

Pagosa Lakes Property Owners Association, Inc.

2007 Annual Meeting Minutes

Saturday, July 28, 2007

Pagosa Lakes Community Center Building

230A Port Avenue

Association Board President Gary Gray called the 2007 Annual Meeting to order at 10:05 A.M. In addition to Director Gray, other board members present were Directors Hugh Bundy, Fred Ebeling, Pat Payne, Ken Bailey, Alan Schutz, and Fred Uehling. Also present were: DPE Manager Larry Lynch, DPE staff, DCC Manager Margaret Gallegos, DCC staff, Accountant Don Arries, Accounting Technician Eva Iwicki, Recreation Center Manager Ming Steen, property owners, and Parliamentarian Ron Clodfelter

MEETING OPENING

Board President Gary Gray called the meeting to order and closed the balloting. Board President Gray welcomed the property owners in attendance and Deacon Roger Behr gave the invocation. The Pledge of Allegiance followed.

President Gray asked for all veterans to gather around the microphone and lead the audience in the Pledge of Allegiance. President Gray thanked the property owners in attendance for taking the time to attend the meeting. He emphasized that all the property owners are bound by a common thread in concern for the association, for their homes within the association and our style of living in paradise. Increased pressures and demands have been placed on the association with continued growth. The subdivisions that make up PLPOA attract a diverse population with different ideas of what the area should be. He stated that it is imperative to look down the road to see the direction the association should take in the years to come. The financial ground is in very good shape. A professional reserve study was made that declared the association's reserve system healthy and in a very strong position. He explained that a reserve system is established to provide for scheduled replacement of assets and also to prepare for unexpected problems that arise that could lead to special assessments if the reserves were not in place. Earlier this year Walt Lukasik, the general manager, left the PLPOA after seven years. A search committee has been set up consisting of Directors Gray, Bundy, Bailey, Uehling, and former PLPOA Board of Directors President Bohl. Eighty-four applications were received. Interviews have been held and a selection should be made shortly. President Gray gave a special commendation to Gloria Petsch, Administrative Assistant, who was named Interim General Manager. Also thanks to Don Arries, Comptroller, who has assisted the search committee. The association has been a "Good Neighbor". We have increased our contacts with the county, the town, and with various agencies. We have supported the hospital with a \$5,000.00 donation, which will be given annually for five years and have been an integral part of the watershed study. He feels that we will continue to be a "Good Neighbor" and will be receiving the attention we deserve to

maximize the benefit and use of our tax dollars. He announced that there would be an orientation meeting in September for not just new but all association members. Each department will explain what the goals and objectives are for the year. The annual meeting, he emphasized, is an owner's meeting not a board meeting.

Board President Gray introduced Parliamentarian Dr. Ron Clodfelter. Dr. Clodfelter said that he appreciated the appointment. He said he usually doesn't have an opportunity to do much intervention but mentioned that he has known Fred Ebeling since 1974. He reiterated that the "Notice and Call" for the meeting today was to elect officers and to accept motions from the floor on agenda items. Resolutions can be presented but must be acted on at the next regular board meeting. Decorum in the meeting must be observed.

Board President Gray introduced the PLPOA Board of Directors: Hugh Bundy, Vice-President; Fred Uehling, Treasurer; Pat Payne, Secretary; Ken Bailey, Fred Ebeling, and Alan Schutz, Directors. Election of new officers will take place at the conclusion of the annual meeting.

QUORUM VERIFICATION

PLPOA Secretary Pat Payne verified the quorum. She stated that the Bylaws of the Association require at least one hundred (100) voting members either in person or by write-in for a quorum with at least twenty-five owners physically present. Secretary Payne said the tally showed 1,136 members voted in person or by write-in ballot and tally at sign-in showed fifty-three (53) voting members present thereby establishing a quorum. The number required for a simple majority vote would be 50% plus one or twenty-seven (27) and the number required for a two-thirds +1 vote would be thirty-six (36). She then read the "Notice and Call". The purpose of the meeting is to: elect three (3) members to fill regular vacancies on the PLPOA Board of Directors for three-year terms, to vote on a proposed bylaw amendment to allow Directors to vote by directed proxy, to hear reports from the Board and its standing committees, and to consider other business as it may be presented by members of the Association. She then introduced the only candidate, Hugh Bundy, who has been an active board member and has been elected to another three-year term.

APPROVAL OF THE AGENDA

MOVED AND SECONDED TO ADOPT THE AGENDA AS SUBMITTED.

MOTION CARRIED.

