

LAGOON TOWNHOMES CONDOMINIUM ASSOCIATION, INC.
ANNUAL MEETING
JUNE 5, 2010

I. CALL MEETING TO ORDER

The Lagoon Townhomes Condominium Association Annual Meeting was called to order at 3:00 p.m. on June 5, 2010, at the Lagoon Clubhouse.

Board Members Present Were:

Bill Tolbert, 732-A, President
Bob See, 741-B, Vice President
Denny Geer, Treasurer was absent, but represented by Proxy to Bob See
Sue Gunn, 701, Director
Michele Regis, 723-B, Secretary

Owners Present Were:

Margaret Dehmer, 708-C	Joe and Pat Oliver, 737-D
Tom and Karen Grill, 718-C	Cathy and John Reid, 740-A
David and Jean Seitz, 718-D	Helen L. See, 741-B
James and Susan Miles, 720-A	Gene and Judy Lotspeich, 742-C
Feorge and Joan Reid, 722-C	Donna Steeves, 742-E
Mary Perrey, 722-E	Gil Malmgren, 743-A
Paula Arnold, 722-F	James and Patricia Powell, 746-B
James and Victoria White, 723-C	Michael Martin, 749-1A
Dick and Marianne Candelmo, 724-B	William and Sharon Schneider, 749-2B
Sharon Johnson, 725-B	Norman and Luz Romero, 749-3A
Edward Jones, 726-D	Robert and Susan 749-3C
William Benson, 727-E	Harvey Heastan, 749-3D
Thomas Carter, 727-G	Susy Grazi, 750-A
Robert and Joanna Martin, 730-A	Jim and Ann Schleve, 755-A
Nancy Sanders, 731-B	Nancy Peterson, 758-A
Christine Tolbert, 732-A	Keith and Melissa Crichton, 762-C
Peter and Sylvia Rimmington, 732-B	Jan Buckstein, 766-A
Margaret Hainey, 732-D	Avis and Kay Lyman, 766-B
Gretchen Tilden, 735-B	Representative, 738

Mike Kurth (Summit Bookkeeping) and Mark Payne (Winzenburg, Leff, Purvis, and Payne law firm) were also present.

II. PROOF OF NOTICE

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

III. DETERMINATION OF QUORUM AND VERIFICATION OF PROXIES

Judy Lotspeich, 742-C, confirmed a quorum was present with one-hundred and twenty-five (125) Owners/Units represented in person or by proxy.

IV. PRESIDENT'S MESSAGE

Bill Tolbert, HOA President, welcomed and thanked everyone for coming to the Annual Meeting. He then introduced members of the Board and briefly provided an overview of the agenda for the Annual Meeting. He thanked Norm and his staff for the great job they've been doing evidenced by the fact of how well our complex looks and spoke briefly about the Association's significant improvements. 1) Modifications were made to the Lagoon pool area where tiles were replaced and the floor leveled out so that the area is much safer, it looks and drains better than it did before. 2) This was probably one of the best years we've had from the perspective of a lack of roof leaks and roof repairs. By not doing any new roofs over the past year, we have been able to build up our Reserves and haven't suffered any degradation issues in our complex. *Bill* related that Board dealt with a lot of nuisance issues this year: trash, pets, limited parking due to over-occupancy issues, and spent a lot of time dealing with the Town of Frisco. The Board spent a lot of time trying to resolve several serious issues this past year. There was black mold in a Unit which had the ability to contaminate other Units, carbon monoxide poisoning in another and other kinds of issues. Unfortunately, the Board has not been able to get any support from the Town of Frisco for any of these health and safety issues as they want to avoid liability.

V. APPROVE PREVIOUS MEETING MINUTES

Sue Gunn, 703-A, made a motion to approve the June 6, 2009 Annual Meeting Minutes as presented. *Jim White, 723-C*, seconded the motion, the vote was unanimous and the motion was carried.

VI. REPORTS OF OFFICERS AND COMMITTEES

Bill pointed out that our financial position has increased significantly over the position we had last year, which will be discussed in more detail in the Financial Report. We have roughly \$95,000 more cash in our operating account and we put more money into our Reserves to cover major expenses. We are planning on more than doubling our Long Term Reserve Balance by the end of this fiscal year! Because we went to self-management last year, we have put about \$45,000 more in HOA accounts this year over our previous year. *Bill* recognized *Sue Gunn, 701*, for accepting responsibility for the upgrading and management of the Lagoon HOA website. This effort saved us over \$1,000 for those activities. We had other people volunteer time and effort for things like landscaping, serving on the Architectural Review Committee, or working with the school district issues.

