

HARBOR VILLAGE HOMEOWNERS ASSOCIATION, INC.
ANNUAL MEETING & COMMUNITY INFORMATION SESSION

JULY 17, 2014 Thursday 3:00 p.m.

Harbor Village Pavilion

MINUTES

Call to Order - the meeting was called to order by President Chuck Trayer at 3:10 p.m. Mr. Trayer appointed Buggy Yarbrough recording secretary for the meeting.

Establish a Quorum - a quorum consists of 25% of the votes of 57 lots in Harbor Village which is 14 lots represented in person or by proxy. A quorum was established with 27 in person and 15 lots by proxy. A total of 61 Homeowner gathered from all of the greater Harbor Village Community to attend this meeting.

Introductions:

Board - Board members present were President, Chuck Trayer; Secretary/Treasurer, Paul Clegg; Board member Wade Allred; and Board member Rockett Van Wye who is also the Marina Townhomes neighborhood representative. Also present was Community Committee Chairman Bill Whitsitt. Chuck thanked Bill Whitsitt for his continued work in keeping the Association in the loop as to what is happening and has taken place.

Western Mountains Property Management - Dave Roberts and his staff of Danae Hanson and Jennifer Gunderson were introduced. President Chuck thanked Dave for all his work and assisting the Board throughout this difficult transition period.

New Homeowners - Chuck Trayer asked if there were any new homeowners at the meeting. Three (3) new Homeowner's introduced themselves; Keith McKeag, Dena Brunskill and Ron Rezetko. Joyce Mitchell was also in attendance and had been asked to attend and help with the voting and counting of the ballots.

Approved Minutes of 2013 Annual Meeting - A motion to approve the minutes from the 2013 Annual Meeting was made by John Egan and seconded by Dave Strawser. The membership voted by voice with unanimous approval.

President's Report - President Chuck Trayer thanked all the Homeowners for attending the meeting. During the meeting held August 15, 2013 the Community had asked the Board to be more communicative. They had asked for more Board meetings

and in fact the Board had more than 15 meetings via conference call throughout the winter trying to work through the issues.

Harbor Village today is different due to the recent court rulings. The Flathead County Judge ruled that the 2011 CC&Rs are not valid and the 2002 CC&R's may not be valid as well. As a result of the ruling and a pending legal action by a homeowner, the Board initiated an inquiry to get the best information on the Association status and potential future actions. A decision was made to hire attorney Bill Astle. The Board also contracted with the First American Title to do some significant research. We spent lots of time with the Attorneys and sifting through stacks of papers. Bill Astle and First American Title came up with a number of findings and conclusions. The "Quick Takes 7" which was mailed to all Homeowner's on April 28, 2014, explained how we got where we are today. Harbor Village is now made up of 57 lots and there are 5 other Communities that make up the rest of the Village.

Financial Review - Treasurer Paul Clegg provided an Overview Report in the packets that were handed out. Paul presented how The Village has broken into different communities. There are now six (6) different Communities and each one will give a short presentation on what they have decided to do with their ownership. Dean Brunskill helped put a large map together and a smaller version was also in the packet Paul had available for all homeowners. This map shows the breakdown of all the six (6) Communities. The common areas will be a very important area to discuss and this will be done later in the meeting.

Fairway Pines consists of 34 lots. They had paid dues quarterly at a rate of \$625.00. They budgeted \$130,000 in their saving accounts to pay for repairs and maintenance of their condominiums.

Lakeview Villas also has 34 lots and pay \$660.00 a quarter and have \$115,000 in the bank for maintenance.

Marina Court has 12 lots and pays \$715.00 quarterly and has \$75,000 in the bank for repairs.

Parkside Coach has 4 lots and has \$20,000 in the bank.

Harbor Village or Eagle Bend West as we were named in 1997 has 57 lots and \$0.00 in the bank.

Osprey Homes which is comprised of 24 lots on Lake 9 Court and along the canal from the Pavilion to the Marina

These separate Communities were explained in “Quick Takes #7”. “Quick Takes #8” was mailed out June 12, 2014 giving further updates.

