

LAGOON TOWNHOMES CONDOMINIUM ASSOCIATION, INC.
ANNUAL MEETING
JUNE 11, 20011

I. CALL TO ORDER

The Lagoon Townhomes Condominium Association Annual Meeting was called to order at 3:05 pm on June 11, 2011 at the Lagoon Townhomes Clubhouse.

Directors in Attendance:

Bill Tolbert, 732-A, President
Bob See, 741-B, Vice President
Sue Gun, 701 & 703, Acting Treasurer
Michele Regis, 723-B, Secretary
Jim White, 723-C, Board Member

Homeowners in Attendance:

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|--------------------------------------|-----------------------------------|
| Margaret Dehmer, 708-C | Tom Dragano, 741-C |
| Sanra Sheffield, 708-D | Randall & Mary McFee, 741-D |
| Steve Ernst, 716-A | Shirley Gomerding, 741-F |
| Dave & Jean Seitz, 718-D | Ann Yost, 745-C |
| Lara Lepie, 718-E | Helen Koski, 745-D |
| James Skarbeck, 723-D | James & Patricia Powell, 746-B |
| Richard and Marianne Candelmo, 724-B | Dana Holland, 747-A |
| Richard O-Brien, 724-C | Luz Romero, 749-3A |
| Ed Jones, 726-D | Marvin Johnson, 749-3B |
| William Benson, 727-E | David Justman, 749-3C |
| Thomas Carter, 727-G | Harvey & Lisa Heastan, 749-3D |
| Mike Alvarez, 731-D | Susy Grazi, 750-A |
| Christine Tolbert, 732-A | John & Linda Miller, 753-A |
| Peter & Sylvia Rimmington, 732-B | Dan & Sharon Robertson, 753-B |
| Malynda Taylor, 732-D | Milton Schleve, 755-A |
| ? Jeanette Saylor, 734-A | Sharon Kaplan, 757-A |
| Eldon Geer, 734-B | Eugene & Carolyn Uccellini, 757-C |
| Huey Roberts, 736-B | Nancy Peterson, 758-A |
| Marin & Diane Davis, 737-A | John & Linda, 758-B |
| Donald Swoch, 737-C | Keith Crichton, 762-C |
| Pat & Joe Oliver, 737-D | Jan Buckstein, 766-A |
| Richard & Ellyn Sabby, 741-A | |

Other Attendees:

Travis Henslee & Melissa Henslee (Lagoon Homeowners Association)
Mike Kurth (Summit Bookkeeping and Payroll, Inc)
Mark Payne (Winzenburge, Leff, Purvis and Payne, LLP)

II. PROOF OF NOTICE

Notice of the meeting was sent in accordance with the Bylaws. Notice was posted on the website and sent by mail to registered owners.

III. DETERMINATION OF QUORUM AND VERIFICATION OF PROXIES

Melissa Henslee confirmed a quorum was present with one hundred forty-two (142) Owners/Units represented in person or by proxy.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

Bill Tolbert requested any opposition or questions regarding last year's Annual Meeting Minutes be voiced. With no responses, it was moved that the minutes of last year be approved as they were distributed and posted. The motion was seconded by *Tom Dragano (741-C)*; the vote was unanimous and the motion carried.

V. REPORTS OF OFFICERS AND COMMITTEES

Bill stated that last year was a good year financially and the amount of reserves significantly increased as did the HOA's cash position. The use of contract staff in place of contractors and alternative energy providers contributed to the improved financial situation. Many other HOA's in the area are in a much more difficult situation, needing to make special assessments. Most lenders require that the HOA have enough money in reserve to ensure operations for a set amount of months. The number was initially \$150,000, but has increased to \$200,000. Unless these monies are maintained in reserves, lenders will not loan or refinance. Again, HOA's in the area are encountering this issue, while Lagoon is not.

Regarding the maintenance staff, *Bill* noted there has been a 100% turnover. With that in mind, snow removal this year was not handled as well as usual this past year. This staff had not seen the grounds without snow and were unaware of the location of drains, grass or snow storage areas. There were clear problems with ice buildup as well, but that was not due to staff not working hard to remove it, or not caring. They were working long hours and a lot of overtime. It had to do with inadequate heavy snow removal equipment, which was remedied in March when a heavy equipment operator was brought in. For next year's season we now have seasoned crew who knows the equipment limitations and drainage issues. *Bill* thanked those owners who took the time to share their knowledge with the staff to help with drainage.

