

Michigan Hill Owners Association
Annual General Meeting Minutes - Approved
June 6, 2015

Board Members Present

Les Choate Lot 185

Blenda Crawford, Lot 66

Steve Johnson, Lots 182/183/184

Larry McClymonds, Lots 206/207

Paul Montgomery, Lot 175

The Annual Meeting of the Michigan Hill Homeowners Association was convened at 10:02 a.m. with a welcome and introduction of guest speakers:

Jefferson-Como Fire Department: Bruce Dalrymple and Gene Nagle. Two paid firefighters are on duty from 7 a.m. 5 p.m.; and are on call 5 p.m. to 7 a.m. In addition, the department has 15 volunteer firefighters, four of whom are on call at all times. The department also has EMT's. Any call they receive is backed up by the South Park ALS system. Questions ensued regarding fire mitigation. MHOA has a burn pit and members are encouraged to put slash (no construction materials) in the pit. About every three years the fire department burns the accumulated slash for the association. Members have access to the combination lock. The closest slash pit for non-MHOA members is Indian Mountain, which is only open Saturday mornings. The fire department brought flyers (on table) for homeowners interested in fire mitigation around their homes. Members can also print flyers off the website at jcfpd.org. Other information on various topics is available on the website, including information regarding inspections for fire mitigation. Inspections may help with home insurance. Fire pits: The code requires that a camp fire can be no wider than three feet in diameter, be 25 feet from anything combustible (including trees), have a maximum flame height of two feet, and must be supervised at all times. If anyone sees a violation, call Park County and use 719-836-4121, option 5 to report. The department uses an educational approach with homeowners. Need a burn permit to burn slash on own property. The department does not conduct fire extinguisher checks; they get theirs done through a Salida organization.

Deputy Sheriff, Sgt. Frank Connor, DPD 34 years, in Park County since 2006. Sgt. Connor addressed two key topics for the area: ATV's and break-ins. Anyone can call in to report individuals riding ATVs on county roads, which is not permitted. Generally, the department policy is to inform ATV riders of the law and to give a warning. ATVs are not permitted to ride on county roads. Generally cite on second time. Break-ins: There have been no recent break-ins in the bowl. Had one break-in The Buffalos, which was a squatter. In Michigan Hill, not much if any activity. Michigan Hill is a real safe community. The Michigan Hill Covenants prohibit discharge of firearms; however, it was reported that it happened this past week. Who should a homeowner contact regarding discharge of firearms on the Hill? It is not against the law for owners to shoot guns on their property if there is a proper backstop. The Sheriff's department only enforces the law, not the Covenants. You can call the Sheriff to inspect the backdrop to assure it is sufficient for shooting. They will be glad to come out and investigate. Board response: the covenants and by-laws currently have no consequences for shooting activity on the hill. Worst case, shooting in Michigan Hill, such activity is deemed a nuisance and doesn't have fines. Owners work on the honor system. Dogs: Recent incident where someone's dog attacked another. How to handle?

Call animal control, which is an arm of the sheriff's office. They will come out and address animal issues. 836-4121 option 5. If someone is walking on the road and are attacked by a dog coming off the property, can the owner shoot or stun the dogs? The Sheriff's office generally advises people to carry a big stick. A stun gun is another option. Actually shooting the dog becomes a civil problem generally with litigation. Should get photo of animal if a problem. Carrying pepper spray or bear spray are other options for walkers.