A. Financial Review

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

Bill pointed out that we've significantly improved in reducing the past due account balance for monthly dues. *Keith Crichton, 762-C*, asked what the current status of the collection activities taken on the unpaid dues were? *Bill* explained that in addition to all the normal administrative things that are done (e.g., billings and late fees), notices are sent which warns the Owners that liens could be placed against their Unit, which the HOA has done. The Board has turned off water and some of the other utilities so that one Unit would be uninhabitable. The Board has done everything they can, except for starting foreclosure proceeding because that cost money and

there's no guarantee that the HOA could do any better than letting the bank start the foreclosure process and pay the fees. He related that one of the problems the HOA has had, is that under Colorado law, the HOA can only recover six (6) months of past dues for Units in foreclosure. Part of what the Amended Declaration is allowing the HOA to do is to re-categorize those types of costs as "fines," because we get 100% of our fines back for Units in foreclosure. *Keith Crichton, 762-C*, asked if the Board had considered creating a bad debt reserve against that type of situation. *Bill* responded that other than what they do when go through the Budget meetings (review the Dues balances and looking at our financial statements), the Board has not created a formal account for that purpose.

B. Reserve Fund

2009 Long Term Reserve Fund Balance:	\$281,040.14
2010 Estimated Long Term Reserve Fund Balance:	\$376,350.32
2010 Estimated Capital Expenditures*:	\$ 79,389.22

(*Major areas: parking areas, landscaping, pool area, and boiler upgrades, hallway refurbishments, and new equipment.)

C. 2010/2011 Budget

Mike explained that it is estimated that our Operating Income, for Department A, will go up roughly \$20,000 over the prior year. However, there are no plans to increase the dues this year. Money will be moved between the Reserve and Operating funds so that there is no need for a dues increase. *Bill* pointed out that we have not had a dues increase in the last three years, which is extraordinary when you look at what the other local developments are doing. He also explained that they are hoping to add roughly \$50,000 this year to get our Long Term Reserve up to \$281,000. *Mike* briefly discussed the budgets for all of the groups of buildings (Departments B, C, & D) in the complex. Each have additional expenses that are not part of the whole pool of money for the complex (e.g., electric and janitorial services).

Department B: Buildings 704, 708, 716, 720, 724, 730, 734, 738, 742. The Board felt there was excess Long Term Reserves for those buildings to cover planned long-term expenses.

Department C: Building 749. This building has an elevator, interior electric, boilers, and interior maintenance. *Bill* mentioned that we keep a larger Reserve for this building as the boilers in there that we replace on a regular basis.

Department D: Buildings 741 and 743 accounts are balanced.

Judy Lotspeich, 742-C, made a motion to approve and ratify the 2010/2011 Budget as presented. *Sylvia Rimmington, 732-B*, seconded, the vote was unanimous and the motion was carried.

V. AMENDED DECLARATION

Bill explained that with the changes to the Declaration that the Board is proposing, our HOA will be in compliance with those areas in CCIOA (Colorado Common Interest Ownership Act), Senate Bill 100, and the Non-Profit Act that apply specifically to our HOA community. Over the past six (6) months, the Board has worked on the proposed amendments to the Declaration, which were originally established twenty-eight (28) years ago. The proposed amended Declarations greatly reduce the size and complexity of the original Decs and Amendments, and

clean them up so that it's easy to find information and easy to pin down answers to questions without having to obtain costly legal opinions. *Bill* explained that the new Declaration do not give the Board any more power than what they currently have under the existing Declarations and other governing documents.

Mark Payne, the HOA attorney, explained that since the recording of the Declaration in 1982, there have been significant changes in Colorado lawn. There are mandatory requirements that the HOA is must meet to be in compliance with state law. *Mark* also stated that this document should serve as an "owner's manual." It's really intended to give the Board and Owners clear guidance.

A. Opposition Letter Rebuttal

Mark stated a letter from one of the Owners asserted that some of the proposed changes in our Declaration gave the Board incredible new powers. The premise being that the Board couldn't do these things before, so it should be voted down. He clarified that 1) The Board has had the authority to adopt rules since the inception of the existing Declaration about twenty-eight (28) years ago. So this is not new (See Section 19.4, paragraph 29 G, on page 21, in the existing Declaration). Also, Colorado law says associations have the authority to adopt rules and the rules that they adopt have to be reasonable. So, there are checks and balances in place. 2) Power of Attorney is necessary for: (a) granting easements; (b) purchasing insurance and settling claims; (c) negotiating and dealing with any authority having the power of condemnation or eminent domain; (d) enforcing rental or lease restrictions for you as the owner; we as the association can step in and help you (e) acting in any other capacity on behalf of the Owners when approval by the Owners is required and has been obtained. Those are the five things that the Board has Power of Attorney rights. *Mark* affirmed that the old Declaration did state "Power of Attorney in all matters." So, the new Declaration actually narrows the Boards authority down even more than the old ones.4) The Board has the authority to "manage and maintain common elements." By its very nature in a condominium, that's what the Board does, and our existing documents say that as well with very broad authority. The Board must have the authority to spend money to ensure that property values are maintained. That doesn't mean spend it frivolously. The amended Declaration does not give the Board any greater power to spend money than the former documents did. *Mark* explained that the things that the members typically have the right to do is: One, vote on amendments to the Declaration. Two, vote for Board Members or Directors. Three, vote on either the termination or a merger of the association with some other association. Four, vote on the budget each year. These "rights" provide Owners with the ability to determine the dynamics of the Board.