Improvements made by new staff in the pool house include increased hot tub jet flow, major dehumidifier repairs, new furniture and plants. The association grounds look as good as it has ever looked with the tennis court net repair, demarcation of the marking for parking, and the planting. The HOA continually invests money from the reserve accounts to improve and protect the investment of all homeowners. The board considers the investment in property at Lagoon to be an important one by all Owners, including full-time homeowners, part-time homeowners and those with renters, and works hard to protect their investment equally.

Bill noted that the maintenance staff has also marked and tagged all of the equipment that the HOA has. This includes mechanical manifolds and flow loops for heating units, electrical circuits, etc., so that someone else can come in and continue to keep the systems operational. This has never been done before, but is very important to the proper operation and maintenance of our facilities. The shop has also been brought into OSHA compliance and the maintenance equipment has been repaired. Recent

no-notice state boiler inspections revealed only one minor issue out of 11 common boilers, but otherwise passed with flying colors.

The exercise room, which was converted from the former racquetball court, is now complete and ready for use. There are several cardio machines and a TV available. Extended hours are 6am until 9pm. We have had a great response to this facility as well as the Lagoon office being relocated downstairs. Melissa, the new office manager, has been working to organize the office including putting new systems in place and improving key control. The after-hours call process has also changed. It is important that everyone knows to call the office at 970-668-5465 for any and all requests. The old after hours call center process has been expanded to augment the office. With one phone number, you will get a live person when you call, and a work report will be generated and logged for follow-up. Homeowners will not be able to call the cell phone of the local manager anymore. The call center receives and prioritizes the calls and passes on calls to staff as needed. The staff will determine the appropriate action and follow through, reporting the details to the Board. This allows the staff and board to track what calls came in and how they were handled, providing positive accountability, which we have not had before.

Travis Henslee added that building 749 is now in fire code compliance.

VI. OLD BUSINESS, INCLUDING FINANCIAL REPORTS

A. Financial Review

Mike Kurth reviewed the Balance Sheet and Profit & Loss Statements. All of the financial statements are available on the HOA website: <http://www.lagoontownhomes.org>

B. Reserve Fund

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|--------------------|---|
| Long-term reserves | \$ 257,378 |
| Operation reserve | \$133,644 (this fund assists with cash flow ie: fluctuating energy costs) |
| Current net income | \$139,071 |

Mike explained that the Accounts Receivable amounts are higher than usual due to the foreclosure of 3 units. *Bill* further explained that Colorado law allows that only 6-months of dues are collectable when a unit is foreclosed. To pursue additional collection efforts is a cost-benefit balancing act that is handled on an individual basis. For example, it makes no sense to pursue \$1000 debt if it will cost more than that in legal fees to collect.

Bill shared that in order to vote at the annual meeting, a homeowner's account must be in good standing, and that all accounts have been review prior to the meeting, and 3 units were identified prior to the meeting as not being eligible to vote.

C. 2011/2012 Budget

Mike reported on the status of the 4 departments as follows:

Department A includes the basic expenses of every unit in the complex. This year we have a net income of \$124,097, which includes the contributions to the operating fund as well as the reserve fund. By the end of June, we anticipate to have \$431,000 in reserve funds.

Department B is a bit overspent on the budget, but has a large reserve, which we are trying to draw down since they do not need that large a fund. This department includes those units with common hallways and other shared elements: 704, 708, 716, 720, 724, 730, 734, 738, and 742. This group is projected to have almost \$20,000 in reserves at the end of the fiscal year.

Department C includes the units in the 749 building, which will have nearly \$57,000 in reserves at the end of the fiscal year.

Department D includes Buildings 741 and 743 and will have \$11,800 in reserves by the end of the year.

