

**OAK MEADOWS HOMEOWNERS ASSOCIATION
ANNUAL MEETING
APRIL 8, 2009**

Upon the establishment of a quorum of homeowners represented in person or by proxy, the meeting was called to order at approximately 6:20 PM by President Martha Fredendall at Glenwood Springs High School, Glenwood Springs, Colorado.

Board members present: Martha Fredendall (President), Patty Austin (Treasurer), Richard Scranton (Acting Secretary), Chris Adleman, Greg Beightel, John Fetzko.

Note: Due to extremely poor acoustics in the meeting room, the official recordings of the meeting were compromised necessarily affecting the level of detail that could be provided in these minutes.

Presentation by Attorney David H. McConaughy: David McConaughy of the law firm Garfield & Hecht, P.C. presented an explanation of the legal research that had been requested and performed by his firm. He stated that he had been given 17 topics to research by Martha Fredendall and Patty Austin. These included: How was Oak Meadows organized with regard to Filings etc? What are the governing documents, agreements, covenants etc? Who are the related entities and what is their association to include OMSCO, OMHA, ACC, etc.? What is the status of Declarant control? Had all the transfer documents from the Declarant been done? What is the status of the new subdivision coming into the OMHA? Provide an outline of CCIOA (Colorado Common Interest Ownership Act) and advise what portions applied to the OMHA Board. What are the water rights of the subdivision. Who owns the water rights and have they been transferred? What kinds of warranties exist and what kind should additionally be asked for? Who owns the roads and open space. What kind of liability insurance do we have? What kind of liability insurance should we have for Board members? What kind of amendments should we do to our governing documents? Can we form a metro district? How many lawsuits and what kind are we involved in.

Mr. McConaughy stated that his firm researched the topics presented and has organized the resulting materials into binders. His goal is to finalize the 24 page report provided to the board in November and to put all the materials collected into one location. He then provided homeowners with copies of the recommended "To-Do" list of January 5, 2009. Based upon the research, his firm made 13 recommendations of action for the OMHA and 11 recommendations of action for OMSCO. Mr. McConaughy commented that it was a larger scope of work than anyone anticipated.

Fred Behm asked why the Board hired a new attorney instead of using the existing attorney, Susan Snyder. He was asked to hold his question for discussion after David McConaughy had left.

Bruce Stolbach asked how much it would cost to finish the work that had been started and included in the list of recommendations. David McConaughy responded that he did not know, it would depend upon the answers received from the letters written as a result of the recommended actions. He estimated a few thousand dollars, probably less than \$5000 to write the initial letters.

A homeowner asked what David McConaughy felt his and the Board's duty was to homeowners regarding the information researched. He stated that it was up to the Board. Billing should be shared. He explained that his client was the Board and as a result Attorney-Client Privilege existed between himself and the Board. Only the client can release the Attorney-Client Privilege. The Board can choose to share the information or not, and he would be restricted to the Board's decision. Discussion pursued with several homeowners questioning the responsibility of attorney fees without accessibility to the attorney, and requirements of the governing documents that full disclosure be provided homeowners.

Approval of 2008 Annual Meeting Minutes: A motion to approve the minutes of the 2008 Annual Meeting was made by Tresi Houpt. The motion was seconded by James Fosnaught. The motion was passed.

State of the Association: Chris Adelman, former Secretary, provided a report on his perspective of the "State of the Association". The report commented on the prior Board's performance, improvements the current Board has made, and challenges anticipated for a new Board. Chris commented on financial functions and the need to clarify the relationship of the ACC (Architectural Control Committee) with the Board and OMDC (Oak Meadows Development Corp.) In attempting to clarify the Board's decision to hire a new attorney, he stated that the Board needed to perform a legal audit, as a housekeeping function, and that all information is now available in one notebook. He noted concerns for the costs of this audit, as well as concerns over the manner in which the new development would join the existing one. Chris addressed the development of a new web site, the lack of minutes to homeowners, and commented on a meeting held by homeowners addressing unresolved issues with the Board. He offered personal recommendations to the new board which included addressing the punch list created by the attorney, a restructuring of the Board's membership, the hiring of administrative help and pursuit of a trail system.

