

HI COUNTRY HAUS  
COMMUNITY IMPROVEMENT AND RECREATION ASSOCIATION  
ANNUAL HOMEOWNERS MEETING

Agenda

Saturday, June 21, 2014 9:00 am

Welcome and Call to Order: Bob Mercer, Board President, introduced the Board of Directors and welcomed the membership to the meeting. The remaining Board of Directors members in attendance are Dan Madigan, Tim Shangraw, Don Holland, Greg Demmin, Ruth Spano, and Jeff Oehm. Julie Daehn was absent. Property Manager Mark Johnson and Minutes Recorder Janene Johnson were also present.

Roll Call of Building Representatives: Bob Mercer ascertained that a quorum has been met, with more than 50% of the buildings being represented. Buildings that are represented at today's meeting, either in person or by proxy are: 3, 4, 5, 7, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26.

Approval of Last Annual Meeting Minutes: The minutes from the meeting held on June 22, 2013 and Building Delegate meeting on February 8, 2014 were reviewed. Martha Hedrick made a motion to approve the minutes as written. Jeff Oehm seconded the motion. The motion carried by unanimous vote.

Lawsuit Update: Dan Madigan presented an update on the final outcome of the lawsuit. The HCHCIRA has won the lawsuit but is still waiting for an order from the court on the actual filing, attorney, etc. fees and the final association fees due.

Management Review: Mark Johnson presented an update on the management of the property. The big news is that the recreation center has been switched over to a card system. It is on a year-round schedule, from 10 am to 10 pm. One staff person will be on the schedule on Saturdays and on holidays.

There are no water restrictions for the buildings and common areas this year, which will help with the look of the property overall. Road contractor Ken Evans and Mark have met to keep the roads in good shape through the property. One of the intersections and the "soft spot" west of Building 23 have been worked on extensively.

Bob Mercer reminded the membership that the entire property is kept up to date and in good shape. He wants to let everyone know that he is available to all owners to discuss those issues that may have been forgotten and he'll follow up.

Bruce in Building 23 asked for clarification on the rule of oversight duties of the HCHCIRA Board. He is mixed up between the PUD and the HCHCIRA. Bob Mercer referred to the Bylaws that say the walls of the Recreation Center belong to the HCHCIRA and the PUD refers to the common ground owned within the property boundary. Financials need to be split but the responsibility is under one single Board, the

HCHCIRA Board. The PUD encompasses everything in the boundary, which is River Glen, Building 17 (which is a private residence), and the single family home on the land near Building 19.

Financials: Dan Madigan presented the financial statements for the period ended May 31, 2014. Dan went over both the Balance Sheet and the Income Statement. The reserve study for this past year has not yet been finalized but last year's reserve numbers are available.

Martha Hedrick, Building 9 asked if there is an estimate of the % of reserves on the books. Dan responded that 50% of the funds are in hand that would be needed for the next 15 to 20 years for maintenance issues that might come up and can be afforded with the 50%.

Herb Gifford of Building 20, Unit 5 asked how much of the line item called "Undesignated" will be used for a new building if that is the way the vote goes. Dan answered that it will be used, but that money would need to eventually be paid back to the reserves at a later date.

Barry Stein of Building 21, Unit 19 asked if there would be an increase in dues and no, at this point in time, there is no recommendation to increase the dues.

Art Ferrari, Building 4 Unit 10 asked for clarification on what today's vote will mean based on the fact that there is a substantial amount of money in reserves. Will some of it go to the Recreation Center, will it be held back for other projects? Dan said that the Board will most likely allocate some amount of money from reserves to the Recreation Center but not all reserves will be used. That will be part of the information supplied for the package that will be voted on later in the meeting.

Martha Hedrick, Building 9, Unit 4 wanted to state that a certain amount of reserves will need to be kept in the bank and not spent on the new Recreation Center, whatever the project entails, because the HCHCIRA will be in a better position with that money safe in the bank. The Board has hired financial advisors to make sure they are on treating the reserve funds in a prudent and fiscally responsible manner and will continue to do so.

Jeff Willy, Building 22 wanted to clarify the various line items on the Balance Sheet under the Member Equity section. Dan clarified those line items.

Tim Shangraw, Building 10 moved to approve the financial statements as presented. Martha Hedrick of Building 9 seconded and the motion carried by unanimous vote.