Wendell Pryor, Consultant for Park County. Topic: Internet and broadband services. His day job is Economic Development Director for Chaffee County. The number one problem is broadband. Century Link is tapped out on internet service. Century Link just put a big investment outside of Como and is planning to upgrade boxes outside of Como. They want to know if owners would be willing to upgrade their services. The Board called for vote by show of hands on how many members would upgrade services if available. More than 20 members raised their hands. There is a focus on broadband for rural communities. If you can see a tower, you can generally get service. Key concern: who will fund development of the needed infrastructure? Mr. Pryor is on a committee to address needs and development of services. A survey is available online to provide feedback; and there is a meeting the first Monday of every month at 10:00 in Fairplay for community members to participate in conversation about this problem. Decision-makers are looking at partnerships between counties, developers and homeowners to find solutions to the problem. Southpark Telephone is coming into the area. Successes: working with counties to get towers in area, i.e. Guffey and around the county. There are local tech planning teams with whom homeowners need to get involved. County has been able to get state matching funds for \$750,000 investment toward this problem. If you are pitching for a tower, it is important to be present at the meetings to have an influence on the decisions being made at the county level. The Federal Communication Commission increased the baseline for internet speed needed to 25mb download and 3 mb up. Important to take the speed test so that you can qualify on the unserved needs population if applicable. In 2010, iphone started putting a lot more demand on the internet. The average household has six **devices** that demand internet support. The current service of Century Link offers 1.5 mg service. Fiber is the gold standard because it is limitless in carrying broadband. Copper (telephone wires) is next, but is limited. Fixed wireless is third in carrying, but is cost effective. Wendell Pryor gave the Board the survey for distribution to its members. It is important for residents to respond. Demand is exceeding the capacity of the pipeline in the rural communities. Participation and feedback to decision-makers at the scheduled meetings are key components to influencing the decisions being made. There is a new 200 foot microwave tower being installed next to the Century Link facility in Como. Residents must be able to see it to take advantage of it. Originally Park County had an 80 foot height limit to cell towers when Verizon wanted to put in 140 foot tower. The county has now increased the height limit to 200 feet. Larry McClymonds has been in touch with Verizon for reconsideration of tower installation. Members discussed the jeopardy of stopping service while not on the Hill and then not being able to regain internet service because the slot had been picked up by someone else. One satellite provider now permits putting service on vacation hold so that customers pay for months you are not there, i.e. would pay full fee for six months and pay a vacation fee for six months. Satellite service is an alternative. Everyone thinks they have the solution to the internet problem; however, we are in a period where no one has it totally figured out. Members of the association need to educate themselves, be an advocate, be organized, and be loud. Two major projects are Bailey area and Fairplay/Como. Next the projects will spread out to designated homeowner areas. Need to present a business case on behalf of the Owners' association to the decision-makers. Need to have a representative and an advocate at those meetings.

The speakers were each thanks for being at the MHOA Association meeting and for the important information they provided and for their service to the community.

Business Meeting

The Business Meeting was called to order at 10:39 a.m. The Board members were introduced:

- Larry McClymonds – President, last 3 years,
- Blenda Crawford – Secretary
- Les Choate, VP, 1 year on Board
- Steve Johnson, Treasurer, last 2 years
- Paul Montgomery, 2 years on Board
- All do a great job, communicate through emails, Larry is helping to manage the Architectural Control Committee (ACC). For member queries, the Board tries to communicate within 30 days. It tries not to be a barrier, but an asset to getting things done. All Board members are volunteers who are doing it because they love the community.

It was determined that a Quorum was present through member attendance and proxies. A Quorum for MHOA is a minimum of 20% property ownership represented, which is a minimum of 55 lots. Today's meeting has 80 lots through proxies and meeting attendance. Sending out the proxy form with the dues statement was a huge asset to obtaining a quorum. Proxy votes, if given to the Board, are voted in direct proportion to the meeting vote to meet Association requirements to vote on significant issues to the association.

Review of Annual Association Meeting Minutes of June 7, 2014

Last year's minutes were posted online; and everyone should have gotten a handout of them today at the sign in table. The Board asked for any changes or anything that needs to be edited. One member objected to the determination of the quorum for the 2014 annual meeting. The process that was taken at last year's meeting was explained, along with the Association lawyer's advisement on how to proceed, which was followed. A motion to accept Annual meeting minutes as written was made by Tom Clinton, Lot 202; and seconded by Dennis Berry, Lots 9/140. A vote was called for. The motion passed, with one vote opposed.

Open forum for Association Members

The Board welcomed comments. Members were encouraged to be civil and were reminded that the Board serves at the members' pleasure. The Board wants to hear what can be improved or what is being done well. Member comments:

1. Thanked Larry McClymonds personally and the Board collectively for handling the drainage issues on Fremont Knoll. The drainage culvert was damaged. Larry and Steve Johnson were on the job and took on the problem solved it. The problem occurred when the telephone lines were installed in 1983. The contractor plowed through the culvert and put the cables at the bottom of the seam that was cut. The culvert finally filled in with dirt and failed last year and the Association put in a new culvert. Damage was done too long ago to file a claim against the installation contractor.

