

HEREFORDSHIRE CONDOMINIUM OWNERS' ANNUAL MEETING

June 24, 2010

Brent Greenwood opened the meeting at 6:05 pm. Owners from 23 units were present and 11 units were represented by Proxy for an 85% representation. Also present were Diana Miller, the resident of #134 who has the Power of Attorney to speak and vote on behalf of her parents Ron and Lee Bingham, and Zane S. Froer, who is the attorney for Kathy French of #125 and had her Proxy. Also, some units had 2 owners present so the total number of people in attendance was 30.

Board members present were Brent Greenwood, Jim Petteys, Jerry Walters, Doug Zollinger and Bud Carnahan. Jessie Swenson, the Association's bookkeeper, was also present. Jan Carnahan, Secretary to the Board, took minutes.

Financial Statements for the Year Ended December 31, 2009 and 2008 and Budget for 2010:

(A copy is attached to the minutes for those who didn't receive their copy at the Annual Meeting.)

Jessie Swenson went through the Financial Statements first. She read the Balance Sheet and Statement of Revenues, Expenses and Changes in Fund Balance. She told the Owners to read the rest of the report. Then she went through the Budget for the year 2010. Under Income the last item was a Special Assessment for \$20,000. She said this was put in the Budget because our estimated Legal Expenses for the year could reach \$20,000. Later Brent said the Special Assessment could be \$500 per unit. Carlene George asked why Prepaid Insurance was on the Balance Sheet and also the Statement of Cash Flows. Jessie said one was in the Balance Sheet because our insurance comes due in April and has to be paid in advance. We actually pay the total premium and then the CPA accrues it. The other Prepaid Insurance is under Expense. We pay a down payment and then so much every month. That is the total which is in the Statement of Cash Flows.

Ron Bingham asked if the Independent Auditor's report was an audit. Jessie said it was not an audit but a Year End Financial Review by Paul Deamer, a CPA. Bud Carnahan said there is a copy of an audit that Ray Kimber paid for in 1999 in the Association files. Ray said it was just a partial audit. Jim Petteys said a full blown audit would cost around \$15,000. Jessie said that for an Association our size it would probably only be \$10,000, and if the Association wants an audit it needs to be included in the Annual Budget.

Jessie then went over the Budget for the Year 2010. Carlene George asked why there two expenses for utilities under Utilities. It was explained that the \$750 is for security lights which are billed to the Association and that \$1,584, Owners Rocky Mountain Power, is the amount the Association credits to owners who get billed for security lights wired into their units. Then \$6.00 per light per month is deducted from those Owner's \$200 monthly maintenance fee.

Jim Petteys moved that the Financial Statements and the Annual Budget be approved. Bud Carnahan seconded. There was one opposing vote by Ron Bingham, which was not valid because Diana Miller has the Power of Attorney for #134.

Minutes of the May 6, 2009 Annual Meeting and May 25, 2010 Special Owners Meeting:

Jan Carnahan, secretary to the Board, stated that no additions or corrections were submitted to the Board after the minutes of the May 6, 2009 Annual Meeting were distributed to Owners last year so Bud Carnahan moved to approve the minutes of the May 6, 2009 Annual Meeting. Karen Petteys seconded. The vote was unanimous.

Jan Carnahan read corrections and additions to the minutes of the Special Owners Meeting of May 25th that had been submitted by Bonnie Larson and Ray Kimber. Carlene George said she had emailed some corrections that morning. Jan Carnahan said she hadn't seen them when she checked emails that morning so she asked the Board if she could make Carlene's corrections first and then have the Owners approve the amended minutes later, and they concurred.

Carlene said in the minutes of the Special Owners Meeting she asked the question [regarding Article V, Common Expenses and Assessments, Records 5.8 on page 17 of the proposed Restated and Amended Document (CC&Rs)] why Owners could only review Association records for more than one hour per month without reimbursement for expenses. Bud Carnahan said further reading of that clause would explain why.

Diana Miller said that was not legal. Brent Greenwood said the Association has set up a Website so Owners can get on and review the Documents, Minutes and Financial Records for however long they desire.

Carlene George then said people misunderstood her statement in the Special Owners Meeting about defined rules regarding where HCA money may and may not be used, including inside of any condo, and any external improvement to the outside of a condo that is not extended to all condos. Shirley Earl asked Carlene what her assumption was about saying that Board members cannot use Association money in their units, and Jim Petteys asked her "Are you stating as a fact that board members are using funds in their own units, or are you insinuating that Board members used Association funds in their units?" She did not answer, but after some discussion, Carlene said that it was not based on facts. It was an effort to protect the Board. Following that there was discussion that Board members do not have access to Association money except for some RV Lot renters who pay with cash.

Carlene George asked everyone to read on page 6 of the proposed CC&Rs about Open Session Meetings and Executive Sessions. She then said under Article IV, Officers (#4 on page 6 of the proposed CC&Rs) that the proposed CC&Rs wording that the President shall be the chief executive officer be deleted, and asked that her email comments be put them into the minutes of the Special Owners Meeting. She was told that after the Special Meeting our attorney Richard Jones was asked to remove the wording that the President of the board shall be the chief executive officer.

