

**Annual Winter Member Meeting Minutes
Fairway Pines Estates Owners Association
Tuesday February 12, 2019, at 6:00 PM (MDT)
434 Ponderosa Drive, Ridgway, CO 81432**

The meeting was called to order by President Mark Hartman at 6:02 P.M. Paul Stashick (Vice President), Bill McFarland (Treasurer) and Bob Del Rossi (Secretary), Jim Couto (Board Member) and Marti Whitmore, Attorney for FPEOA were present. Also present: Carrie Briggs, Administrative Assistant and several (43 signed in) HOA members.

1. Approval of the June 18, 2018 Special Meeting Minutes and the July 24, 2018 Annual Summer Member Meeting Minutes

A motion was made by Bill McFarland and seconded by Jim Couto to approve the June 18, 2018 Special Meeting Minutes. The motion was passed unanimously.

A motion was made by Bob Del Rossi and seconded by Bill McFarland to approve the July 24, 2018 Summer Member Meeting Minutes. The motion passed unanimously.

2. Welcoming of New Homeowners

There were many (7) new homeowners present at the meeting. Everyone in attendance went around the room and introduced themselves to the new homeowners including the Board of Directors.

3. Treasurer's Report: 2018 Final Operating Budget vs. Actuals, Proposed 2019 Operating Budget, Confirmation of 2019 Operating Budget

Bill McFarland presented the results of the final 2018 Operating Budget vs. Actuals. An audit was conducted by Bill McFarland and Jim Couto with Middleton Accounting. Bill gave a detailed report of monies that were improperly co-mingled between the Operating Account and the Vanguard account. This created issues with taxable vs. nontaxable income. The water project is shown as an asset on the books. The 2018 Budget was circulated to the members for review. Bill offered a copy of his audit report to the members.

The 2019 Budget was presented to the members showing a simplified and streamlined budget. The budget does not show anticipated lot sales and accounts for uncollectable dues on 8 lots. The 2019 Budget was approved with a motion by Mark Hartman and seconded by Bob Del Rossi. All members present were in favor.

A question was asked by a member regarding the accounting costs for this year. It was explained by Bill McFarland the accounting costs for Middleton Accounting are on a \$1700 monthly contract. The additional accounting costs shown in the 2019 budget were generated by the need to clean up past accounting errors/methods and to get previous year's tax returns amended. \$14,000 was attributed to accounting expenses incurred in 2018.

A question was asked about a statement made by a previous board that was recorded in the minutes some time ago. The minutes stated a sizeable amount of receivables had been collected (over \$200K). Barry Zane wanted to know where that money went. He stated that Sylvia of MMM told him the receivables

amount had been written-off. Bill McFarland explained that the Board intended to perform an audit of past years receivables in question.

A question was asked about how much money from lot dues (\$388) went to the reserve fund in the past. The 2019 budget shows \$65 going to the reserve fund. Jim Couto stated that in 2018 \$70 went into the reserve fund and annual assessment has been as high as \$110. In order to meet future major road upgrades and major repairs, it should be around \$150. Another project the board intends to complete in 2019 is to obtain updated quotes for chip seal and repair of the association roads.

A question was asked about the current Board policy for lot owners that do not pay their dues. Mark Hartman explained that the first step is a letter and then the HOA has lien rights. Acquiring lots by foreclosure is not part of the Board's plan.

4. Overall Vision for the Board of Directors/Water Project/Real Estate Report

a. **Overall Vision.** Mark Hartman stated that the Board would like the community to not be neighbor against neighbor. He described the ongoing efforts to streamline the ARC standards, making it easier for people to understand and comply with when building or remodeling. The ARC and the Board of Directors will be getting together to work on this project. A great deal of work has begun already with the ARC members working on bullet items. Paul Stashick would like to see the ARC implement things that are new since the original ARC standards were designed, i.e. drones, etc. that are now commonplace in our communities.

Paul talked about the time to own in our community right now has never been better in the real estate market. Our strategic location between Telluride and Montrose offers positive aspects (being close to resort/ski areas) as those areas are built out. Offering residential, multi-family and commercial opportunities gives Fairway Pines/Divide Ranch a huge edge in real estate markets in the near future.