These figures represent a healthy 33% increase in reserves over the year, although there are reserve projects in progress so some more will be spent by the end of the month. *Bill* further detailed the reason for reserves are to save up in advance for times there will be major expenditures such as boiler replacements, new roofs and repainting. The reason the dues were lowered in these departments is that after review of possible expenditures, each department had excess funds.

In response to a homeowner concern about 701, 703 & the potential new buildings needing to be in accounted for in their own department, *Bill* responded that a baseline cost for any non-Department A operational costs for these units must be established before an assessment can be made. *Sue Gunn* noted that the elevators were not common elements and were paid for by the unit owner, therefore no additional cost to the association.

With the lowering of dues, a homeowner voiced the concern about having sufficient funds for the potential replacement/repair of the 749 roof. *Bill* replied that the board tries to find the balance when deciding how much to keep in reserves. While the roof will not last another 20 years, there is not an immediate plan to replace it in total and the Board does not want to be holding too much homeowner money in reserve.

VII. NEW BUSINESS

A. Outdoor Pavilion and/or Hot Tub

Michele Regis and *Sue Gunn* spoke in favor of adding a proposed \$34,000 outdoor pavilion and hot tub either to replace the sand volleyball court or in the commons area across for the tennis court. They both thought this would be an added amenity and provide a gathering spot for homeowners. A fence and cover would provide protection against uninvited guests.

Bob See shared his concerns regarding the addition sharing that he was concerned about the legal and financial liability of such a facility. Also the added traffic and noise could be troublesome to surrounding homeowners. He feels the hot tubs we have are adequate.

A homeowner indicated that the parks in Frisco are wonderful facilities and open to all homeowners. *Bill* indicated that the board has the responsibility to set the budget and present it to the board, and that the homeowners have the responsibility to accept or reject the budget. Another homeowner indicated that there may be a large administrative task in scheduling a nice facility. *Jim Powell* shared that the existing picnic areas are not often used. *Sylvia Rimmington* noted that this type of facility would generate lots of noise and parties based on her families' experience with winter crowds. Another homeowner said that he knows of a complex closer to Main Street that has all kinds of problems with unauthorized use of their facilities.

Bill called for an "expression of support" for the new facility by hands, and there was no support for either an outdoor hot tub or pavilion.

B. Universal Weight Machine

Gino Uccellini suggested adding a universal machine (weight) machine to the fitness center, which was supported by an approximate 2 to 1 vote by those in attendance. This will be discussed at the next board meeting and will reduce the amount that was in the budget for the pavilion.

C. Roof Replacement

Sylvia Rimmington inquired about the roof replacement schedule due to an issue with her unit that experienced some leakage. *Bill* replied that our facilities fared very well this year and there are no scheduled roof replacements. *Travis* is to meet with *Sylvia* to review the roof leak and assist with a fix for that specific leak problem.

D. Dues Question

Patricia Powell questioned why Department A, which is the base costs for everybody, and Department B, which has added utility expenses are at the same level of dues. *Bill* said the Board would review this issue. He also indicated that *Judy Lotspeich* requested a review of how expenses are allocated to the B units.

E. Ratification of the Annual Budget

A motion was made by *Bill Tolbert* to ratify the Annual Budget as proposed, minus the hot tub/pavilion project, and it was unanimously ratified.

VIII. New Business:

A. Why are the lights on path by building 703?

Freddie Powell asked why the lights are on 24/7 on the path by building 703. *Travis* responded that it had been that way when he began work at Lagoon. *Bill* pointed out that they could have possibly been hardwired with the new construction, when they were previously solar. Another homeowner suggested that this could be due to municipality rules, as it is in California. The Staff will review the issue.

B. Can the path coming from 703 be cleared in the winter?

Travis responded that this path is on the agenda for possible paving and that a snowblower may be purchased to help clear the path.