B. Correction to Amended Declaration

Mark pointed out that Section 9.4 of the Declaration mistakenly says that, "The Association shall be specifically responsible for the repair or replacement, of the materials making up the walking surface of patios, porches and the decks." Historically, we've said that the Owners are responsible for maintaining their own common elements, which would include the decks. Owners will continue to be responsible for maintaining their own decks. It is a typo and will be corrected in the final Amended Declaration.

C. Weight Limit for Pets

Donna Steeves, 742-E, stated that she has had a dog for four years who weighs over 60 lbs. and there has never been any problems. The Declaration says they can't weigh more than 60 lbs. She wanted to know if her dog could be grandfathered in? *Mark* said that in most of the associations, there is a general feeling that big dogs in condominiums, such as stacked units, can be more of a problem than small dogs. He said that he would sometimes suggest that you have no weight limit and deal with dogs issues through the rules. The obvious issues being, you have to clean up the pet waste and you can't change your balcony to accommodate a dog. *Sylvia Rimmington, 732-B*, spoke about her concern about lifting the weight limit of 60 lbs. There are some very large dogs and they walk around and the owners may not pick up after them. *Dick Candelmo, 724-B*, stated that he does not own a dog, but he does not think we should have a weight limit. If the owner is responsible, if the dog doesn't bark and the dog is on a leash, there's no reason why there should be a weight limit. *Bill* responded that the real issues they were trying to prevent are the un-disposed of waste out there where ever you try to walk. It is easier to pick up a smaller animal's waste than a 100 lbs. Mastiff's waste. *Bill* stated that unless there were any strong objections, they would strike that language. *Mark* stated he'd be happy to do that. All in attendance agreed that we had done better on controlling dog issues this past year.

D. Occupancy Rules

Donna Steeves 742-E, pointed out that the rules state that you can only park one vehicle in front of your garage. She said that she's had meetings and clubs at her home, usually on Monday night, for years and allowed them to park in front of her garage and many other people park in the parking lot and has never had a problem before. She wanted to know if that was going be the same type of thing under the occupancy clause? *Bill* replied that it wouldn't fall under this article in the Declaration, it would fall under parking. The parking rules tell you what the restrictions are for parking in front of your garage. It has to do with safety, is it a safe or unsafe place where nobody could hit you. Since it's happening during the daytime or evenings before 10 p.m., *Bill* didn't see where it was a situation that would be in violation of the parking rules *Bill* explained that the biggest problem is that we have thirty-five (35) parking spaces for one-hundred and seventy-two (172) Units. *Bill* suggested that if she intends to have a large meeting, she might want to consider using a facility, like the Senior Center or someplace else, because having twelve or fifteen cars showing up for an event of some kind will deprive everybody else their reasonable parking. *Jim White, 723-C*, said it appeared that the occupancy rule had been changed. The original rule stated two (2) persons per bedroom and there are no numbers in the new document. *Mark* explained that the original Declaration said that the buildings were designed to be occupied by two (2) persons per bedroom. *Bill* explained that every year the HOA has had historical problems with overcrowding and over-occupancy. The Board met with the Town of Frisco and asked what other associations do to enforce occupancy limits and were told that they use the Uniform Building Code, which provides for one (1) person per 200 square feet of Unit space for this category of residence. *Mark* said that he believes that occupancy limit in our new Declaration says it is "in accordance with the Uniform Building Code." *Mark* pointed out page 12, Section 4.3, of the Amended Declaration, where it says: "The Association may adopt reasonable Rules and Regulations regarding occupancy limitations for Units, and such Rules and Regulations may differ as to Owners and

Permitted Users." Under the Fair Housing Act, in 1992, HUD issued an opinion that two (2) people per bedroom is probably O.K. *Sue Gunn, 703-A*, stated that the Declaration does say we can limit occupancy. But asked, from what Mark has just said, does that mean we legally can't? *Mark* replied that legally we can, but we have to be careful about how we do it. He said that he generally recommends that associations try and get the enforcement of the city or local jurisdiction to take this on. He said that we tried this with the Town of Frisco and this was one of the things where they just said it was not their problem, and told the HOA to just deal with it. So, we will deal with it and we will have rules that restrict occupancy numbers. *Bill* said that we have a rule that has been in place for a number of years, it allows a maximum of twelve (12) per Unit. *Bill* replied that all of the rules are available on the internet and any changes to the rules would be on the website. *Sylvia Rimmington, 732-B*, wanted to clarify that the Declaration will not specify limits but the rules would supersede that? *Bill* answered that they don't supersede it. The Board has the right to determine occupancy limits based on size of Unit, number of parking spaces available, or other kinds of considerations. *Bill* stated that occupancy rules should be different for owners, their family, and personal guests and renters. So the Board reserves the right to differentiate between Owner's rules and Renter's rules.