Board Member Reports: Martha Fredendall commented as to improvements made by the Board which included changes to financial procedures and consistent scheduling of Board meetings. She felt the Board had performed poorly at providing minutes to homeowners but had made efforts to improve. The hours of work performed by this Board and prior Boards were noted and the need to hire supplementary help to assist the Board was addressed. The web site address was noted as oak-meadows.us.

John Fetsko noted that he had been in charge of snowplowing, and that there had been problems with the new service. He offered his e-mail address for homeowners who have concerns regarding this: johnfetsko@comcast.net.

Greg Beightel spoke regarding his support of hiring the new attorney and his wish for the new Board to pursue the punch list created by the legal research. He further commented on sections of land that had not been signed over to the Board that he felt needed to be and a meeting with OMDC, Diane Delaney, who had not cooperated in releasing title to the land.

Diane Delaney offered rebuttal arguments, noting that the OMHA, OMSCO and OMDC were in a water lawsuit with Filing II. She was currently exerting a great deal of effort and hundreds of thousands of dollars to protect the subdivisions water. She wanted to know why the OMHA was unwilling to spend any funds towards the defense of this suit, which is why she initially capped the OMHA at \$10,000, but they are willing to spend a great deal of funds for research on other matters. Currently the OMHA, OMSCO and OMDC have a mutual agreement of cooperation regarding this suit and she considers the conversations between David McConaughy and Sherry Caloia, done as part of his research, to be a serious breach of this agreement. Diane further commented on several areas the Board had not been acting in compliance with state law and the governing documents and the frustrations she had encountered in attempting to deal with the Board.

John Fuller noted that as a prior OMHA and OMSCO Board member, he was aware of who held title to the land referenced, but no Board members had attempted contact. Additionally, he had requested a meeting to resolve growing issues between homeowners and Board members with Chris Adelman who failed to set one up. He had attended several meetings attempting to impart information to the Board and had been totally frustrated in his attempts. Chris Adelman countered that he considered John would organize the meeting and that if he had information he should have given it to the Board.

Nan Walther responded to allegations of prior Board members not assisting in the transition of new Board members noting that current Board members Chris Adelman, Martha Fredendall, Cliff Colia and Greg Beightel were all prior Board members with experience. Additionally, while on the prior Board she had written detailed descriptions of the duties of the Secretary and Treasurer as well as Annual Meeting requirements which were distributed to all Board members. She had spent numerous hours educating Jennifer at Dalby Wendland (our prior bookkeeper) on the proper procedures for Oak Meadows accounts and documented these procedures in files which were turned over to Patty Austin. She also had received no phone calls requesting additional information.

David Pendleton responded to comments that he had suggested that the Board find a new attorney. He noted that Susan Snyder could be very slow to respond, but he never intended for the Board to replace her with the most expensive law firm in the valley.

Diane Delaney responded to a homeowner's question regarding if someone had the power to turn off the water. She offered an explanation of the lawsuit with Filing II and the mutual cooperation agreement between OMHA, OMSCO, and OMDC to defend against the suit. She explained that the water was owned by OMSCO and no one person

had the power to turn it off. She stressed the importance of winning the lawsuit to protect the water currently available to homeowners.

Financial Report: Tracy Barner, Bookkeeper and Lynn Kleager, CPA of Dalby Wendland were present to answer questions regarding errors that had been noted by homeowners in our financial records. Lynn Kleager stated that the errors had been taken care of and noted that Dalby Wendland had been going through a transitional period with bookkeepers.

Nan Walther stated that she was the author of the letter to the Board noting the errors. She had been the previous Treasurer and had worked closely with Dalby Wendland. She acknowledged the transition of bookkeepers and felt this combined with lack of direction from the present Treasurer was the cause of these errors. She had requested in that letter that the Board advise Dalby Wendland of the errors and, upon correction, the Board then provide revised financial statements and budget for the annual meeting which was not done. Nan noted that an increase in the general assessment was inappropriate if the figures it was based upon were wrong. She pointed out several errors including the improper allocations of grass cutting expenses. She urged that the financials, budget and proposed assessments be held until corrections were made and new evaluations were made upon corrected figures.