2. Recognized that the majority of budget goes toward plowing and road maintenance. Recognized the Board for controlling the budget to the best of the interests of the membership.
3. Reminded members that the culverts on individual properties are the responsibility of homeowners, not the Association.
4. Had a late snow storm after of culmination of the plowing contracts. Had community members doing community service to clear downed trees on roads. In the future, if this happens, it is helpful to contact the Board to advise it of the situation. The Board in turn will make some calls and get contractors out there to mitigate the problem.
5. One member, Terry O'Neill, Lot 246, serves with the County government as chair of the county government advisory board on environment, which is also working with the Bureau of Land Management (BLM). The county is working to revise its master leasing plan regarding oil, gas & mineral development. This plan impacts quality of life and value of properties. It is dealing with the BLM to make sure there is responsible development. Park County is in the process of developing a revised strategic master plan which hasn't been done since the 1990s. In a survey of community residents, the opinion that emerged was that the county should focus on environment, wildlife, and natural resources rather than development. Members were asked to fill out the county survey as the response will influence how the master plan is developed.
6. Rebecca Heisler, Lot 221, brought flyers from Great Old Broads for Wilderness. The organization was formed by individuals who like to hike. Its headquarters is located in Durango. Local chapters are called Broadbands. Members are working tirelessly to provide comments to the BLM for their master leasing plan and resource management plan as it is renewed and revised. They also have been working with the forest service to mitigate off-road vehicle activity. Another concern is water quality. Aquifers are not well known and a study is being conducted by the county to understand them further. The available brochure highlights key issues. Contact information is in the brochure. Everyone is invited to join as it is an inclusive organization.
7. Eric Lines, Lot 231, works part time for Park County Public Health. He indicated that the deer mouse carries the hanta virus. He reminded homeowners who are working with dirt to take appropriate precautions as dust particles carry the virus. If occur any of the symptoms it is important to follow up with a health professional. The virus can be deadly.
8. Reinforced the importance of being active on county, state, and federal issues of importance. Resident influence is the single most important element that can have an impact on the decisions of the officials. Key examples in areas where detrimental activities were taking place were provided. They included Sportsman Ranch where homeowner actions were successful, and Burlington where they were not an influence, resulting in contaminated water.
9. Highlighted a legal advertisement in the Denver Post which identified some models of Remington firearms which will fire without touching the trigger, i.e. models 700, 7, and some Sportsmen models. For further information or to download a class action claim form, visit the www.remingtonclassactionsettlement.com.
10. Requested referrals and shared information about area service providers. Suggested talking with neighbors. Jefferson Realty also has a list of service providers available at its office and on their website. True Value Hardware in Fairplay keeps a board of services.

Reports of officers

President

1. Outlots C & E fencing: A contractor will be starting on the fencing of Outlots C&E of the Hill to reclaim approximately nine acres. The new fencing will also provide an outer boundary for walking. The old fencing that sits on association property will be torn down. The work should start within next week or two, depending on the weather. There will be about 3700 feet of new fencing.
2. Augmentation road: The Association has used the road since its beginning. The Board has determined that there is no need to go and fight anyone over it. A landowner in the back raised the issue; however, the improvements have been done so the road has become a non-issue. The only ongoing fight is with the beavers that are active in that area. The road was graded recently.
3. Reserve Study: Directed members to information on the reverse side of the Balance Sheet handout. The Reserve Study is also available on the Association website. The Reserve Study identifies key assets which need to be taken care of by the Association. The Study provides an update as to what the current reserves are and anticipated future costs. There are still eight years of life on the grader. Keep tweaking the valve on the augmentation pond and it is still working. The hand pump located by the bulletin board and shed on Association property is still working with no complaints received. The hand pump is a water source for property owners without wells. The Board asked for questions on the first three items and none emerged from members.
4. ACC Activity Report: Directed members to ACC handout. Thanks to Mike Hogan and Allen Ludlow for their work on this committee. Last year was very busy. Only major issue was on Selkirk. A lot had a trailer on the property. The owner obtained a well, electric and septic. The Board has been working with the County and with homeowners. The rule is that an owner has 180 days to begin work once a building permit is received. If no work has been done, the Association has the right to request an inspection. If no work is being done, the permit can be revoked. ACC forms and further information can be found on the website, plus Park County is very helpful. It was reported that Park County is now requiring old septic systems to install a filter on the outlet between septic and leech field that will meet state requirements if an owner files for a building permit.
5. Augmentation Pond, Well Permits, Water Usage and Fish Stocking: The pond is important to all owners and is the reason all properties have wells. Water is for internal, sanitation use only. It is not for washing cars or watering plants, grass, etc. Owners are not allowed to collect rainwater. Owners who desire extended water rights can buy a water share that permits additional usages. The Water Commissioner requested that the Association clean out the ditch going to the pond. The pond has a valve which serves to release the appropriate amount of water from the pond each year. The overflow for the pond is also the inlet; however, the field below is supposed to be dry. The Association has been asked to assure that any overflow from the inlet does not drain into the field below, but into a ditch. The Association is working to comply with the Water Commissioner's requests. The Board has fish on order and is getting ready to do the annual stocking of fish. A reminder to owners that it is catch-and-release for anyone not under age 16. With current wet weather conditions, needed to make sure the road could handle a heavy truck to get in there to stock the pond.

