

AUTUMN HEIGHTS CONDOMINIUM OWNERS ASSOCIATION ANNUAL MEETING
MINUTES
JANUARY 5, 2006

The annual meeting of the Autumn Heights Condominium Owners Association (AHCOA) was held on Thursday, January 5, 2006, in the Clubhouse of the Autumn Heights COA. Claus Wiedner, President, called the meeting to order at 6:02 PM. Mr. Weidner gave a brief summary of the topics to be discussed and the election of one new Board member.

ROLL CALL

The roll call taken at the door indicated that 29 owners were present at this meeting out of 140 units. The Bylaws state that 33% of homeowners need to be present to have a quorum. Forty-seven (47) is the minimum number of homeowners that must be present to elect a new board member. There were designated homeowner representatives: Larry Pierce was designated a homeowner representative with eight proxies, Amber Nicodemous with seven proxies, the President with one proxy and a tenant with the homeowner's proxy. In the event there is no quorum, the Board will appoint a new board member. Everyone present acknowledged that they received notice of the meeting. All attendees were given handouts with agenda topics, financial statements, ballot and visual presentation sheets.

OFFICERS REPORTS

Claus Weidner welcomed all attendees. It was great to see people take an interest in the affairs of the association. He reminded folks that we have 140 units/neighbors. Autumn Heights was originally built as townhome units in 1982 but were not able to sell due to extenuating financial circumstances at that time. Consequently from 1982 to 2000, the units were townhome rentals. Since that time, the AHCOA has spent much effort upgrading the property as a homeownership development.

Mr. Weidner highlighted the fact that the roofs, downspouts, new pool equipment, recreation area, Clubhouse and hot tub are all owned by each of us.

Autumn Heights Overview

Claus Weidner reiterated we are all owners of: 16,780 square feet of concrete, 3,125 lineal feet of fence, 4,280 square feet of wood retaining walls, 210 waste and vent lines, and water and sewer laterals, 95,921 square feet of asphalt pavement, 22,760 linear feet of gutters and downspouts, and over 300 trees and 200 bushes. When any part of the 3,125 lineal feet of fence goes down, we are all responsible for its repair. The 95,921 square feet of asphalt pavement belongs to all of us, as all the landscaping including 300 trees and 200 bushes. We are all owners, and what you pay for and what I pay for goes to this part of the development.

2005 Summary

Cary Smith, Treasurer, introduced himself and the other members: Margie Davis, secretary, Darren Burns and Devin Smith, property managers of Z&R Management. Devin Smith was the person welcoming folks at the door.

Cary Smith reported that we took out a seven-year loan to pay for the new roofs and have retired approximately \$35,000 of that loan in 2005. He recently received a call from a homeowner from another property that said they were charged a \$2000 assessment for roof repair plus an increase in their dues. So we at Autumn Heights are very fortunate. The torrential rains took a toll on our budget. Anything that happens affects all of us. We completed Phase II of the painting and trim repair. Our budget will continue to fund for routine maintenance and repairs but with the significant increase of homeowner requests, the Board will not be able to accommodate every request. The Board will assign homeowner requests a sanity factor (to determine necessity value rather than aesthetic value).

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2006 Objectives

Cary Smith stated that we will continue to live within the current budget and pay off the roof loan. We do have discretionary funds for "curb appeal" items such as a new stone sign for the front entrance. We will also promote Autumn Heights' positive features with local realtors. This is a great place to live.

He also stated there are many things that happen that some of us are not even aware of, such as a fence that got knocked down behind Claudette Cotter's home, which was promptly repaired. The Z&R Property Management fee will remain the same for 2006. But we must initiate an increase in 2007. As we all know, water and gas utilities have increased. But Cary Smith is confident that we will stay within the current budget. We were able to whether the weather, and repair the damage caused by the heavy rains.

2006 Budget Overview

Cary Smith emphasized we do have a long range plan. The presentation included a pie chart depicting various AHCOA expenditures. Twenty percent of AHCOA funds are earmarked for the loan. The landscaping expense accounts for 12% of funds. Utilities are about 14% of the dollars each of us has to pay. For 2006, the insurance expenditure is based on approximately \$9 per month per household. Please note we reduced our insurance expense by \$8,000 this year while increasing our coverage. Our management fee is now 6% of budget. In days past, the total annual amount was approximately \$48,000 per year. It is now approximately \$21,000 per year. Trash accounts for about 4% of the budget. And the Other category takes about 32%. This amount includes such things as normal maintenance, routine items, snow removal, salt applications, and miscellaneous repair items such as constant repair of the 22-year old sprinkler system.