APPROVAL OF ANNUAL MEETING MINUTES – 2006

MOVED AND SECONDED TO APPROVE THE ANNUAL MEETING MINUTES OF JULY 29, 2006 AS SUBMITTED.

MOTION CARRIED.

TREASURER'S REPORT

The Association's financial report (Operating funds, Settlement funds, Parks and Trails funds, Recreational Amenities funds, and Reserve funds) was presented by Comptroller Don Arries. A reserve study has been completed, and an inventory is conducted annually for association items valued over \$500.00 (see attached copy). The treasurer's report was presented. Copies of the report are available for property owners.

MOVED AND SECONDED THAT ANY YEAR 2007 ENDING FUND BALANCE IN THE OPERATING ACCOUNT SHALL BE CREDITED TO THE YEAR 2008 BUDGET FOR THE PURPOSE OF DETERMINING YEAR 2008 ASSESSMENTS.

MOTION CARRIED.

PUBLIC COMMENTS

President Gray reiterated that no Board action can be taken on the public comments but that all comments will be taken under advisement. He informed the members that information and concerns can be brought to any board meeting, and that board members can be approached at any time. Complaints, feedback, and concerns can also be directed to the office or to the general manager. Property owners should state their name and address, and comments should be limited to three minutes to allow time for all property owners to speak.

Bill Riggs – Pines – Mr. Riggs expressed concerns about the fishing regulations on Lake Hatcher. He felt that all property owners should have equal rights on all lakes and with no fishing restrictions as it was when his property was purchased. He responded to the fishing survey when the current regulations were proposed and received no response. He objects to restricting fishing methods on Lake Hatcher to flies and spinners only. Lake Hatcher has been his favorite area for over thirty years and he thinks that all types of fishing methods should still be available on the lake.

Discussion:

Kerry Edwards – As conservation officer on the lakes he said he has seen an increase in the quality of fishing on Lake Hatcher. He felt that goals had been achieved - specifically decreasing the number of dead fish on the lake from fish that had been caught with bait and then released. In addition, the number of people fishing on Hatcher Lake has increased. The vast majority of fishermen that he had talked with are in favor of the new regulations. He also stated that he has seen people in wheelchairs fly-fishing from the dock at Lake Hatcher, and catching lots of fish.

Scott Maxwell – Chairman, Lakes and Fisheries Committee. Scott explained that the changes in restrictions were looked at carefully as a way to improve the quality of the fishery. A survey was included in the PLPOA newsletter with about 1,500 responses

with three-quarters of the responders in favor of the restrictions. He reminded property owners that there are three other lakes which do allow bait fishing.

President Gray mentioned that handicapped access points could be increased, and exceptions for handicapped individuals might be considered. Exceptions to the rules for children currently exist at Lake Hatcher.

RESOLUTION: Mr. Riggs moved that the following resolution be forwarded to the PLPOA Board of Directors: Be it resolved that the PLPOA Board of Directors consider removing fishing restrictions concerning the type of bait to be used on Lake Hatcher and also to address ice fishing rules. Seconded. Voting was accomplished with property owners only standing - in favor – 22; opposed -11. Motion passed. The motion will be forwarded to the PLPOA Board of Directors for consideration.

Jim Carson – Lakewood Village. Mr. Carson mentioned that he served on the Lakes and Fisheries Committee and the two areas that were the most troublesome were children and ice fishing. He stated that he has not read the fishing information pamphlet, however, he felt there might be something left out leading to the misunderstanding.

Scott Maxwell – Lakes and Fisheries Committee. Scott read from the fishing brochure clarifying that children 12 and under can use baited hooks, and that the baited hook rule is lifted during the ice fishing season for all anglers.

Don Lundergan – Lake Forest Estates. Mr. Lundergan questioned how many owners actually fish and can the number be tabulated. President Gray replied that the number could be found in the number of licenses issued. He stated that the sales value of our homes is affected by the amenities we have within the association regardless of the percentage of homeowners that take advantage of the amenities.

Al Bledsoe – President of the Ranch Community Property Owners Association. Mr. Bledsoe suggested that the heads of the various associations within Pagosa Lakes get together periodically to talk about common issues. President Gray stated that he has previously spoken to General Manager Lukasik regarding this idea and perhaps two members from each sub-association meet as a “General Assembly” to discuss common problems. This would be a good way to get information and share ideas. Director Ebeling said that all property owners as well as sub-association Board members are welcome at any and all PLPOA Board of Directors meetings to present their thoughts and ideas to the Board.