Patty Austin responded that all the corrections had been made and were shown in the March 2009 Financial Statement. Tracy Barner stated that the reason they did not go back and restate the figures prior to December 2008 was that it would affect tax returns which had already been filed. Nan Walther questioned the allocations of grass cutting expenses. Tracy responded that she had taken over the bookkeeping after those expenses had already been posted. Patty Austin noted that the allocation of grass cutting expenses was a confusing issue that should be addressed by the new Board.

Eric Weipking questioned if the attorney had been paid because the financials didn't reflect his cost. Patty Austin responded that payments were being made, but a balance of about \$12,000 still remained. Tracy Barner stated that when payments were approved then they would go on the books. Nan Walther questioned if the books were still being done on an accrual basis or if they had changed to a cash basis because the attorney had billed in November and the financial records did not reflect his billing. Tracy Barner stated that the books were still on an accrual basis but that she does not post expenses until they are approved for payment. Nan noted that the fees for Dalby Wendland had gone from approximately \$500 per month to \$1800 per month and questioned if Tracy referred less specialized work such as envelope stuffing to a less expensive staff person as had been done in the past. Tracy said she did.

Greg Beightel questioned if the accounting costs had risen noting payments made to Nan Walther from Jan-April 2007 in addition to Dalby Wendlands. Nan responded that Greg had misunderstood the payments, stating that approximately 10% was related to posting payments and issuing invoices to OMHA members. The remaining 90% was related to secretarial and administrative activities for the annual meeting, preparation of proposed

budget and notes to the financial statements, and reimbursement of expenses for postage, envelopes and copying documents to be sent to homeowners for the annual meeting. All of these activities were the responsibility of the secretary and treasurer of the board, not an independent contractor as Nan was at the time. Additionally, at the request of Dalby Wendland, she had been hired to assist with the training of their new bookkeeper in OMHA accounting and billing procedures. Greg had extrapolated Nan's billing for the four month period, which included the total costs for bookkeeping, administrative, secretarial and annual meeting preparation, over a 12 month period which greatly overstated the anticipated bookkeeping cost for 2009-2010.

Lynn Astrach inquired if any monies had been spent from the individual funds. Patty Austin stated that payments had been made from the painting fund only. She further noted that changes had been made in the accounting procedures to reflect the payments received and interest earned by each account on a monthly basis.

Diane Delaney questioned what the acceptable procedures were to the Board for requesting financial information as she had made several requests that had gone unanswered. Patty Austin apologized for the delay, stating that the requests had been presented in a legal manner and she felt the need to secure a legal opinion before responding. She suggested that financial summaries should be put on the web site in the future.

Nan Walther inquired why the 2007 financial figures had been changed. Tracy Barner responded that the balance sheet didn't balance so they fixed it by restating the figures. Nan inquired if Dalby Wendland could recommend an auditor. Lynn Kleager stated that they could not recommend, but several existed. Patty Austin noted that the Board had not been able to locate an auditor locally who would perform the work.

Approval of the Financial Report: A motion to approve the Financial Report was made by Tresi Houpt and seconded by James Fosnaught. The motion passed with 59 yes and 26 no votes.

Treasurers Report: Patty Austin presented a report noting several improvements she had made during the year. These included moving the reserve funds – road funds, maintenance funds and townhouse painting funds from money market accounts at Bank of Colorado to CD's at Alpine increasing the interest earnings. Additionally, she transferred a general carryover fund from Bank of Colorado to a CD at Community Banks. When Wachovia began to be in the news she transferred that investment account to a CD at Alpine as well. She had placed funds with several banks to assure FDIC insurance in the worsening economy. New procedures were introduced for ACC Deposit refunds which included a check-list form signed off by the ACC which would be used as an invoice for processing the refund. Additionally, she prepared summary financial statements and copies of monthly check registers for Board members and gave copies of the Dalby Wendland Financial Statements to the President and Secretary.

