

HEREFORDSHIRE CONDOMINIUM OWNERS' ANNUAL MEETING

June 15, 2011

Jerry Walters opened the meeting at 6:35 pm. Owners from 24 units were present and 6 units were represented by Proxy, for a total of 30. Also present were LaMond Woods of Sentry West Insurance Services, and Brian Morris of Welch Randall Property Management.

Board members present were Jerry Walters, Geoff Cox and Doug Zollinger.

Insurance Information:

LaMond Woods with Sentry Insurance, who is the new insurance agent for Herefordshire Condo Association, passed out a 4-page handout regarding insurance information and recent changes in the Utah State Law that go into effect July 1, 2011. (Copies will be distributed to owners who were not at the meeting, and a copy will also be posted on the HOA Website, welchagency.com.) Owners were encouraged to read the information to understand how the recent changes will affect insurance coverage for condominium associations as well as condo owners. LaMond informed those in attendance that the current insurance deductible was \$5,000 and encouraged the owners to take the information in the handout to their insurance agent and discuss their personal homeowners' coverage requirements in view of the recent changes in Utah law.

Compiled Financial Statements for the Year Ended December 31, 2010:

Brian Morris, project manager for Welch Randal Real Estate, the Association's Property Management Company as of March 2011, gave a brief overview of their company. They have been in business for 20 years. In addition to their real estate business, they now manage about 1100 units in 12 different associations. He explained that our Board of Directors still makes the decisions, but Welch Randall helps manage, under the direction of the Board. All work orders and complaints are to be sent to Welch Randall (in writing) and, if necessary, Welch Randall will then confer with the Board.

A copy of the Herefordshire Condominium Association Compiled Financial Statements for the year ended December 31, 2010 was given to all Owners present. (Copies will be distributed to Owners who were not at the meeting, and a copy will also be posted on the HOA website.) Page 1 was an Independent Accountants' Compilation Report by Adams & Petersen, CPAs LLC. Page 2 was the Compiled Balance Sheet, page 3 was the Compiled Statements of Operations and Homeowners' Equity, and page 4 was the Compiled General and Administrative Expenses.

Overhead Presentations by Geoff Cox:

Geoff presented information regarding recycling. The Association would save \$744 a year by including recycling, but one of our 3 dumpster bins would become a recycling bin, leaving us with only 2 dumpster bins. After discussion, the owners agreed that it would be a hardship on older owners to have to walk further to dispose of their garbage and recycling material.

Geoff showed pictures of the RV/Storage Lot and gave the following information. There are 26 spaces and 23 are presently rented (only 2 are rented to condo owners and 21 to Herefordshire homeowners). The estimated annual income for this year is \$3,640. We pay \$178 per year for water and sewer. At the present time we pay nothing for lighting, and the Scouts do weeding in exchange for a small rental space. However, within the next 3 years the lot will be in need of resurfacing and striping (about \$68,900) and new fencing (about \$15,000). The Herefordshire Homeowners Association has expressed an interest in purchasing the lot. The estimated value is \$35,000-45,000. However, in order to sell the lot, 100% of the owners, plus all of the owner's mortgage companies, would have to approve the sell, which would be virtually impossible.

Geoff's overhead also summarized some recent changes and other community information:

- . Contacted with Welch Randall to manage our property, oversee the contractors, manage the accounting, and handle legal matters.
- . Our insurance policy was transferred to an agent specializing in condos (LaMond Woods of Sentry West Insurance Services) which resulted in contract changes and improvements.

- . Obtained and reviewed competitive bids from subcontractors, and awarded the following contracts: Greenkeepers for grounds maintenance; cleaning and repairing rain gutters; leveling concrete; and repair of masonry, asphalt and the sewer line next to Unit 115.
- . Association records: The new website for Association documents, Board policies and insurance information is welchagency.com. The storage shed was cleaned out and hard copies of condo records are stored inside containers. Website archival files were transferred to a DVD.
- . Regarding grounds maintenance, Geoff said the bushes along the fence line of the south row were killed last year due to over spraying by our former landscaping company.
- . The Herefordshire HOA Financial Disclosure and Board Policies, which were adopted by the Board on May 10, 2011, were distributed to those present. (Copies will be provided to those who were not at the meeting, and a copy will be posted on the HOA Website.
- . Collette Smith discovered, while gardening, that the electrical power lines are only several inches under the surface. It is highly recommended that Blue Stake be contacted before doing any digging.
- . The delay in getting the secondary water turned on this spring was due to a break in the main line and the sprinkler controls having issues. The repairs have been completed.
- . Some of the contracted spring and fall cleanup activities i.e. cleaning the rain gutters, weeding, sprinkler repairs and adjustments were delayed due to weather but will be completed in the near future.

Bud Carnahan stated it was their understanding when they bought their condo 19 years ago that the front yards were to be maintained by the Association unless the owners had modified the plantings. However, they have not been maintained for the last several years and most of the front yards of Units 115-128 are an eye sore to potential buyers.

An updated Owners Address & Phone List was given to all those present and a copy will be distributed to those who were not in attendance. Owners were asked to notify Jan Carnahan of any changes or corrections.