C. Lien and legal fees and new declarations concerns.

Jan Buckstein presented his issue regarding the new declarations, lien notices against his property and the timeframe involved. He stated that he received a warning of a lien on his unit, while other units were behind had no consequences. He also complimented the board on the job they are doing and way they keep the costs down. Regarding the recorded declaration questions, *Mark Payne* responded that we do have signed documents from lenders and owners approving the declarations, which was approved by proxy at the meeting last year. *Bob See* explained that individual contacts were made to homeowners to attain 75% approval, which is over the 66% required. *Mark* further stated that the lender approval process is quite time consuming. *Bill* explained that the bank approvals were difficult to track down with all of the changes in the mortgage markets lately. *Bill* thanked *Melissa* for her efforts in tracking these banks down. Regarding the lien and legal fees, *Mark* offered to share the costs spent on legal fees and to speak with him off the record regarding his unit issues. He said the board and his firm both agree that it makes no sense to spend three dollars to collect one and judiciously determine when to seek legal remedy. *Bill* stated that fines for *Jan's* unit were levied monthly and invoices were sent, and that the documents *Jan* received were probably final notices of those fines prior to the filing of a

lien. The board does allow individuals to make payment arrangements for those who are choosing to be responsive, but will file liens when invoices are ignored. Basically, there are rules and no one will obey the rules if there is not a penalty; there are processes to impose these penalties and collect the fines. When a unit is not showing financial responsibility, liens are filed. Fine amounts are also not subject to the 6-month rule at the public trustee's office, and as such are collectable where dues are not. This way the homeowners are not left "holding the bag". When questioned about her accounts, *Sue* stated that her 703 unit became a dues paying unit and had some maintenance charges, which were under review. For a good portion of the year her account had a surplus of thousands of dollars, but when her dues became behind she pay the penalties and late charges as well. *Jan* insisted that he never received his fines and penalties at his Denver address while *Bill* indicated that all amounts would have been shown on his monthly dues statement. *Jan* stated that he pays his dues by coupon. *Bill* suggested he contact Mike at Summit Bookkeeping to get copies of the month to moth invoices, since coupons have not been used for two years.

Bill additionally informed the group that there is local attorney representing a group of "unnamed homeowners in the association" that sent a complaint letter in Wednesday. One complaint was that *Sue* was in arrears and could not serve on the board. Ironically the unit accounts had been reviewed the Monday prior and *Sue's* account was up to date. Her earlier \$2400 arrears had to do with a mechanical bill, on which *Sue* had asked to be reviewed. The Board reviewed the hours and costs associated before *Sue* paid the bill, which is common procedure for questions regarding work done in units. Where the board has discretion, it uses the best judgment it can to find workable solutions.

D. Lagoon staff working in units.

Marvin Johnson inquired as to staff availability to work in units for homeowners. *Bill* responded by explaining how the staff can do work as their time is available, prioritized by Travis in consideration of the HOA workload. Any major work must be prior approved by the Board. *Bill* also commended the work handled by staff this past winter in regard to the broken pipes and subsequent drywall repair. This work was done at a tremendous savings to homeowners considering the expense and wait time involved when calling plumbers and carpenters during a deep winter freeze. Owners were advised that to have in unit-maintenance completed in a unit, they would call the office number to put a request in.

Marvin also inquired about the dry toilets in his unit. *Bob* suggested that homeowners who will be away should put Saran Wrap over the china bowl for extended absences to limit evaporation. Toilet levels are not currently part of the inspection process, but the board will discuss adding it. The inspections themselves are a prickly subject for a few homeowners who don't want inspections and those who want additional or expanded inspections.

Marvin brought up that after owning his unit for 24 years and has experienced repeated leaks in the master bath. *Bill* responded that this is due to the wind peeling back the flat roof, which is an extraordinary problem compared to regular roofs. *Travis* responded that he made in an improvement to roofing edge this year in hopes of preventing future issues and additional improvements to the 749 roof are planned. *Bill* stated that approximately 50% of our insurance claims have been on the 749 roof.

Bill informed those present that staff rates are \$45/hr for structural and \$75/hr for mechanical work. After hours calls are \$75/response, plus the hourly rate.

E. Homeowner complaint process re: sprinkler issue.

Nancy Peterson complained that the sprinklers near her unit are not functioning properly. *Travis* responded that they are in the process of making this year's adjustments to the sprinklers. During these first few weeks of new seeding, the ground is being saturated for optimal sprouting. *Nancy* further complained that ice was forming on a tree in the area. *Nancy* was informed that the best way to deal with these issues is to call the office and open a work order so that it can be dealt with.