Actual Budget for Harbor Village HOA in 2013 was \$226,000 and this is derived from income off Homeowner’s dues. For the first half of 2014 our income from dues is \$118,000. We currently have 5 delinquent accounts that are only 3% of our Homeowner’s Association. This means that 97% of the Homeowner’s have continued to pay our dues even with all this conflict.

Total expenses in 2013 are \$200,000. We had a net income of \$12,000. Our budget in 2013 for legal fees was \$5,000. And we actually incurred \$29,000 in legal fees. We had projected a Net Income in 2013 of \$25,000 so we have started 2014 behind financially. We have not been able to do any capital improvements as we did not have the money. In 2014 the legal expenses have been budgeted at \$6,000 and the actual is \$5,000 so now we have things more in control. Legal bills are now being paid by our Insurance Company and they have just paid \$8,500 for our current attorney fees.

The Landscape budget in 2013 was \$87,000 and the actual was \$96,000. With the help of Dave Roberts we have worked on the landscape issue and we have budgeted \$46,000 which is only through June 30, 2014. We will focus on this more in the future.

The Property Manger fees in 2012 were \$42,000 and in 2013 they were \$35,000. We paid one month Management fees as severance to the new company that purchased JES Management and this also helped us obtain our records all the way back to 2001. We have changed to Western Mountain Property Management in March of 2014. Our budget for Property Manager is \$19,000 for 2014. Dave does not charge for any extra work. He has spent countless hours working with the Board and has never charged for his extra time.

A Member asked if the Treasurer’s Overview Report covered any of the Townhome budgets. Paul said no, it only covers the landscape of flowers and all the common area lawns. Rockett gave some clarification: We paid quarterly HOA to Harbor Village Townhomes. We paid in two (2) separate checks, one to Harbor Village and a second check for the quarterly dues to their own Townhomes Association and that check was put in a separate bank account. The HOA dues which were paid quarterly were \$355 per lot. This paid for the landscaping, Property Manager, professional and legal fees, snow removal and the pavilion maintenance.

Community Updates

Fairway Pines -Janet Obradovich: 1st meeting was held June 30 and we voted to hire Dave Roberts as our Property Manager. We have appointed a three (3) person Steering Committee to move forward. That committee consists of Laura Long, Janet Obradovich and Nina Anderson. On July 2, the Steering Committee met to begin the process of creating a new HOA, including discussion of legal incorporation and representation, townhome maintenance scheduling, financial issues and establishing CC&Rs. We are looking at creating a Legal Maintenance Contract to fill that need until CC&Rs can be adopted by the homeowners. The committee also talked about the benefits of using a legal firm that was already up to speed on the HVHOA situation, perhaps one that has been retained by one of the other prospective new HOAs.

Lakeview Park Villa- Ron Ransom: A meeting was held July 1, 2014 and all 34 property owners came to a unanimous decision to form a HOA and retain Dave Roberts as Property Manager. Both the Lakeview and Park Villas will become one HOA. They have consulted with attorney Randy Ogle to go through the proper steps.

1. Form a Limited Liability Corporation, open a checking account and got a tax ID number.
2. Need to write CC&Rs. We would like to look at other HOAs CC&Rs for ideas.
3. Inform the HOA and properly filing of all documents and address the insurance issues.

It was pointed out by Randy Ogle that our current insurance policy is in flux and if we are trying to sell our property we need to make full disclosure with potential property owners. Keith Palmquist stated that he had always paid \$660 quarterly for the maintenance of Villas and also paid \$355 to Harbor Village. Keith went on to explain that he knew Harbor Village would have more expenses and in the winter everyone would need snow plowing. This HOA will continue to pay \$355 to Harbor Village to cover landscaping and snow plowing. He thanked all the property owners for the paying of their dues. He hopes that all the new communities could come together so we could all save some money.