Brent went through some of the things the Board has done during the past year. 1) The Board has been continuing to build up the Reserve Fund, and it is now up to \$24,890.43. 2) Several thousand dollars were saved on snow removal last winter because the Board opted to do it "per push" rather than per month. This money was used for the following landscaping improvements to cut down on maintenance: Pine trees were removed on the east (1800 West) row which will eliminate clogging of rain gutters, the hedges on the east side were removed and will be replaced with appropriate shrubbery, dead and sick trees were removed, and all trees were professionally pruned. 3) The Rules & Regulations were revised. 4) Bud Carnahan has spent over 100 hours going through the Association files searching for meeting minutes from past years. 5) The Association has set up a Website where Documents, Minutes and Financial records will be posted. Diana Miller asked why the Board hadn't told Owners how to get onto the Website. Bud Carnahan said the instructions have been typed and are attached to the front of the Rules & Regulations which will be distributed to Owners at the end of the meeting.

Information:

Brent Greenwood said the Association is looking at roof repairs and possible replacement in a few years. Bud Carnahan said when the new roofs were put on in 1995 the shingles were guaranteed for 25 years, but the installers didn't extend the shingles down far enough over the rain gutters so metal flashing will need to be installed along the edge of some units. Bud also said some rain gutters are sloping in the middle and won't drain, which causes the waterfalls in front of units #102 and #103. Glenda Gannaway said where the rain gutters hook onto the building the wood is rotten so she is having a building inspector come. Bud Carnahan will call Rain Gutter Specialists to check out the rain gutters on units #102 and #103.

Proposed CC&Rs Update:

1. Bud Carnahan said changes in the proposed CC&Rs are on hold until our attorney returns after July 6th.
2. Bud has received Approval/Disapproval Forms from 26 Owners regarding the added clauses to the CC&Rs. (There was no response from 12 Owners.) All were approved. Two disapproved of increasing the Rental Restriction from 10% (4 units) to 15% (6 units); however, they said they will approve the clause.
3. Ray Kimber's proposed additions to the CC&Rs about Board member eligibility were reviewed, discussed and voted on. 1) Conform to the requirements of the Utah Statute for non-profit Corporation Directors. Our attorney Richard Jones said that Act had no qualification provisions for Directors. The majority of the Owners voted against it. 2) Conform to the requirement of the Utah Condominium Act regarding Directors, which states that a Director be over 18 years of age and a natural person. An LLC is not a

natural person nor is a trustee of a trust; however, language may be adapted to deal with those issues. This clause will be modified to spell out the terms in the clause and sent to our attorney for his review. 3) Are an Owner within the HCA as recorded by Weber County. That is a present requirement and the Owners approved the clause. 4) Are a full-time resident of the HCA. What the term full-time means is to be discussed and determined so it was not voted on. 5) Their unit is not listed/signed/posted/advertised for sale or in foreclosure. Bud Carnahan said "for sale" and "foreclosure" should be separate issues. The Owners voted against this clause. 6) Financial obligations to the HCA are current. Bud said there is a proposed new clause for the Restated and Amended Document (CC&Rs) which covers that: if an Owner is late 3 times during a year or 2 times in a row they are not eligible to serve on the Board. This clause was approved by 26 Owners on the Approval/Disapproval Form. 7) Property Taxes on their HCA unit are current. Bud Carnahan said some in real estate sales do not pay their taxes until closing of the sale, and then pay penalties and interest, which is an accepted practice. The majority of the Owners voted against it. 8) Sign a Declaration upon nomination for election that they understand and are in compliance with and will remain in compliance with such qualifications for eligibility. Bud commented that it is doubtful if anyone would sign such a Declaration, and that he certainly wouldn't. Ray withdrew that clause.

Items to Vote On:

1. Bring the Reserve Fund up to \$40,000 and maintain it at that amount. Bud recommended putting it in the CC&Rs rather than a letter from the Board because in the past the Reserve Fund has been spent down two times. The Owners voted unanimously to approve the clause.

2. Rescinding Proposal 1 (the Email Policy) which was approved at the May 2007 Annual Meeting. It stated that copies of emails between 2 or more board members/Sharm be provided to those who request them and give the Board their email address. To our knowledge only one person requested them - Ray Kimber. Since Sharm is no longer the Association bookkeeper, the Board proposed removing this Proposal from the records. Ray Kimber questioned whether we could rescind the Proposal because of pending litigation but the Board concurred in removing it and reinstating something similar at a later date if approved by the Owners. The vote to rescind Proposal 1 was 20 yes and 8 no.

3. Rescinding Proposal 2 which was approved at the May 2007 Annual Meeting. It stated that Board members may only have 1 Proxy and non-Board members may have 2. Bud said it was discriminatory to Board members and that our attorney Richard Jones said it probably was not valid under Utah law 16-6a-712. A majority of the Owners voted to rescind Proposal 2.

Election of Two Board Members:

Jim Petteys and Doug Zollinger were up for re-election. Janice Hansen nominated Jim Petteys and Geoff Cox seconded. Jay Cheever nominated Doug Zollinger and Jim Petteys seconded. Since there were only 2 nominees, Karen Petteys moved that we put them in by acclamation. Shirley Earl seconded.

Adjournment

The meeting adjourned at 7:45 pm.

(After the meeting had adjourned, Shirley Earl read a letter she had written to Ray Kimber, and had given copies to all Owners who were present at the beginning of the meeting.)