just saying that—

Tina: Because I want to have at least some numbers to work with when we do our budget in October.

#### Open Forum:

Tina: Robin, did you have something for us?

Robin: Talking about expenses while I'm thinking of it, I know when we have had the coffees here, three out of the four times we've had blizzard conditions and snow will come underneath that door so obviously we are losing heat and stuff like that in the winter time around that door. I don't know about some of the other but I know when you are sitting in here and you can watch the snow blowing in underneath that. That's got to be happening all winter.

Tina: So like weather stripping around the doors?

Robin: Yeah. I'm sure but I did notice that.

The annual meeting and the barbecue next month in July, last year what we did was, I ended up sending—got the okay to include like a flyer to notify everybody. I guess you all automatically did that so then I went ahead and we tacked on the whole thing about the barbecue and I sent them out. '

Tina: We can put it in the newsletter and we can add the flyer in with the meeting notification. We don't have anything that we are voting on this year. If a quorum isn't met, if I don't have 51 homeowners represented, we don't even have the meeting. But, that's okay because we didn't last year. We didn't have a quorum last year and you guys did your thing right after the meeting.

## Board Business

Tina: We have completed the minutes and everyone has had a chance to read them therefore, I make a motion to approve the January annual meeting and February Board minutes. March was no meeting. Do I have a second?

Board Member: I second that.

Tina: All in favor?

Board Members: Aye, aye, aye.

Tina: The reserve study, I gave you guys the new requirements and it did get passed, that House bill 1359 did get passed. It is effective August 5, 2009. That's when it starts. What had happened is, in the original draft, they said they wanted community associations to do a reserve every year and to be fully funded. Thank God that did not pass. So the revised one, the one that actually got passed is every three years so it requires an HOA commission a reserve study at least every three years and to identify how it proposes to pay for scheduled repair or replacement of reserve assets. In going over this, that is basically what it is. We have to do a reserves study every three years and we have to have reserve money set aside.

Board Member: When was the last one?

Tina: 2005.

Sandy: So when does the trigger start.

Tina: This does not start—this bill does not until August 5<sup>th</sup>. So from August 5<sup>th</sup> forward, every three years homeowners associations are supposed to have this reserves study done.

Tina: I contacted Hindman Sanchez and the bottom line here is, "The policy must be consistent with your governing documents and should be consistent with the Association's responsible governing policy on investments reserved." We do have, just to let you guys know, we do have a reserve policy in our rules and regs and that tells us that, yes, we do have a policy, yes, we do have a reserve account, yes, we will be responsible. So here is our resolution regarding investment of reserves policy. So we have that. So that's a good thing. So we have to go with being compliant with this. "We are happy to draft this policy for your association for a flat fee of \$295.00. So, we have had to pay the attorneys, Hindman Sanchez, to create all of our policies and resolutions and all of that stuff because I am not an attorney. I don't know how to comply with HB-1359 now. So unfortunately I'm going to have to make a motion to hire Hindman Sanchez at \$295.00 to create our policy for our reserve study.

Board Member: So we are going to pay \$295.00 for what already exists.

Tina: No. They take this and our governing documents and create our reserve study. So, my motion is on the table for hiring Hindman Sanchez \$295.00 to create this policy on how to comply with the new reserve requirement. Do I have a second on that? At least discuss it.

Board Member: I guess there is no way around it.

Board Member: I seconded it.

Board Member: I don't think we have a choice.

Board Member: I don't think we do either. So we are voting under duress.

Board Member: Yes.

Tina: And I'm okay with that. I'm not happy about it either.

Board Member: And I suppose \$295.00 isn't a bad price as far as attorneys go.

Tina: Okay, all in favor?

Board Members: Aye, aye, aye under duress.

Board Member: Under duress.

Tina: Alright. I'll make the phone call. The other thing too is, I was going to call—and I left a message with the people that did do our reserve study, the Aspen Reserve Specialties. I left a message with them because I wanted to know how much it would cost since they did our first one in 2005, how much it would cost for them to come back in and do—because remember they said it wouldn't be as much if we had come—

Board Member: How much was it last time?

Tina: It has been four years ago and I don't remember how much it was. There are two other companies here that do reserve study. I'm sure there are more out there but—

Board Member: Where did you get these?

Tina: I pulled up Aspen Reserve Specialties and a list of other reserve companies came up. I will contact Aspen Reserve and see what they would charge since they were the ones that originally did our reserve.

Motion was made to adjourn the meeting. Motion was passed.

Meeting adjourned at 9:05 p.m.

Respectfully submitted.

Tina O'Bryan