E. Power of Attorney:

Harvey Heastan, 749-3D asked if the language in Article 14, page 36, gave the Board Power of Attorney in all matters and is there a defined list. He wondered if it gave the Board cart blanche PoA? *Mark* answered that Power of Attorney was for the purposes of several of things that he had talked about before. The new Declaration actually narrows the Boards authority down even more than the old ones. *Bill* added, that there was also the concern that the \$50,000 limit the Board put on themselves for spending on common elements was somehow abusive. Right now there are no limits on it. So, where appropriate, the new Decs pin it down.

F. Common Elements:

Harvey Heastan, 749-3D, asked if the designated common elements and limited common elements remained the same as in the old Declaration? *Mark* replied that the Board wants to make sure that they are clear about what a limited common element is, what's a general common element and what is part of the Unit. *Susan Howland, 749-3C*, stated that the people in Building 749 were concerned that, with the garage being a common element, the Board will be making the 749 garage available for all residents and there will be a free for all. *Bill* said the controlling aspect is that to get into that garage door you must have a programmed 749 key fob. Neither the Board nor the Staff hand out keys frivolously. *Mark* added that the new Declaration has not increased the Boards power with respect to parking.

G. Required Percentage of Owner Approval

Someone asked whether we were under CCIOA rules or our old Declaration concerning the required percentage of Owner approval to amend the Declaration. Under our old Declaration, it says 75% and under CCIOA it is 50%. *Mark* responded regardless of when the HOA was formed, we have certain obligations or rights under CCIOA and one of them is the percentage it takes to make changes to the Declaration, which is 2/3rds.

H. Lender Approval

Keith Crichton, 762-C, asked if we could amend them to delete the requirements of getting lender approval? *Mark* responded that the Board is planning on getting lender approval for this new document.

I. Amended Declaration Vote

Bill asked for everyone's support. *Sue Howland, 749 3-C*, made a motion that we not accept the Declaration as written until they are corrected (decking and the dog issue). *Joe Oliver, 737-D*, seconded the motion. *Bill* opened the floor for discussion. He stated that since they were simple changes, pen and ink, anyone could come up and witness that those would be the only changes made. He explained that waiting for the changes to be produced in a new document would require another delay and another attempt to try to get all of the people in the room that needed to be in the room at the same time. *Jim Powell, 746-B*, stated that he couldn't take the time to read through all of this and felt that the Board had done a lot of work and had read through everything. He thought that if we didn't pass this now, we're going to mess with this for another year and pay more legal fees. He thought the changes were really simple and we should just do it. *Judy Lotspeich, 742-C*, offered that we could vote "yes" with the two changes in the typing. *Bill* stated that there was a motion to approve the Amended Declaration with the two pending changes. *Mark* clarified what they were talking about, referring to the Amended Declaration copy, on Page 14, Section 4.8, entitled Pets, at the end of the 8th line, they would be deleting the words to the end of the sentence, "and no animal in excess of 60 lbs is allowed." That would be deleted. And on Page 26, Section 9.4, three lines from the bottom of that paragraph in that section, between the words "patios" and "porches," they were going to insert the word "and" and following the word "porches," they were going to delete "and decks." Those were the two changes talked about. Someone asked if this affected railings? *Bill* responded that this doesn't affect railings and it doesn't change how we've been doing business. It is just removing the "deck" words so that there isn't any confusion that we are doing it differently. Since there were two motions called for, a vote needed to be taken on both. The first one was made by *Sue Howland, 749 3-C* and seconded by *Joe Oliver, 737-D*, which was that we not accept the Declaration as written until they are corrected. The motion received seven yes votes, therefore, the motion failed. *Joan Reid, 722-C*, made a motion to vote on the Declaration as amended. *Judy Lotspeich, 742-C*, seconded the motion. *Bill* reiterated that they were asking for our consent to accept the Amended Declaration, which had been amended with two small "pen and ink" changes. A floor vote was taken. There were seven (7) "no" votes and one (1) abstaining vote. The remaining votes were "yes" votes. Since there were a total of one-hundred and twenty-five (125) homeowners present or represented by proxies, the Amended Declaration passed with one-hundred and seventeen (117) yes votes.

VI. OLD BUSINESS

A. Emergency Preparedness

Robert Martin, 730-A, stated that last year and early this year, we had an emergency and he tried to get information on the power outage and was bounced around by XCEL, which was annoying. *Bill* responded that this winter we had three back-to-back power outages which raised a red flag for the Board in a number of issues and what-ifs. The first of which was, what are the HOA's procedures so that when there's an emergency

situation the Staff will respond appropriately? The second thing they found was that we didn't have the equipment to solve outage problems. We couldn't heat any of the buildings or fragile equipment, we couldn't heat the boiler areas where the pipes were freezing. So, they purchased a lot of small propane cylinder portable heaters. These could be put in spaces that were considered first priority to try maintain enough warmth to keep the pipes from bursting. There were elevator and back-up lights failures in 749. *Bill* related that the greatest issue among the Board was Emergency Preparedness. *Ann Schleve, 755-A*, wanted to publicly thank Norm for saving the pipes during the power outages. She thought that he did a great job. *Bill* added that we did have a lot of broken pipes and it wasn't an easy thing. And that he had lost a Unit with broken pipes years ago.