Asked if it is customary for the Board to talk with the new homeowners about the covenant restrictions and boundary offsets on horse corrals; and the need for water to be hauled in for horses. This issue was tabled last year when members were asked if the Board should pursue further clarification of the restrictions of horse corrals. The Board indicated that it would address any problems that arise on a case by case basis.

Asked about purchasing water for additional water needs. The Board indicated that there is no objection to people buying water in Bailey and using it. Suggested taking a picture of the purchase at the water station in the event there are any questions as to the source of the water being used. The Board has had the water commissioner inspect properties that had been reported to be in potential noncompliance with water rights restrictions.

Vice President

1. Asked the membership if there was representation for undeveloped property? One owner raised his hand. Posed the question as to whether those with undeveloped properties are under-represented at meetings. Indicated that if undeveloped property owners are not present, then they are not represented in some of the discussions.
2. Board discussed summarized key ACC discussions for the past year. Two key elements which the ACC oversees are setbacks. The covenants provide for setback of 50-feet front and back of a property; and 30-feet on each side of property. It also oversees design guides and regulations. Homeowners generally submit color swatches. The ACC did approve black as a roof color this year; has previously approved red, green, blue and brown. Setbacks are the hardest issues to maintain. A member indicated that CCIOA (the association regulating homeowner associations) defers to the association on rules, and only requests that any rules be applied uniformly and that there is an appeal process. The biggest difference between Park County and MHOA is the 50-foot front and back setbacks. A member indicated that ACC decision-making is in the hands of a few people and that ACC members frequently get lobbied about changes to covenants and by-laws. Suggested always handling any substantive changes at a general meeting. New building materials now available, which weren't available when the covenants were drafted and adopted, are an ongoing issue. The Board indicated that it would be helpful to have a sub-committee to start looking at some of these materials for the next annual meeting as suggestions for updated approved materials that didn't exist twenty years ago.

At-Large Member

2014-2015 Snow plowing, Road Grading, Gravel, and Weed Control: The Board extended a thank you to Southpark Plowing (Jamin and Tom) for the wonderful job done on the roads this past year. The Association is currently grading the roads and will have 40 loads of gravel brought in to build up around the rocks so not so hard on the snow plows. Plan to build up the pond road and will push up the contents of the burn pit to compact them for additional dumping. Working with Greg at the County to determine who is spraying weeds this year, i.e. thistle, etc. Reminded members to pile, slash only, up on the existing piles. Members were reminded of the burn pit combination to the lock. Members were also asked to be sure to check to see if there are cattle in burn pit area and make sure that the lock actually locks upon leaving. The Association has a lease on that property with High Plains

Ranch. After next year, because of lease, it will be considered agricultural and taxes go from \$1000 to \$100/year.