Tresi Houpt, Ginger Pendleton, Steve Kuhn, David Pendleton and Peter Rachesky offered commentary regarding issues that had arisen with the Board and a resulting neighborhood meeting that had taken place.

Approval of Proposed Budget: Patty Austin noted that the budget as proposed could be amended at this meeting. She stated that the Association was healthy with adequate funds, but she had proposed a \$2 increase in the general assessment to create new funds for special projects. She decreased the painting fund for the town homes because there were monies left over after painting. There is approximately \$80,000 in the general fund which could be designated for special projects. Discussion occurred between homeowners regarding setting aside monies for a Trail and Parks Fund.

MOTION: A motion to allocate \$50,000 from the general fund for a Trail and Parks Fund without raising assessments was made by James Fosnaught. The motion was seconded by Heath Gresner. The motion passed with 66 yes and 24 no votes.

Charlie Hill questioned if there was enough monies to resurface the tennis courts. Patty Austin noted that \$1,800 had been budgeted last year to do this, but nothing had been done.

Nan Walther questioned increasing Filing III's trash fees to \$16.00 noting that trash costs had not increased and overages in funds are dumped back into the general fund at the end of the year. She requested that it be amended to \$14.75. Julie Fuller questioned why the Board would change the procedure of being assessed the actual costs to one of building unnecessary funds in the account. John Fuller noted that in previous years Filing III had been overcharged for trash fees which had been dumped into the general fund. An adjustment had to be made to transfer the funds back into the road fund.

MOTION: A motion to change Filing III trash removal assessment to \$14.75 was made by Bruce Stolbach and was seconded by Patrick Rabb. The motion passed with no votes apposed.

Nan Walther questioned the grass cutting expense being assessed to Filing III and Filing IV-B. She noted the requirements of the general declaration that billing was according to benefit received. Historically grass cutting around houses had been assessed to the specific areas affected and cutting of common space had been paid for from the general fund. Filing IV-A paid for their grass cutting from their maintenance fund and therefore would be being billed twice. Patty Austin noted that the budget was just a guide and wanted the grass cutting expense allocations to be addressed by the new board.

MOTION: A motion to remove grass cutting expense from Filing III, and Filing IV-B, Phases I & II and to remove it from Filing IV-A as it is already being billed under maintenance was made by Nan Walthers and seconded by a homeowner. The motion passed unapposed.

Lynn Astrach requested that the title of the maintenance fund for Filing IV-A be changed to Land Maintenance as all monies are to be spent on maintenance of the land such as grass cutting. Martha Fredendall noted that the change would be made.

MOTION: A motion to approve the Proposed Budget was made by Tresi Houpt and seconded by Kathy Markeson. The motion passed.

Election of Officers: The following nominations were made for officers of the board. Tim Gay, Peter Rachesky, John Fetzko – Declined. Nan Walther was nominated by Steve Kuhn. Bruce Stolbach was nominated by Terry Glasnap. Martha Fredendall and Greg Beightel were nominated by John Fetzko. Richard Scranton, Ronny Ullrich, Karen Simonson, Julie Fuller, Ginger Pendleton, and Eric Wiepking were nominated by Dalene Milliken. Chris Adelman was nominated by Tresi Houpt.

MOTION: Greg Beightel moved that the nominations be closed, seconded by Tresi Houpt. Motion passed with no opposed.

During the election process each nominee offered commentary on their visions for the Board. Additionally, Jim Austin passed out copies of a proposal prepared by Charlie Miller for a trail system for homeowner review.

Election Results: Martha Fredendall, Nan Walther, Richard Scranton, Ronny Ullrich, Julie Fuller, Greg Beightel, Chris Adelman, Bruce Stolbach and Eric Wiepking were elected as the new OMHA Board of Directors. Ginger Pendleton who had been tied with Julie Fuller conceded the seat.

MOTION: Randy Walther made a motion to close the meeting, seconded by Les Schaub. The meeting was adjourned.

Respectfully Submitted,

Richard Scranton
Acting Secretary