1. The Case For Purchasing Generators

Bill presented his view, that we do need back-up power in some specific areas to be able to provide the basic facility protection and shelter that would be needed. There are three buildings that they've talked about providing back-up power (permanently connected natural gas fired, which turns on automatically when the power goes off). 1) The Clubhouse, because there is a large meeting area and has a kitchen space and restrooms for emergency cooking. We could run the internet, run the computers, do a lot of things when everything else is dead. 2) The pool building, because that's the HOA's largest equipment asset and our biggest investment. It also is a great emergency facility in that it has restrooms, a shower area and water supply. 3) Building 749, because it had the elevator problem and a large number of interior stairways and dark hallways, and a large potential shelter. The Board looked at the size of the facilities and obtained bids on what it would cost to wire the three buildings so that they could have an emergency generator hooked up to them quickly through a special panel. The wiring amounted to somewhere between \$1500 and \$2500 each. A relatively small generator in the Clubhouse would cost under \$2,000. A larger unit for the pool building estimated probably in the \$10,000-\$12,000 category. For Building 749, to keep the central heating system running, to run the boilers, the pumps, the electronics, the light circuits and elevators was about \$8,000-\$10,000. They looked at what it would cost to equip the elevator so that it operated automatically, which was estimated at \$8,000-\$9,000. *Bill* stated that we have to protect investments that we've made **in addition** to providing shelter. He explained that we could suffer losses through freeze damage that would cause a change of our loss history causing our insurance premiums to go up. *Bill* related that based upon his instincts, his training, and what he saw here that particular week, he believes it's worth making some sort of investment to provide a shelter and emergency operations capacity within the HOA. He said that it would be a maximum of \$25,000 for all three building and, as little as, \$3,000 investment for the Clubhouse alone.

2. The Case Against Purchasing Generators

Bob See, 731-B, asked if the HOA should spend approximately \$25,000 for back-up generators to provide electricity to the pool equipment, the Clubhouse and Building 749? He questioned what our vulnerability really was here? He stated that it seems like a power failure of significant duration, greater than twenty-four (24) hours, would be a vulnerability. *Bob* thought that it is probably highly unlikely, since to his knowledge it had never happened since Lagoon was built. A couple of things to consider here, aside

from initial expenditures, would be that the generators have to have preventative maintenance performed on a regular basis, and there has to be periodic testing. The hook-ups may be more complex than what they are anticipating at this point in time. He thought reliability might be an issue should a back-up be required. And we don't know when if ever, the need would arise. *Bob* stated that with the back-up being insurance, preventative maintenance would insure light bulbs and heating systems are working properly and would help to mitigate the situation. His concern is that the complex is aging and each year we are faced with increasing needs for funds to address repairs and replacements of general common elements. He thought it also minimizes the need for dues increases. *Bob* related that XCEL has identified the problems that caused the outages this winter and have said that they have taken steps to deal with future such outages. The need for providing back-up electricity for the Clubhouse, pool buildings and 749, based on significant power failure, is probably unlikely to ever occur. He thought that a better use could be made for these funds, subject to perhaps scaling down the total \$25,000 expenditure.

3. Homeowner Discussion

Gil Malmgren, 743-A, stated that he strongly favored the back-up system. *Sylvia Rimmington, 732-B*, asked if the Board had a plan that says if we go without power for x number of hours, that we actually go through all the buildings and shut down the water and drain all the pipes so there'd be no frozen pipes? *Bill* responded that the Board is working on it and had done a preliminary response checklist after the power outages. *Sylvia Rimmington, 732-B*, offered that that might be something needed. If you've got back-up generators in just three buildings, it doesn't do anything for the other buildings who don't have it. *Bill* responded that this plan was intended to protect the asset and to give you a place where you were able to function, while the staff is doing the other things that need to be done. Someone asked if the Town of Frisco had a plan for emergencies such as that so that we would have a place to congregate whether we live in a condominium or a single-family dwelling? *Bill* responded that they didn't. So, there is need for some level of self sufficiency. *Robert Howland, 749-3C*, questioned whether or not we should have generators in the three (3) buildings. He thought that first of all, that for any elevator, there's a way of manually opening the doors between floors. You can crawl out on one floor or the other and you don't need electricity to do that. He stated that he's seen issues with generators and the maintenance they need. *Norm Romero, Property Manager*, responded that the problem is to manually open the elevator you have to be outside of it. You can't access it from inside the elevator. *Robert Howland, 749-3C*, replied that you're going to have to have procedures for power failure. One of those procedures should be that someone goes inside 749 and opens that door. *Bill* indicated that he wanted to differentiate between shelter and protecting our assets. The Clubhouse is not noteworthy for anything out of the norm, except for the ability to run the internet and to have connection to the web here. We could shelter an awful lot of people here. The pool building is part shelter and part protecting the assets. When the Board looked at protecting 749, it's because that garage is an emergency shelter. It has capacity for other Owners, not just for the Owners of 749 themselves. So, each building has a different profile and different characteristics. *Someone* asked if there was any possibility of solar power? *Bill* responded that he had looked into solar a couple of months ago and the federal and state credits and the way that XCEL's program works, is that you sell into the