Treasurer

1. Financial report for current year: Checking balance: \$18,623.70. Savings balance: \$73,787.09. A/R: \$2,686.49, which accounts for the 13 lots that have not paid dues. Will send out another notice. Liens for nonpayment will occur in October. Had one foreclosure this year – according to Colorado law, had to write off \$154.99 in lien fees as uncollectible.
2. Budget review: Referred members to Handout. Will have a vote at the end of the discussion for adoption. Collect about \$48,000/yr. Biggest expenses are roads. Additional expenses are: \$4,300 for road easement for south access, \$8,500 for new fencing at \$8,500, \$700 for fish and \$2,500 for augmentation pond ditching work. Grader has paid for itself with money saved. Snowplowing is based on calendar year so split between two seasons. Will be over budget by about \$4800. Most related to fencing and will be covered by reserve funds. Last year had a surplus because didn't do fence or gravel. We all are getting a good return on our annual investment on \$175 dues per lot.
3. Administration fee: for professional bookkeeper to maintain books. The Association now has one accounting system and can provide an annual Balance Sheet. Thanks to Judy for handling this aspect of the association. It was noted that a bookkeeper is a great check and balance system as an entity outside of the Board. A motion was made to approve the budget as presented by Terry O'Neill and seconded by Mark Matulik. A vote was called and the budget was approved unanimously.

Secretary

1. Opened election nomination for the election of three Board of Director positions to replace members whose terms expired this year. Each position has a two-year term. A member suggested that other homeowners' association have a nominating committee to serve annually to talk around the open position in advance to find some volunteers. The Board indicated that it had been talking around the opening with members since the last Board meeting to generate interest in serving on the Board. The Board indicated that it self-appoints roles at the first organizational meeting after an election. The responsibilities of a Board member include communicating mainly via email with some site inspections. Members research issues, take questions and handle problem solving. The Board opened up nominations for Board vacancies:
 - a. Eric Lines, nominated, accepted nomination.
 - b. Steve Johnson, nominated, accepted nomination.
 - c. Blenda Crawford, nominated, accepted nomination.
 - d. Berry nominated, declined

A motion to close nominations for Board members was made by Terry O'Neill and seconded by Steve Johnson. Terry O'Neill motioned that the vote be made by members' acclamation; Larry McClymonds seconded. A vote was called and nominated Board members were unanimously affirmed by the membership.

2. Opened nominations for the election of 3 ACC members, each for a three term to replace 3 members whose terms have expired. Board indicated that one position could be a 2-year to get some carryover so that there is a carryover position when terms

expire. The other 2 positions would be 3-year terms. The Board indicated that oversight of the ACC is the Board. A Call for nominations was made:

- a. Mike Hogan, nominated, accepted nomination.
- b. Tom Clinton, nominated, accepted nomination.
- c. Paul Montgomery, nominated, accepted nomination.

A motion to close nominations was made by Terry O'Neill and seconded by Steve Johnson. Terry O'Neill motioned to accept nomination by acclamation, which was seconded by Steve Johnson. A vote was called and nominated ACC members were unanimously affirmed by the membership.

New Business

1. Snow Plowing - contracting vs. purchasing snow plow truck

1. The Board indicated a desire for member input regarding the Association's responsibility for keeping the roads clear of snow during winter months and posed the question as to whether there a desire for the Association to have its own snow plow equipment or to re-contract for snow-plowing services. Members were referred to the handout for snowplow analysis. The Board highlighted key points: most recent contract committed to a \$600 minimum payment per month guaranteed for 7 months. The break even amount if snowfall required a minimum of 10 hours of plowing. On average, weather conditions required an average of 97 hours of plowing per year; 37 hours were paid on average outside of the contract resulting in snowplowing costs of approximately \$7500/yr. This results in an effective rate of \$76.80/hr. for plowing. Very happy with what we've got. These numbers do not include costs for snowplow truck breakdowns, back up contractors, cost of fuel, drivers' costs, and equipment maintenance. A discussion as to what the community wanted and key concerns around contracting versus owning snow plowing equipment ensued. Discussion of members:
 - i. Best predictor of future experience is past history. The grader purchase has been beneficial to the Association. Has reduced road costs, which was the reason for the last dues increase. Advantages: greater control over escalating costs of snow removal, operational control, and important to have people and equipment on the hill to respond to snow needs. Buy good equipment and maintain it. Have drivers who treat equipment with respect. Think it will be good for the association.
 - ii. Are there full time residents who are willing to handle the snow plowing responsibilities? Does the board have a list: Board response: yes. Under CCIOA, can a board member be paid for snowplowing? Board response: yes, as it is not a Board activity. Need to get a committed person to do it.
 - iii. Noticed that sometimes there were two trucks plowing. Concerned that it would take twice as long to open roads if the Association only purchased one piece of equipment. Concerned about commitment of drivers.
 - iv. If a truck breaks down, who is in charge of fixing it? Need to have a backup plan with equipment that could be leased. Board: The Association can bring the grader up to open the roads when needed as a