Bill Davis asked if the \$70K figure included actual principle reduction. Yes, the \$70K figure includes the principle reduction plus interest.

FINANCIAL REPORT

Darren Burns went over the figures, and affirmed the AHCOA has approximately \$48,000 in total assets in separate accounts. The cash accounts are the first two items listed on the balance sheet. The reserve accounts are the next three items listed. The final number is the amount owed to us. There is one item listed as an account receivable for approximately \$15,000. This entry is derived from a delinquent homeowner who violated covenants and had not responded to any correspondence concerning the infractions. This amount is owed to us and is comprised of assessed fines, late fees, attorney's fees, etc. and should actually be about \$4,000. The remaining \$11,000 will be worked out in court. As an obvious example, if a homeowner has a 600 pound dog, it will be brought to the Board's attention and the matter will be rectified. The main concern is that this particular homeowner plays by the rules.

Betty Howard asked a question concerning covenant enforcement. Does the AHCOA use a mechanics lien? Darren Burns stated that there are generally two types of liens: statutory liens and covenant liens. As of late, the respective attorneys are bantering at this time. The matter is currently in settlement negotiations and will be resolved in the new future.

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Mr. Burns continued stating the roofing loan is on track, no problems. The balance is just under \$313,000. The reserves allowed the AHCOA to take care of all the problems caused by the torrential rains without having to ask for more money such as the assessment mentioned before. Approximately \$19,000 is currently in reserves. But we plan to put in \$45,000 to bump up the reserves in 2006. The good news is that we were below budget even with all the extra expenses.

BALANCE SHEET
December 31, 2005

ASSETS:

Current Assets

Cash-Operating Account	\$ 2,019.19
Cash-Operating Account 2	\$ 11,199.65
Reserve-Escrow Account-1	\$ 746.14
Reserve-Escrow Account-2	\$ 4,041.38
Reserve-Escrow Account-4	\$ 15,036.73
Accounts Receivable	<u>\$ 15,319.37</u>
Total Current Assets	\$ 48,362.46

TOTAL ASSETS **\$ 48,362.46**

LIABILITIES & CAPITAL:

Liabilities

Short Term Liabilities

Prepaid Dues	\$ 13,206.49
Loan	<u>\$279,637.13</u>
Total Short Term Liabilities	\$323,149.58

Reserves

Reserve Interest Earned	\$ 684.70
Reserve Consolidated	\$ 116,297.08
Reserve-Expense Consolidated	<u>\$ -97,157.53</u>
Total Reserves	<u>\$ 19,824.25</u>

Total Liabilities \$ 299,461.38

Capital

Current Retained Earnings	<u>\$-251,098.92</u>
Total Capital	<u>\$-251,098.92</u>

TOTAL LIABILITIES & CAPITAL **\$ 48,362.46**

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Danielle Backstrom asked about the increase of expenses. Darren Burns responded the expense is related to the siding and stucco issues and the significant increase of owner requests. Homeowners' individual aesthetic concerns rose which cost the association additional capital. We must give individual requests a sanity factor. In addition, the wooden fence repair outlay was caused by wind damage, and we repaired extensive landscaping and sprinkler issues. We have 64 zones and thousands of lines. There is no way to budget for these items. Ms. Backstrom asked another question on what was included in general maintenance and repair. Mr. Burns responded the AHCOA covers caulking where the frame ends and the window begins. The chimney gaps are also a big issue. And the obsolete gutters are another big ticket item.

Mr. Weidner again remarked that we will concentrate on building the reserve accounts. There are discretionary funds but if a sewer line breaks, we have to fix it.

Long Term Goals

Cary Smith reiterated long term financial stability for Autumn Heights. This goes hand in hand with the continued increase in property values. We want to make Autumn Heights a place where people want to live. And the Board will continue to enforce the covenants.

A question was asked why was the Broadmoor Information Security service cancelled. Cary Smith responded that this service was not a value-added expense. The security officers would patrol three times per 24-hour period and prepared monthly reports. The good news is that we (AHCOA) were not on any of the reports. Our best protection is each other.

Concerning curb appeal items: the Board will not be able to accommodate every request. It will review requests based necessity vs. beauty. And requests will be prioritized according to importance. Carol Alto-Pierce pointed out that curb appeal is our responsibility: such as picking up after our pets, placing trash receptacles back into garages, etc.

Darren Burns stated that Autumn Heights took a huge bold step completing the roof replacements in 2003. About 87% of the roofs needed repairs that could not have been repaired under the new ordinance. We could not have been able to retain Class C insurance with the obsolete shake shingles. Then the following year, we saved major structural damage with the completion of the new roofs because of the excessive precipitation. The new roof installation is guaranteed for 10 years. Now all we have to do is build the reserve account back up. Our budget is designed to where if an emergency occurs, we can resolve it without issuing an assessment. Janet Weidner stated that Autumn Heights' roof project was the test case. Mr. Weidner has received numerous phone calls as we set the example for other associations. Jamie Ross stated that we will have more money to do other improvements after we pay off the roof loan. All agreed.