grid and you take out of the grid. But you don't have your own storage system. Under their contracts today you are the producer and they are the consumer. So it doesn't work. *Judy Lotspeich, 742-C*, asked whether the Board had a printed list of people who are permanent residents, which she thought was important to have if we printed a list of which Units have the shut offs for the water for each Unit. She said that she knows how to shut off the water for her whole building, because it's in her Unit. She wondered if other people who live here knew how to shut off the water to a whole building? She asked if the Board could print something out that shows where they are located. Photos of the shut offs would be helpful. *Bill* responded that the CERT program and Ready Colorado will teach you how to shut off your own power and your own water. He said that the Staff knows where the lead shut-off's are for the entire building. Each one of the Owners should know where the shut-off is for their Unit. *Bill* said that they could do photographs with circles on it indicating the shut-off valves. He thought that it was just the basics, whether you are here all the time or not, everyone needs to know where the shut-offs are. *Thomas Carter, 727-G*, asked if the pipes automatically back drain when you shut off the water? *Bill* responded that they don't but that it does limit the amount of water damage if you do get a break. *Paula Arnold, 722-F*, stated that it seemed to her that *Bill* differentiated between inconvenience and repairs, like the pool area, for which we have insurance versus a tragedy where somebody gets cold. She wanted to have some heat, as well as a place to cook and to eat, have access to a shower and bathrooms. She thought that the Clubhouse and Pool Building would accommodate everybody who's here and the Clubhouse would be the cheapest fix. She thought we could do something for the Clubhouse this year and maybe phase the others ones in. *Bill* replied that his own personal prioritization was the Clubhouse first because it costs \$3,500 - \$4,000 to provide the shelter. His second priority was the pool building and his third priority was 749. *Harvey Heastan, 749-3D*, asked if any of those numbers were in this year's budget? *Bill* replied that the answer was yes and no. He explained that on the chart that they saw for the budget, there wasn't a line item there that said \$10,000 for back-up power. However, they had a \$10,000 contingency in that budget, which would cover the cost for the Clubhouse easily. *Keith Crichton, 762-C*, asked if the Owners could get a total dollars breakdown between the three (3) buildings? *Bill* replied that his best guess in looking at the cost of putting the right sized panel for the Unit that we have, we're looking at \$3,500 - \$4,000 for the Clubhouse. We're looking at probably \$11,000 - 12,000 for the pool building. And we're looking at the same number for Building 749.

A motion was made to protect the Clubhouse building. *Bill* asked how many people would support doing the back-up for the Clubhouse and how many were against it. It was two (2) to one (1) for doing the Clubhouse building. He asked how many would support doing the pool building (operations and shelter) as the only building to be done and how many opposed doing that? A small majority supported back-up power for the pool building. *Bill* also thought that we might be able to combine two buildings using one generator for both and save a little bit (about \$14,000). He asked how many would support doing both the Clubhouse and the pool building and how many were against doing both? *Bill* estimated that there were more people wanting to do that but there was a significant number against it. He thanked everyone for their input and said he'd take that information to the new Board and let them work with that.

B. 2009 Board Actions

Judy Lotspeich, 742-C, made a motion to approve and ratify all Board Actions since 2009. *Donna Steeves, 742-E*, seconded, the vote was unanimous and the motion was carried.

C. Unit 701 Update

Sue Gunn, 703-A, explained that she is going to keep the duplex on the market and do some vacation rentals over the next week. The triplex is going to be put on hold until the economy improves as there are no banks loaning money on spec-housing anywhere and she has no way of proceeding at this time. *Pat Oliver, 737-D*, stated that there was an agreement where that property was not going to be developed until the economy was better and was going to have some type of landscaping even if it was just putting it back to the natural habitat. She stated that she knew that a real effort was made last year. Unfortunately, even though seed was spread out and then watered two or three times a day, nothing took. She just wondered what the plans were for this year? Sue replied that at this point there are no plans to do any additional seeding this year as it wasn't seeded to begin with. She said it didn't make any sense, financially, to put a lot of money into landscaping when maybe next Spring, we're just going to be tearing it up. But, she said if there's anything that she can do to help beautify, that isn't a large expense, she would be more than willing to do so. *Bill* added that the Board was aware of the issue, the options and have already talked about getting on it at the next Board Meeting. *Sylvia Rimmington, 732-B*, was concerned with the possibility of noisy big parties there. She if there were going to be some constraints in place so there won't be giant parties held again? Sue replied that she would not rent to more than twelve (12) people at a time and won't rent to college students. Someone asked who was currently making association payments for those Units? Would they start paying if the Units are going to be rented? *Bill* explained that the original agreement the Board had with Sue was when she got "beneficial occupancy," the dues would start accruing. Sue said she has paid those dues continually since the start of construction because it was considered the original Unit. On the second Unit, the dues have not started because it hasn't had "beneficial occupancy" and as it is not yet a Unit that can be occupied. At the point in time in which she would be attempting to rent it, it has to be finished, must have an occupancy certificate and then at that point the dues kick back in. Sue said she will be finishing that Unit this summer.