- backup. The Board needs to clarify what it is asking the membership for.
- v. Indicated that the hourly rate paid under the last snow plowing contract did not include the maintenance of the equipment and replacement cost for blades, storage of the equipment, etc.
 - vi. Clarification was requested concerning the reason the Board is considering purchase of a piece of equipment, especially if it was happy with snowplowing last year. Who will be responsible for purchases?
Board response: The board will oversee any purchases. It doesn't know what the next contract snowplowing contract will be. The Board made an estimate as to what future expenses might be and decided to be proactive about options should a contract that is beneficial to the membership not be obtained.
 - vii. Questioned as to whether a comparison between grader and the snowplowing equipment was an appropriate comparison. The snowplowing is important to safety and wellbeing of the members and the grader is not. Also, there is a risk factor with the inability to predict snowfall. What happens if the snow plow is broken down? What then?
Desired further research and investigation as to options, both for availability of a snowplowing contract and for purchase of equipment.
Board response: There is a need to know the cost of the backup equipment.
 - viii. Indicated that a number of associations around Michigan Hill have gone into bankruptcy because of their inability to control road costs.
 - ix. The Board asked a member for an estimate of maintenance costs over the past three years on the plowing snow equipment used most recently under the expired snow plowing contract: 2 years ago, transfer case \$800, clutch \$450, 2-3 sets of cutting bars \$110/each. Over the 3-year period these added up to approximately \$1500 over three years, plus gas and oil changes. This was on a 1995 truck. Indicated that if someone is selling a snow plow truck it is generally because they are ready for another truck.
 - x. A member identified repeated requests for the Board to consider a snowplower on a tractor with a backhoe. Has cut through six-foot drifts keeping access to property open all year. Was able to get through two car lengths of drifts. Board response: has looked at big snow blowers this year, similar to what the county has.
 - xi. Concerns expressed about the Association needing something bigger than that to push the snow on the hill. Board response: has looked at big trucks so that any vehicle purchased may be used for other purposes as well.
2. Board asked for direction on how the membership wants the Board to move forward for next year's snow removal needs.
 - i. Member indicated that if considering purchase, would like more of a business proposal for this decision. Board response: don't know if there is a contractor who wants to put in a bid. Need to have something in place by October. Reminded membership that Board members are volunteers and have day jobs.

- ii. Another member indicated that the Board has the responsibility and the authority to do what needs to be done to handle the snow plowing needs of the Association on behalf of the Association.
 - iii. Suggestion made to get a primary contractor one year and look at research to purchase.
3. Board: will put request for proposals in the Flume in addition to other means to attempt to get proposals and get a contract. Asked for volunteers to assist the Board with this process. Received no member response. Asked for members to let the Board know of their interest in helping with this process at the meeting or via email.
 - i. Members indicated that if the Board is able to get a proposal that is beneficial to the community, then they should go with it. If the board is unable to get a contract for 1-3 years that is beneficial to the community, then it should look into getting equipment to fulfill this service and finding someone who might be willing to work for a wage if the association has the equipment.
 - ii. Requested clarity as to the motivation for this review: to save money or the inability to get a contract? Board response: the old contract was up so this prompted this discussion. The road grader has made a huge difference. The Board is coming up with ideas to assess needs and determine options for addressing future needs and expenses.
 - iii. Reinforced interests of those who live on Michigan Hill, of which a key interest is in keeping roads open for work and for health access and other emergencies.
4. Board response: historically, the Association only plowed the roads on weekends. Now Michigan Hill has grown into a community with fulltime needs. Indicated that for further discussion, member should contact the board at boardmembers@mhhoa.com

2. Additional new business

Some members living on the Hill can't just email Board because they don't have email service. Requested that the Board have a committee so that MHHOA is represented at the County internet meetings. The Board appointed Beverly Matulik to attend meetings on the Association's behalf while resident on the Hill, with the support of the Board.

Old business – none.

Meeting Adjournment.

Motion to adjourn the business meeting was made by Steve Johnson and seconded by Blenda Crawford. A vote was called for with a unanimous response. Meeting adjourned at 12:30 p.m.