F. Neighbor issues.

A homeowner from building 718 complained regarding parking in her area during periods of heavy snow. *Bill* instructed her to call the office number to report parking issues. He also reminded those present that these are our neighbors and we need to be courteous in how we park our vehicles. One unit owner left for Christmas vacation, leaving their large vehicle parked in front of their unit in the way of the snowplow causing their neighbor to become fervently distraught that the snowplows could not effectively plow her area.

Another homeowner brought up the loud parties that sometimes occur and was also instructed by *Bill* to call the police to respond to the parties and noise complaints. Also, report the disturbance to the HOA for disturbing the peace which will put the offending party on notice and follow up with fines until the behavior improves.

Bill explained how the reporting of problems is handled and some of the challenges involved. We might have homeowner #1 complain that "Joe" has big dog that left a big dump and didn't clean it up. We have to respond to complaints, so we go to "Joe" who tells us he knows that neighbor #1 has two big dogs and he doesn't pick up after them, which results in homeowner #1 receiving a warning as well. Since the staff doesn't share who the complainant is, the staff is then accused of retribution against homeowners. This same thing happens with parking complaints.

G. Ratification of Board actions.

Bill motioned for the board actions since the 2010 meeting to be ratified, *Bill Benson* seconded. On a motion duly made and seconded, the Board actions were unanimously ratified.

IX. ELECTION OF DIRECTORS

Bill thanked Bob See for his service to the HOA and recognized him as someone who thoughtfully stands up for what he believes and has done a great job. He further stated that the Directors on the Board are not paid; it is a strictly volunteer position. *Bill* noted that some owners have verbally assaulted Staff and Board members stating that, "you work for me; come do this right now" which is not appropriate or productive.

Bill also noted that only about 17% of Lagoon Owners were full-time residents, with the other Owners being part-time or seasonal residents, or Owners who rent their units out, and that the Board has been demographically representative of full-time resident and part-time resident Owners.

The floor was opened for nominations for the two open positions on Board. *Jim Powell* offered his service, which was seconded by *Keith Critchon*. *Lisa Heastan* inquired as to whether a Board member had to be present at every meeting, to which *Bill* replied that a dial in number has been added so physical presence is not mandatory. With that *Lisa* volunteered to serve on the Board. *Bill* stated that he was asked to nominate *Dana Holland* on behalf of *Judy Lotspeich*, who could not attend the meeting because of a death in her family. *Dana* accepted and the nomination was seconded. *Bill* nominated *Greg Rosin* who has indicated an interest in serving on the board, which was seconded by *Jim White*. *Bill* asked each nominee to share some of their background with the homeowners.

Jim Powell shared with the other homeowners that he is a full-time Lagoon resident and his emphasis if elected would be to pay attention to complaints and negotiate mutual settlements.

Lisa Heastan shared that she currently serves as Vice President on her HOA Board in Colorado Springs and has a Bachelor's Degree in Business and history with Human Resources management. She said the most important thing to have in mind when making decision is to have the entire community in mind.

Dana Holland shared that she has been a Summit County resident for 30 years and homeowner at Lagoon for a little over five years. She has also been a mortgage lender in the county for 30 years as well and knows how to get along with most people.

Bill spoke on behalf of *Greg Rosin*, who lives at Lagoon, but travels a great deal for training and events. He has a CFO background and he knows many homeowners and is familiar with many of the HOA issues.

After tabulation of the results of voting, *Bill* announced that the newly elected board members were *Dana Holland* and *Greg Rosin*.

Bill thanked all of the owners for personally attending the Annual Meeting and encouraged future participation in Board meetings. He shared his theme for next year is, "Let's Build a Whole Community". He encouraged homeowners to work together, put aside differences and keep any disputes to a civil tone without profanity and emotional outbursts or other nonproductive ways of communication. "Let's work as hard as we can to be community that works to protect our investments, support each other and be sensitive to encroaching on the rights of other owners" was *Bill's* final remark.

X. ADJOURNMENT

The board adjourned the meeting 5:32pm.

NEXT MEETING: Due some conflicting scheduling with the City of Frisco, among others, the next meeting will be announced when local calendars are more firm; generally targeting for June of 2012.