D. Internet Service

Sue Gunn, 701, explained that she had sent out proposal information on the internet service via a group email. *Bill* explained that last year we had discussed the need for wireless. Everybody is fighting to try to get on the Clubhouse's wireless system. So, the Board took the time to go out and get three (3) different bids. Comcast for wireless access, Resort Internet, and Meraki/Gray Matter for a stand-alone system. Sue went on to explain that there had been some questions as to the hosting of a number of persons and whether or not it would get overloaded. Sue thought that there were lots of solutions to that. Comcast can double the two (2) lines into one (1) to cover any kind of downtime if you should be on a wireless program. Resort Internet is basically a reseller and work with a lot of condominiums and associations and so on. Their installation fee is fairly low (\$1,710) and the service fee for two (2) computers per month is \$20.95. Comcast is \$24.99. If the HOA were to do it ourselves (Meraki/Gray Matter), we could charge

whatever we wanted to. In other words, we would be the owner of the internet service that would be provided by an outside company that does this kind of thing for thousands of small complexes, like our HOA. The HOA would be able to basically charge whatever the Board wanted to. There is an upfront fee of \$22,500 and then down the road it would actually be a revenue source for the HOA. *Sylvia Rimmington, 732-B*, asked if the installation fee (\$1,710) for Resort Internet was for the whole complex and if that cost come out of our dues? Sue affirmed that it was. *Bill* wondered whether or not they should obligate every homeowner, probably causing a dues increase, in order to have some of the owners, who are full-time residents, to have wireless internet provided for them versus purchasing it on their own. *Jim Powell, 746-D*, wanted to make sure he understood correctly, that we'd get the Comcast deal for \$24.99 only if everyone in the complex was in. Both *Sue* and *Bill* affirmed that was correct and that there would be only one bill for the entire complex. *Joe Oliver, 737-D*, stated that he went over to Comcast and he asked about internet service and what it would cost. He said that Comcast has a promotional deal of \$35 a month and if you're part-time you could turn the service off and on. *John Reid, 740-A*, stated that for the last eight (8) years he comes up mainly in the winter and orders Comcast. He said he gets hooked up to the internet service and then three (3) or four (4) months later, he gives all the stuff back and Comcast shuts the service off. *Bill* said that if that was the case, then we've solved the problem and everyone can do it on their own. He felt that we didn't need to burden the HOA with a large monthly obligation for a three (3) year contract. *Keith Crichton, 762-C*, submitted that there is a fourth option to just get a modem from your cell phone service for your laptop to connect to wireless. *Paula Arnold, 722-F*, offered that she had gotten a DSL modem from Qwest for \$26 a month and she has an air card as well. *Bill* asked how many people would support the idea of making a decision that obligates one-hundred and seventy-two (172) Units as a group. No one raised their hands. *Bill* asked how many people would support the \$20,000 investment in our an HOA owned system. This option did not have a majority vote. He thanked everyone for their feedback and Sue for her comments, and stated that internet access would remain an individual owner responsibility.

F. Landscaping and Denver Water Board Land

Bill mentioned that to his knowledge there hadn't been anything meaningful that had happened with the Denver Water Board during this calendar year. He related that the Staff had done a great job of redoing and maintaining the fence back in that area. *Bill* stated that established a very good cooperative relationship with the school board and have made a little bit of progress. The School decided not to build the road (Anise Rd) that we fought over for a year because it took too much money and wasn't well thought out after they dug half the hole to put it in. The HOA did some natural landscaping to get rid of some of the eyesore there but not as much as they would have liked. But it seems to be better. *Jim White, 723-C*, pointed out that there was still a big pile of stones and rocks and junk at one point that we looked right at. *Bill* said that the Board would bring it up with the school district the next time they talked with them.