Ray Finney – Lake Pagosa Park. Mr. Finney said that he noticed that there was \$200,000 in the Parks and Trails budget and he suggested that a walking trail parallel to Piedra Road between Cloud Cap and Aspenglow would be an improvement in safety and convenience. President Gray said there is an ongoing study and a list of priorities established for continuation of the pathway system. Safety concerns over the dams at North Village Lake and Lake Forest initiated a study into possible sidewalks and curbing where the road narrows and bottlenecks occur. We are hamstrung as the property owners

limited any expenditure to \$99,999.00 for any capital expenditure. Mr. Finney suggested that the trail be divided into several parts. Director Bailey informed Mr. Finney that the Association recently purchased land on Lake Pagosa and that a trail through that area to better enable access to Lake Pagosa would be a great addition to Pagosa Lakes. Director Uehling said that future projects needed to be prioritized and budgeted.

Robin Schiro – County Commissioner and resident of Lake Forest Estates. Ms. Schiro reminded the Board that County sidewalk fund and Trails Plan monies are available through the county. She further stated that to her knowledge PLPOA is the only Association that has requested and received some of these funds. President Gray applauded the plan that the county and town have put together with additional monies from grants, which will eventually lead trails from town to Pagosa Lakes. Ms. Schiro also mentioned that every two years a grant is available through CDOT for trails built within a certain distance from the highway.

Marsha Ween – Ms. Ween has been a resident since 1987 and moved here because of the beauty of the area. She feels that the current regulations are ineffective, as witnessed by the dump next door and across the street. There are homes in any level of disarray from high weeds, inoperable vehicles, and trash. Teeth need to be put into the rules and regulations so that property values are maintained.

Discussion:

Mojie Adler – Meadows IV. Ms. Adler pointed out that the property owners of each of the twenty-six separate subdivisions are the only ones that are able to change their own Declaration of Restrictions. The Board of Directors can't change the Declarations.

Fred Ebeling – Lake Pagosa Park. Director Ebeling read from the Master Declarations, Section 7 S – “No trash, ashes, garbage or other refuse shall be dumped or stored or accumulated on any lot or be thrown into or left on the shoreline of any waterway in the subdivision.” The problem becomes one of “in the eye of the beholder”, i.e., what is “other refuse”?

Joyce Beaudry – Vista. Ms. Beaudry felt that Marsha was asking for additional clarification and perhaps defining these terms to find a way to enforce the Declaration of Restrictions and the Rules and Regulations.

President Gray stated that in the past, if a fine had been levied and the property owner came into compliance, then the levied fine was waived. He felt that the Board has perhaps aided and abetted the situation. The idea was to give property owners every opportunity to become compliant, but property owners were disregarding the process knowing that they would not have to pay the fines. In addition, there were costs to the Association with frequent inspections. The process itself was set to protect owner's rights with a first notice, second notice and possible referral to the ECC and/or hearing panel. The process could take as long as two to three months. The complaining party has a right to ask what has happened. The Board has said “no more” and is upholding fines

and looking into streamlining the process. They are also looking at increasing fines for repeat offenders. He stated that the process will continue to be refined and readdressed.

Rich Beaudry – Vista. Mr. Beaudry stated that as far as the Declarations are concerned Mojie Adler was correct, however, the PLPOA Board of Directors can and does have the responsibility to change the Neighborhood Rules and Regulations. The Rules and Regulations implement the Declarations and assess the fines.

Ray Finney withdrew the second; Ms. Ween withdrew the motion so that the resolution could be redefined.

RESOLUTION: Ms. Ween moved that the following resolution be forwarded to the PLPOA Board of Directors: Be it resolved that PLPOA Board of Directors consider reevaluating and changing the Neighborhood Rules and Regulations pertaining to how properties are maintained so that citations can be issued and enforced to keep property appearances and thus property values up. Motion seconded. Motion carried by voice vote.

Marge Pantzar – Twincreek Village. Ms. Pantzar would like to commend the President for work done regarding postal boxes in the past, and would request that more work be done, that there are no pullouts and no cement bases on the mailboxes in Twincreek Village.

President Gray stated that the postal boxes are owned and assigned by the USPS. Even if the Association paid to purchase and install cluster boxes, the USPS assigns them, and has assigned them by address in the past with and some addresses being vacant. He further stated that the Association is continuing to work to correct deficiencies with regards to cluster boxes.