New Business, Questions and Answers: Bob Mercer made a presentation on the condition of the roads and how important it is to keep the roads in proper working order and maintained. He also mentioned that there is quite a bit of dust due to the dirt roads and this seems to be a problem. It doesn't help that people drive much too quickly through the neighborhood.

Scott Siao from Building 3 asked if CMC is paying more as a result of their vehicles causing the lion-share of the problems on the roads, and parking in lots belonging to Building 3. Bob Mercer indicated no on the first question, and suggested that Building 3 send a letter to CMC to ask them not to use Building 3's parking lots.

Lynnda Gies, Building 4, also requested that CMC be told that they have too many vehicles, trucks, etc. parked badly in and around the maintenance shop. She would like to see something done. They seem to be parking in places that do not belong to them. Jeff Oehm said that historically there has been a conflict between HCHCIRA and CMC and there has not been much success with resolving the problem. There is a new General Manager so the Board will be in communication with that person immediately to start a new discussion. As a member of the PUD, CMC does need to be held accountable to following the rules of the PUD and the parking.

Martha Hedrick, Building 9 said that she had an opportunity to meet with the new General Manager the other day. She feels that CMC should get an invitation to this meeting every year. She did warn him that the parking issues will be discussed at this meeting and CMC has not been following the rules.

Herb Gifford, Building 20, Unit 5 asked if the Board has the authority to change CMC for their proportional share of damage to the roads. Attorney David Firman responded that there is a possibility that a higher amount may be assessed to them. The Board will have to spend some time discussing that possibility. Herb also asked if the Board has an accurate survey of common areas and whether or not they think it should be done. The Board has an original survey from 1972, even though it has some inaccuracies, and relies on that survey.

Art Ferrari, Building 4, Unit 10 stated that River Glen has 6 units and pays 6 fees. The Nob Hill has one unit and one fee. CMC pays two fees for their two parcels of land. Greg White, Building 22 Unit 17 stated that there seems to be a clear difference between everyone else in the PUD and CMC, since CMC is commercial. He wonders if a more appropriate fee could be changed in the Bylaws. David Firman said there would still be a negotiation. The Board could look at this possibility.

Greg White also asked about the road maintenance schedule. Has a cost impact analysis been done regarding this road maintenance? Dan Madigan said this information is contained in the Budget packet that was distributed to the membership present. There are two line items. One is Drainage and Road Improvement. The other is Road Maintenance. Discussion ensued regarding the ongoing maintenance of the roads, maintenance costs, and budgets for next year.

Bruce Jakosky from Building 23 Unit 12 brought up the discussion on the possibility of paving the roads. Art Ferrari said that a survey was done 7 years ago and that only 2/3 of the homeowners even responded. A slight majority voted against the paving of the roads. The Board said that this issue could be brought forward but the Board is currently

focused on the issues surrounding the Recreation Center. Should unit owners desire the Board to reprioritize its efforts, they can bring this recommendation to the Board through their Building Delegates. Martha Hedrick of Building 9 mentioned that the survey not only addressed the cost of paving but also included the cost of rebuilding the road subgrade prior to paving.

Jim Mann, Building 3, Unit 10 mentioned that the work that would ?????

Art Ferrari, Building 4 moved that the Board not spend their time or money on additional research for paving of the roads at this time; rather, it should stay focused on the Rec Center. Ashley Schumar of Building 16 seconded the motion and it carried by a majority vote with 3 votes opposing.

The discussion turned to the current parking policy and that there is a typographical error in the current policy. It should read that parking permits will be issued for "no longer" than 7 days. Martha Hedrick asked when the policy goes into effect. The policy will go into effect July 1, 2014. Martha Hedrick, Building 9 moved to approve the parking policy with the language amendment. Dara Hammond with Building 10 seconded and the motion carried by unanimous vote.

Recreation Center: Ruth Spano brought up the discussion on the Recreation Center. She first thanked all of the Building Delegates for all of their work this past year on the great communication efforts regarding this building. She opened up the floor for questions.

Bruce Jakosky with Building 23 asked about the process that will happen today. Ruth explained that once the options are presented, if 13 delegates agree on one option, the Board will move forward on the option.

Robin Myers, Building 15 asked what would happen if 13 votes were not received on one option. Ruth stated that all of the delegates have come ready to negotiate.