VIII. ELECTION OF DIRECTORS

Bill explained that there were three (3) vacancies on the Board this year. One which was created by his own term expiring, one created by Sue Gunn's term expiring, and one created by Zlatko

Rauker, 755-D, who resigned last November. Both Sue and Bill were seeking reelection. *Jim White, 723-C*, had expressed interest on serving on one of the positions on the Board. *Bill* shared that Jim has served the last three (3) years on the HOA's Architectural Review Committee, particularly through the tough times they had negotiating all of the details in design and materials and excavation. *Bill* thought that Jim had been very rational, made great contributions, made good common sense in meetings. Jim is a software engineer by training and has a BS in Physics. He has been involved in the computer industry for twenty-nine (29) years and was a supervisor with over one-hundred (100) people reporting into him. He's been involved in start-ups and other activities. Jim's been an Owner at Lagoon for seventeen (17) years. *Bill* nominated *Jim White, 723-C*, and *Sue Gunn, 703-A* seconded the motion. *Bill* asked for nominations from the floor. There were none, so *Bill* closed the nominations. There was one write-in vote for Hughie Roberts. *Bill* explained that since there were three (3) vacancies and only three (3) people running, we could vote via unanimous consent. *Keith Crichton, 762-C*, made a motion to elect by unanimous consent the three (3) people running for the Board vacancies. *Judy Lotspeich, 742-C*, seconded the motion. There was unanimous consent by the Owners present and the motion carried.

Bill pointed out that we added Michele Regis, 723-B, to the Board last year. He wanted to point her out in particular because she was new to the Board but had worked very hard with regard to redoing all of the HOA's insurances, re-negotiating all of our premiums, getting the flood insurance issues dealt with, which we have avoided tackling in the past. And she has really made some significant contributions to the Board as a Board Member this last year.

VII. NEW BUSINESS (Open Forum)

A. Resetting the Wireless Modem

Sylvia Rimmington, 732-B, stated she agreed with *Bill* that during the winter, between Friday and Sunday, the wireless locks up. She thought that now that we have the key card to get into the Clubhouse, if we knew how to reset it, we could do that so that it works again. She asked if there were any objections to that? *Bill* responded that this would be good because he's the one that usually gets the phone calls on the week-end, to come over and reset it. But, resetting would not involve moving any of the antennas. Basically, you pull the plug, count to thirty (30), and plug it back in again. *Jim White, 723-C*, suggested putting a timer on the power cord so that at 2 a.m. it resets itself after five (5) minutes.

B. Exercise Room

Bill asked Norm to put an automatic door-closer on the Exercise Room door, so that we can maintain security as this room should only be accessed by those people who have signed the release and filed it with the office. There's a limitation on age and as Owners you have a responsibility if you have renters to get them to come in and sign the waiver before they go in. *Bill* recognized Norm for getting "first-class" exercise equipment pretty cheap from Copper Mountain, when they renovated their center at "fire sale" prices.

C. Tiger Gas Contract

Bill recognized Norm for getting the contract with Tiger Gas, a wholesaler of natural gas, for our biggest consumer, the pool building and Building 749, which we modified as needed so that we could do a wholesale contract on the Building. Norm saved the HOA \$1500 - \$1800 a year just by his initiative.

D. Railings and Decks

Suzy Grazi, 758-A, wanted to know for those who have not yet had all of their railings replaced, when that would happen? She was told it would happen by last March. *Bill* responded that the Board looked at serviceability, what can people see, and are they unsafe? The railings were still serviceable last year which is why they weren't replaced. *Suzy* wanted to clarify that as an Owner, she can put in new decks-that look new and that's the Owner's expense. But if the Board decides, even if our old railings look poorly, that they are still functional, then there's nothing we can do about it until the HOA makes that decision. *Bill* stated that if you wanted to pay for the railings yourself then you could do that. Other than that it is based on need and prioritization. *Bill* stated that we had a lot of problems from Lagoon North, not just with the Wind Walls but also with pavements that are heating and sinking. The Board has done walk-through's and identified those that need help. The new Board is going to review the fifteen (15) year Long-Term Maintenance Plan, that will require going in and looking at any plans (e.g., regrouping plans, asphalt plans, TREX plans, etc.). We will do the evaluation prioritization part of that.

E. Pool Hours

Someone asked if there was any way we could open the pool earlier in the Summer? *Bill* suggested that we can open the pool at 8 a.m. instead of 9 a.m. *Bill* encouraged Owners to report unaccompanied children in the pool area. He said we have had all sorts of damage to the hot tub, things that come up missing and tables that are broken. *Bill* asked that if Owners happen to see anyone in the hot tubs with glass containers or alcohol, they should call the Staff number. Someone asked what the situation was with unauthorized people using the pool? They said that they've been over at the pool late in the evening and at least on one occasion, there was a group of ten (10) people that they were almost sure shouldn't have been in there. They also asked what they should do if they saw them in there? *Bill* said that when we went to the electronic key system, the Scan Card system, there was a massive change in the amount of people whom have access to our amenities. If somebody is knocking on the door, have them call the office number. We pay one of our staff members extra to live in Lagoon, so he can respond to those types of issues.

IX. SET NEXT MEETING DATE

Sue Gunn, 703-A, made a motion to set the next Annual Meeting on **Saturday, June 11, 2011 at 3:00 p.m.** The motion was seconded. The vote was unanimous in favor.

X. ADJOURNMENT

Judy Lotspeich, 742-C, made a motion to adjourn the meeting at 6:35 p.m. *Harvey Heastan, 749-3D*, seconded and passed by unanimous vote.

Approved By: _____ Date: _____