Joyce Beaudry – Vista. Ms. Beaudry wishes to commend the Board and ECC committee members and all committee members for what they do. These are volunteer positions and do not receive enough credit for what they do. Mrs. Beaudry stated that they have attended Board meetings at which they were the only property owners present. Property owners need to have more input and stand up for what they want. They need to voice their opinions and attend the meetings. If Property owners do not like the system they need to work to change it and not just complain.

Parliamentarian – Neil Townsend of the Upper San Juan Hospital District would like Dr. Clodfelter to let the Board know how much they appreciate the Associations' contributions over the next five years.

Roger Behr – Highlands. In order to improve areas around the lakes, he suggested putting in gazebos and picnic areas for everyone's enjoyment.

RESOLUTION: Mr. Behr moved that the following resolution be forwarded to the PLPOA Board of Directors: Be it resolved that the PLPOA Board of Directors consider

placing gazebos and picnic areas at the various lakes. Motion seconded. Motion carried by voice vote.

Public comments were closed and President thanked the property owners for their comments and suggestions.

COMMITTEE REPORTS

Recreational Amenities – Ming Steen, Recreation Center Manager for twenty years, presented the report. The facility was built in 1987 to provide a place for property owners to recreate. Over 120,000 members use the facility annually which equates to an average of 350 users per day, with up to 500 users per day during the summer months. Property owners were unhappy with physical crowding, delays at the front desk, swim lanes, parking spaces, and lack of accessibility to the staff. The sale of fishing permits for timeshare owners has been transferred to the staff at Wyndham activity center. This eliminated a bottleneck at the front desk. Also, the summer swim lessons were scheduled for June and August, freeing up the facility during the busy month of July. The main pool and the children's wading pool were resurfaced with a fiberglass surface. Chlorine, acid, and algaecide use has diminished with the new surface. A portable third filter was added to the pool and is used when there is a heavy bather load. The Pagosa Lakes Porpoise Swim Club, sponsored by PLPOA, has hired a second swim coach to help with the 42 little people on the team. An automatic external defibrillator was purchased through a grant and has been installed. This allows staff to respond immediately before EMT's arrive. Recreation center staff has received training in the use of the defibrillator and CPR training. The new landscaping has a wide variety of low moisture-loving plants. With all these changes, customer satisfaction is at an all-time high. Manager Steen thanked Larry Lynch (Department of Property and Environment Manager) and his staff, Joseph Rivas, Jerry Heber, Dave Kenyon, and Matt Heber. Ming also thanked her staff, Harry Roth, Todd Ormonde, Mia Frank and her part time summer workers who continue to provide a welcoming, pleasant, affordable place for the property owners' recreational needs.

Lakes, Fisheries and Parks Committee – Scott Maxwell, Chairman, stated that the committee was established in 1992 when the lakes were deeded to the Association by Fairfield. The committee is a standing committee, which acts as an advisory group to the PLPOA Board of Directors on issues dealing with lakes, fisheries, parks and trails. There are currently eight property owners serving on the committee. New rules and regulations established for Lake Hatcher were approved last fall by the PLPOA Board of Directors based on recommendations from the committee. The object was to improve fisheries, to keep quality fish in the lake and to enhance the fishing experience. Artificial flies and lures are the only bait allowed (with the exception of children under age 12) and to reduce the daily bag limit to one trout or bass per day. Yellow perch have no limits, and the no bait rule is lifted during the ice fishing season. The no bait rule also allows the fish to be unhooked without damage that might be incurred from the fish swallowing a baited hook. The quality of the trout and bass should improve providing exciting fishing

with increased size fish. The larger fish would also eat the yellow perch that are overpopulating the lake. In addition, larger fish could be stocked in the other three lakes by eliminating the need to stock larger fish at Lake Hatcher. Positive results are being seen already with two to four years for final results. Another regulation in effect is watercraft registration which mandates that all watercraft be registered before floating on the lakes. This registration requirement addressed safety and liability issues. This procedure will also help the Association track missing boats and regulate boat storage. Revenue from the registrations will go back into boat-related improvements, i.e. boat ramps and docks. Additional paved trails have been considered: at Beaver Circle heading north on Lake Forest and connecting to N. Pagosa Boulevard in the future, extending the paved N. Pagosa Boulevard trail north, and the paved Park Avenue trail to the east. The committee also recommended the purchase of the lot on Piedra Road for fishing access and property owner use with a gazebo located on the property.