Various members relayed comments made about our community that were negative in nature. Also mentioned was the suggestion of marketing the development outside of our area. Paul Stashick stated that we are all stakeholders in the community and that we all need to promote the development. Board members would like to hear about rumors affecting our community and be proactive in addressing how the community views can be changed or corrected.

b. **Water Project.** The Board explained to the members that continuing with the water project would take a special assessment (which was met with displeasure from some of the members present). Mark Hartman clarified that the board has no intention of proposing a special assessment, rather just exiting the water project. Members appeared to be in agreement.

Paul Stashick gave a brief summary of the water well situation to a member asking about what it was all about. There are two wells. One works ok but the second does not. The wells were built on property the Association does not own. There are no permits to pump the ground water as well as mechanical issues. The cost to continue the water project based on contractor estimates provided to the previous board is nearly \$1,000,000.

Barry Zane inquired about the water project costs paid by the previous board. There was a question as to the authority of paying expenses for the water project without proper approval or disclosure. The amendments made in 2017 to Section 9 Financial Policies and Procedures came after water project expenses were already approved and paid for by the previous board.

c. **Real Estate Report.** Jim Couto gave an up to date real estate summary of POA held lots.

In 2012 the POA started acquiring vacant lots thru foreclosure.

(10) Lots were acquired and one of them (430) was sold and has since been reacquired.

When first acquired the combined listing prices for all of the properties was \$350,000. The sale of the lots was projected to bring in revenue for the Association and put the property in the hands of new dues-paying owners.

(7) Lots have been sold to date. The combined acquisition and holding costs total over \$215,000. The revenue from the sales was approximately \$162,000 resulting in a loss of over \$52,000.

(4) Lots remain unsold (2) of them have tax liens. The lien on lot 430 is approximately \$4000 and on V611 the lien is \$20,000. The liens need to be paid, preferably before the lots are sold in order to have clear title to the property. At this point the POA does not have funds in the 2019 budget to pay the liens.

The current BOD has raised the asking prices on the remaining lots as we try to re-establish property values and recoup as much of the holding costs as possible.

The acquisition and holding costs of the (4) remaining lots, thru 2018 YE is approximately \$80,000. Add in the tax liens and the total is \$104,000. If the lots don't sell in 2019 the holding cost will increase by another \$20,000 and that doesn't include the RE commission or closing costs.

If we are able to get the remaining properties sold in 2019 there is a chance of making a small profit or at least breaking even.

5. Short Term Rentals

Mark Hartman explained that due to the County of Ouray implementing new statutes restricting short term rentals to a limited number of permits, the Board does not believe that the Association will need to implement additional rules of their own but simply mirror what the County mandates. Verification needs to be made that the County's rules cover Fairway Pines. The Board would like to avoid being in the management business by having the rules be enforced legally according to Ouray County laws & regulations. Further follow-up will need to be done to verify these matters. The exception to the STR matter could possibly be to limit the STR to the core area lots.

6. Committee Reports

The following Committees gave reports on matters currently going on.

Architectural Review Committee – Frank Connolly gave an update for the ARC Committee. He explained the various projects that were going on including new construction, fencing, re-models and possible new construction coming up. Frank also addressed the ongoing ARC standards streamlined project to aid new homeowners with the process. Also going on is the issue of Road Impact Fees on Cluster lots currently being discussed with the Board of Directors.

Welcoming/Activities Committee. Judi Adams gave a report on the new homeowners coming to the neighborhood. Many of who were in attendance. Tara Del Rossi talked about the various upcoming social events that they have planned as a community and events that will take place together with Divide Ranch at the Clubhouse. An email has been sent to homeowners asking their input and suggestions to help understand the desires of the members. Tara Del Rossi requested a budget be given to them to assist in costs related to the Welcoming & Activities Committees.

New Committee volunteers are needed for various committees. Anyone interested, please contact someone on the Board.

7. Members Comments

A request was made by Barry Zane, that the Board consider changing the name of the Association to get away from the past negativity associated with the Fairway Pines name.

8. New Business

A letter from Chris Carr and other members (not named) was received by the Board requesting various answers/documents from the Board. The Board has been working on getting the final answers completed and will send out an email to all homeowners for their information.

9. Adjournment

A motion was made by Mark Hartman to adjourn the meeting and was seconded by Bob Del Rossi. The meeting concluded at 8:08 PM.

Respectfully submitted,

Carrie Briggs,
Administrative Assistant
Fairway Pines Estates Owners Association