Grace Lynch mentioned that her son lives in Manitou and was assessed \$7,000 for paved roads. It was a short-term request, not within the next year, but within the next 30 days. Then Mr. Weidner asserted that is precisely what we are trying to prevent from happening here.

Claus Weidner acknowledged we have other projects to tackle, such as gutter replacements and retaining walls. And Autumn Heights will proceed to build a 100-year model fence rather than the 20-year model. Cary Smith stated we just have to stay engaged and stick to the plan.

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Bill Davis asked whether the AHCOA had sustained any vandalism on the downspouts. No, Mr. Burns verified it is just age and torrential downpours dealing with the original equipment. We have four-inch gutters and will be getting five-inch gutters. The AHCOA has already whittled away approximately \$20,000 of gutter repairs. We are repairing in piece meal fashion. Another question was asked about cleaning out the gutters. This service is performed once a year but it is the responsibility of homeowners to let Z&R Management know. Mary Ann Tabor introduced herself and indicated she had a big ice problem in the gutter and that she owns the unit where the garage is separated and must go outside to get into the garage. Z&R should be informed.

Someone mentioned that ice has accumulated at the mailboxes and that no one had put salt or sand down since December 20, 2005. Mr. Burns specified that the snow crews do not patrol after the initial snowfall.

The goal is to assure the long term financial stability of this development. And publicizing our position to realtors is a great idea. People should know the rules will be enforced. Make friends with your neighbors and make them aware that we are all responsible to enhance community life for all of us. Enforcement of the covenants is an ongoing effort and we hope to impress this upon the realtors. A question was raised on how new homeowners are made aware of the covenants. This should be the realtor's job in the best interest of their clients. The title company ought to have the covenants which are filed with El Paso County. Initially, the covenants should be included with the real estate contract package as part of the disclosure to buyer.

NEW BUSINESS

Election

The official ballot listed two candidates for the vacant Board position: Ms. Grace Lynch and Mr. Claus Weidner. Due to an error on the ballot, Ms. Lynch requested her name be removed. Margie Davis, nominating committee, reported that no others had expressed any interest in the board position. Darren Burns stated that anyone can run for a position and asked if there were any other interested candidates. Mr. Burns then introduced Mr. Weidner, the candidate seeking a second term on the Board. Mr. Weidner stated that he approached service on the Board the same as conducting a business. The AHCOA is a good business operation. He stated the Board has done a fine job and reinforced the 2006 objectives were to stay within the budget and keep the dues at \$198. He made business decisions that helped all of us. Jamie Ross then made a motion to nominate Larry Pierce. Before seeking a second, Mr. Pierce graciously declined the nomination. Since there were no other interested candidates and no additional nominations from the floor, Claus Weidner was reappointed to the Board with the consensus of all the homeowners in attendance.

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Mr. Weidner thanked Darren Burns and Devin Smith for the outstanding service and declared that Autumn Heights has the best management company in town. Mr. Weidner also thanked Carol Alto-Pierce for the *Autumn Heights Newsletter* and the Welcome Committee for their assistance. Ms. Pierce stated the committee welcomed over 50 families with baked goods, cards and helpful hints and she commended the members of the committee: Rosemarie Hall-Heyduk, Zee DeKraai, Grace Lynch, Jamie Ross, Eileen Graham and Judy Gonzales.

ANNOUNCEMENTS (Discussion)

- Autumn Heights' covenants enforcement will continue to be a priority. A new homeowner suggested we use our message boards or post signs. The pet restrictions will continue to be strictly enforced. People continue to park under the no parking signs. Mr. Burns announced the Fire Department is slow so if you witness a parking violation, call Z&R as we have the authority to tow the vehicle without warning.
- A question was raised concerning individual homeowner improvements. Homeowners are required to submit a proposal for prior Board approval for any improvements such as installation of air conditioning, new windows, etc. Mr. Burns mentioned the AHCOA cannot condone one company. But perhaps a company can offer discounts based on the amount of projects received from the community. Denille Backstrom volunteered to organize a list of interested homeowners and potential contractors to secure bulk pricing for multiple jobs at Autumn Heights. This is a topic for the newsletter.

ADJOURNMENT

There being no further business, the meeting was closed in due form by Claus Weidner at 7:38 PM.

Respectfully submitted,



Margaret A. Davis, Secretary