Ad Hoc Lake Committee - Larry Lynch, Chairman. The committee was formed four and one-half years ago to look at the long term affects on lakes and reservoirs. Rapid growth in the area, especially with large developments like the City Market complex, causes pollutants to be washed into the reservoirs. Siltation of the lakes, additional nutrients, and petroleum products entering the lakes cause concern as to water quality. The committee is also studying long-term financial means to deal with these foreseeable problems, as well as lake access issues. The committee was instrumental in having the Lynn and Clark ditch repaired and restored. Plans are in place to construct a detention basin near Cloud Cap Avenue and Sundown Circle, to catch runoff prior to entering Lake Pagosa. Inlets at Lake Hatcher and Village Lake are being assessed as well. Chairman Lynch recognized the committee members; Bruce Trenk, Dave Bohl, John Haine, Gene Tautges, Tom Steen and Pierre Mion.

Environmental Control Committee – Ray Finney represented the other three members of the volunteer committee. The ECC works closely with the Department of Covenant Compliance and Department Manager Margaret Gallegos. Other committee members are Ernie Karger, Dennis Schick, and Ken Lavery. Members typically serve for two years. Building permits are needed for a variety of projects, and there is a handout available with pertinent information to help owners through the building permit process. Please call the Department of Covenant Compliance with any questions. Also, inspectors are on staff to detect property violations. The committee has the obligation to enhance and maintain property values, and strict enforcement of current regulations aid in that effort. The committee will be working with the PLPOA Board of Directors to speed up that process. Building activity is slower because of the economy. Violations are detected via property owner complaint and also by the inspectors. If you see something that is a concern, call the Department of Covenant Compliance. For additional information check out the PLPOA website at www.plpoa.com which has the Building Permit Process and the Rules and Regulations readily accessible.

Director Ebeling thanked the members of the ECC for doing a good job with a very tough job. He reiterated that the ECC does not have authority to enforce the covenants.

Road Advisory Committee – Jim Carson, committee member, standing in for chairman Bill Ralston, said that the purpose of the committee is to advise the PLPOA board on anticipated road issues. Other committee members are Fred Ebeling, Gene Cortright, Jerry Baier and Russ Freeman. Concerns about Proposition 1A are that the County Commissioners promised certain things the first year, and with additional money promised they would do more. Financial problems with the county have cancelled any benefits from that program. Mr. Carson requested that more members join the committee as most have been serving since 1997. The committee is going to present suggestions to the Board. The committee proposes to include a survey in the December newsletter which would assess what conditions roads are in the various subdivisions. It will also ask what property owners would be willing to do if the county can't or doesn't help with the roads. Some solutions like metro districts are expensive, with the possibility of an additional 10 mills to be levied on PLPOA property owners if a metro district is formed to take over maintenance of the roads. Robin Shiro suggested that the county authorities look at instituting a ½ cent sales tax designated for roads only, as other Colorado counties have done.

Finance Advisory Committee – Chairman Fred Uehling introduced the other members of the committee; Richard Manley, Richard Pendleton, Bill Hudgins and Marion Francis. Initiatives completed this past year in concert with Comptroller Don Arries were investment related. All investments must meet certain FDIC criteria and are maximized at all times. Bids were solicited on the 2006 audit and the firm of Frederick Zink Elliott from Durango, who specialize in homeowners associations, was selected and gave the association a clean bill of health. Recommendations were to: segregate duties in the accounting department, institute a capitalization policy, split out funds from non-member activities for tax purposes. On-going considerations are to: analyze the reserve study which was completed in January, to specify travel and training amounts for staff training, and to establish a small purchases policy with the use of a credit card with a specific dollar limit.

Legal Actions – The Department of Covenant Compliance has nine pending legal cases, no foreclosures are being pursued at this time, and there are no other litigation matters for or against the association.

READING OF BALLOT ISSUES

Secretary Pat Payne announced that there were no ballot issues presented at this annual meeting.

ELECTION RESULTS

Director positions – Secretary Pat Payne announced the following results:

Regular Vacancy – Three-year term

Hugh Bundy was elected unanimously.

ACKNOWLEDGEMENT OF ELECTION RESULTS

PLPOA Board of Directors President Gary Gray acknowledged the election results and congratulated Hugh Bundy for being elected to a second three-year term and then certified the election results.

President Gray thanked Directors Pat Payne and Ken Bailey for their service to the Association.

President Gray thanked all committee members for their work and thanked all property owners for attending. He also mentioned that the board is investigating plans for group trips for property owners.

MOVED AND SECONDED TO ADJOURN THE 2007 PLPOA ANNUAL MEETING.

MOTION CARRIED

The 2007 Annual Meeting adjourned at 12:16 A.M.

Respectfully submitted,

Sue Passant, Recording Secretary

Pat Payne, Secretary