Jeff White with Building 23 asked regarding the authority to assess. Is there legal authority to assess individual owners and are those owners obligated to pay by authority of the Bylaws. Attorney David Firman stated that yes; the HCHCIRA has legal authority to assess. The amendments will clean up the Bylaws but the ability to assess is legally binding as the Bylaws stand today.

Art Ferrari with Building 4 pointed out that when the original Recreation Center building was built, the community picked up the cost of maintaining the building and has continued to do so.

Linda Guise with Building 4 asked whether or not any changes to one or more options will be put into the vote today. Tim Shangraw from the Board explained that the delegates are just voting on the concept. The details will be clarified and amended during the design process, which will allow for recommendations from unit owners via their Building Delegates.

Dara Hammond moved that the Delegates offer their recommended Rec Center options at this point. Ashley Schumar seconded the motion and the motion carried by a majority vote, with two votes in the negative. The various options were explained in more detail prior to the vote.

Upon receipt of a roll call vote, it was determined that Option 1A received 4 votes, Option 1B received no votes, Option 2 received 5 votes, Option 3 received 13 votes and Option 4 received 1 vote. Option 3 received the 13 votes required for approval.

Jeff Oehm moved that the Delegates approve spending \$1.5 million for Option 3. Martha Hedrick seconded the motion. In discussion, Art Ferrari asked for clarification of financing. It was asked if the dues could only be raised by 4% per year and Dan clarified that the Board could raise dues by up to 4% without the vote of the delegates but that with the vote of the delegates, the dues could be raised by more.

David Firman explained the process of financing the project so the delegates could understand what was being asked of them in the approval of the funding of the project. Discussion ensued regarding financing details and their impact on the project. Karen Buelter from Building 12 asked about the potential impact of the financing mechanism, as those details were not shared with the individual owners. Ruth suggested that this information be disseminated in a much more clear and concise way to individual homeowners and Ruth will send that information to the delegates. The timing of the project, financing, etc. was brought forward for discussion.

Jeff Oehm amended his motion that the Building Delegates authorize the HCHCIRA Board to acquire up to \$1.5m through a combination of assessments, capital reserve contributions and/or financing in order to move forward to finalize and complete Option 3 of the presented Recreation Center options. Martha Hedrick seconded the amendment. In discussion of the motion, an amendment was requested that two checkpoints be instituted into the motion. Jeff Willie moved to revise the amended motion by adding the following two checkpoints. One checkpoint would be that the completed design, prior to selection of a contractor, be approved by electronic vote of the Building Delegates. The second checkpoint would be that the funding process be approved by a vote of the Building Delegates. Art Ferrari seconded Jeff Willie's revision to the amended motion. Discussion ensued regarding the revisions. Jeff Willie amended his revision that a single checkpoint be put into place, required by a vote of the delegates, to approve the financing recommended by the Board for the project. Dara Hammond seconded the motion to revise. Nine votes were in favor of the revision. Eleven votes were opposed. Consequently, Mr. Willie's revision to the amended motion failed. Bruce asked to clarify that the \$1.5m was a cap and that any additional funds would have to be approved by the Building Delegates. Roll call vote on Mr. Oehm's amended motion was taken and it was determined that the motion carried by a vote of 18 in favor, 4 against and 1 abstention.

Greg Demmin moved that if the Board is going to obtain financing through a loan, that approval from the Building Delegates is necessary in order to proceed with the loan. Jeff Oehm seconded and the motion carried by a majority vote. Martha Hedrick asked for clarification on what this vote will need, is it individual owners or Building Delegate. Response: Building Delegates.

Ruth Spano brought up the discussion regarding the proposed amendments for the individual buildings. She would like to see the individual buildings approve and adopt the amendments to their own building's declarations before getting further down the road with the financing mechanism for the approved Recreation Center building Option 3.

HOA Board Member Elections: Bob Mercer brought up the fact that there are currently 3 open positions on the HCHCIRA Board. He requested for nominations from the floor. Rexene Holland, Martha Hedrick and Art Ferrari volunteered to be on the Board. Jeff Oehm moved to approve the 3 nominations to the Board. Barry Stein seconded and the motion carried by unanimous vote.

Adjourn: The meeting was adjourned at 11:50 am.

**DRAFT**