Minutes of the June 24, 2010 Annual Meeting:

Since no additions or corrections were submitted to the Board, a motion was made and they were approved by a unanimous vote.

Update on CC&Rs:

Bud Carnahan said in January a committee of volunteers started to amend the CC&Rs which had initially been prepared by attorney Richard Jones. They have completed their initial work and the documents are presently under informal legal review. Following the informal legal review, the committee will review changes and send the documents to the Board for their review prior to a final legal review by a Welch Randall attorney, and if there are no changes made by the Board or the final legal review, the committee will send the documents to the owners for their review (hopefully by the end of the first full week of July). After the owner's 10-day review period, the documents will go back to the committee, and then to the Board and, if needed, further legal review. Then there will be a Special Meeting scheduled by the Board for signing the papers, and all the documents will all be recorded on the same day.

A proposed Parking Map (which is part of the Bylaws) was distributed to the owners. Ray Kimber explained that some things were changed to accommodate mail delivery and snow removal.

Overhead Presentation on the 2010 Financial Annual Profit and Loss Comparison and 2011 Budget: (Copies will be distributed to all owners, and they will also be posted on the HOA Website.)

Jerry presented the 2010 Financial Annual Profit and Loss Comparison and explained that the reason it showed a \$7,420 net loss is because of the unbudgeted shingle recover of the building 101-104 roof and an additional unbudgeted \$9,360 spent on tree trimming. There was \$20,000 projected for legal fees versus \$17,706 that was spent; however, an additional \$8,443 was carried over for payment in 2011. The Board did

not collect the budgeted \$20,000 assessment to the owners to reestablish the \$40,000 Emergency Fund.

Jerry then presented the 2011 Budget, explaining which expense items were fixed contract, which had been competitively bid, which had already been contracted for, and which had been estimated based on previous year costs and predicted inflation. He then presented a competitive bids summary for replacement of the roofing for units 105-140. The Board had originally intended to spread this work out over a period of years, but due to the severely deteriorated condition of all of the roof surfaces, and increasing concerns and problems with water leaking, they recommended that a special assessment be approved to replace all of the roofing this year. Jerry also stated it was reported that roofing material costs had increased by 30% since the first of the year, and were going to increase another 13% on July 1. A total of five competitive bids were obtained and the Board recommended that the contract be awarded to Whitaker Roofing for \$230,323. The motion to approve the contract with Whitaker Roofing was approved. Notification of a special assessment to fund the contract will be sent out to the owners. Based on the proposed budget a net annual loss of -\$8,597 is projected and a year end total liability and homeowner equity of \$22,934. Jerry also indicated that a significant portion of up to \$24,650 in 2011 budgeted expenses (sewer repairs (\$4,100), masonry repairs (\$8,000), concrete raising (\$2,550) and legal fees (\$10,000) would not be required in 2012.

Jerry stated that the board had become aware that the recover of the roofs of units 101-104 last year was suspected to be in violation of the Utah State Building Code. All of the contractors who presented bids this year verified that there were two existing layers of shingles and that State code did not allow a third layer roof recover. The contractor who recovered the roofs of units 101-104 has been notified by letter of the suspected violation and has been requested to respond by Monday, June 27 with proof the work they performed is not in violation of the Utah State Building Code or a resolution, or they will be reported to the proper authorities and the Better Business Bureau. The Welch Randall attorney was copied on the letter. Dave Vlaanderen suggested the Association file a claim against the previous shingle manufacturer's warranty.

Jerry presented a 5-Year Reserve Fund Analysis on predicted major maintenance expenses. The Analysis included Roofing, Asphalt, Water and Sewer. All of the roofing will be replaced this year. The total five year projected cost for 1) Roofing will be \$230,323 in 2011, 2) Asphalt was \$90,000 (an average of \$15,000 per year), 3) Water was \$10,000 (an average of \$2,000 per year), and 4) Sewer was \$10,000 (an average of \$2,000 per year).

Geoff stated that the Board had successfully negotiated with attorney Richard Jones on legal fees and received a \$3,510 reduction, and they have submitted a claim to our insurance company for \$15,159 in legal fees resulting from the Ray Kimber and Kathy French lawsuits, of which \$3,853 was billed after the insurance company hired an attorney. Geoff also said that the French lawsuit was finally settled after 2 years for a negotiated fee of \$1,000 which was paid for by the insurance company.

There were no comments or recommended changes from the owners on the Profit and Loss Comparison or the 2011 Budget so they will stand as presented.

Election of Board Members:

Jerry said that Doug Zollinger was the only standing Board member, but he is resigning effective this date. Doug was given a round of applause for his service.

Ed Hahn was nominated but declined the nomination.

Glenda Gannaway was nominated but she declined.

Dave Vlaanderen was nominated.

Collette Smith was nominated but she declined.

Geoff Cox was nominated.

Jerry Walters was nominated.

Ray Kimber moved to close the nominations and that Dave, Geoff and Jerry be put in by acclamation. The vote was unanimous.

Adjournment: The meeting adjourned at 8:55 pm.