Marina Court - John Egan: We have 12 property owners and we have had 4 meeting as of today and 11 of the property owners are in agreement. We need to maintain our property and its value. We are forming a non-profit, developing some CC&Rs and a HOA. We are contacting legal counsel and also will also retain Dave Roberts. We are looking forward to sharing in the responsibility of the maintenance of our development.

Parkside Coach - Ken Atkins: There are only 4 Homeowners and we got together and discussed our options. We decided amongst ourselves to retain their rights of ownership. We know we need to look after the road, landscape. We will participate, just not with an HOA. Owners will carry their own insurance

Lake 9 Court/Canal Side - Julie Botic: We have 24 single family lots. We maintain our own lots and homes. We are trying to come together; we realize we need to develop our CC&Rs. Most likely we will hire Dave and we have been thinking we would like to annex with some other group. We would like to be part of the community. We have many empty lots and it is hard to reach all of the people as they do not live here. We will be writing our CC&Rs and hire an attorney in the future.

Eagle Bend West- Bill Whitsitt: We have 57 Homeowners and are the residual of Harbor Village Association and are in the process of becoming Eagle Bend West Community Association, Inc. This was our name in the 1997 CC&Rs. Bill thanked all the neighbors for their support and encouragement. He pointed out that the volunteers working on the Association's future had appointed a Steering Group (Howard Hicks, Paul Clegg, Dave Strawser and Bill) a Common Area/Budget Team (Chris Waltham, Dena Brunskill and Paul Clegg) and a Communication Team (Gina Waltham, Madeline Clegg and Steve Dompier), and all had been working hard. Especially important had been the work of the Common Area Budget Team that has made recommendations to the Steering Group. We have been communicating with lots of stakeholders, including our own residents, our other neighbors, local realtors, banks, the State of Montana and Flathead County, to demonstrate that we as homeowners are working toward a well function, harmonious, community.

We will retain an attorney, and probably hire Dave Roberts. There is a lingering tax issue. If you look at your tax bill you will see that you are being billed for more acreage than your lot, this reflects the common areas. We have never owned those areas, so we'll provide more information in the future that may be useful if anyone wants to protest a tax assessment.

Julia Botic asked who owns the common areas. Bill said the research revealed GSI apparently never transferred any common areas within the original Eagle Bend West Subdivision area. Outside the Eagle Bend West area, common areas and streets including the property that the Pavilion is on were apparently transferred to Rocky Mountain Recreational Communities. He said that work is underway to see how best to straighten out and resolve this. Ken asked if all homeowners were paying taxes on a portion of the common area right now. Bill said yes we are paying taxes on this land. Nancy Carlson had a question regarding the CC&Rs written in 1997. She wondered if the court had ruled that they are valid. Bill responded that the

Association's attorney believes that the 1997 CC&Rs are solid but that the 2002s could be invalid, as are the 2011s that were challenged in Court. He said that he is not aware of any pending challenge to the 1997 CC&Rs.

In response to another owner question, Bill said that common area maintenance had been included in the \$355 quarterly dues payments by all Harbor Village neighborhood residents. He said that now each neighborhood entity must bill its own residents. Invoices have not been sent out for the third quarter billing, as each separate community will be mailing out their own bills. Each resident or neighborhood is responsible for its own property maintenance as in the past, but now it needs to be determined what their share of the common area maintenance costs is to be.

Greg Oswood addressed the group stating we need to have good communication in the neighborhood. We have to work through these common area discrepancies. Paul Clegg suggested that we have one common Property Manger that can help integrate and coordinate all lawn mowing for the Community and utilize one landscape company.

It was asked by a homeowner if the October 13 court date expense would be paid by the insurance company. Paul said we are hoping that as they have been paying all legal bills since October 2013. We have paid \$23,500 for legal fees and Paul believes we should be reimbursed. This is a future issue for whoever is elected as Treasurer in the pending election. We have a good working relationship with the insurance company and we are hoping this will continue. Stuart Cole asked what happens if they don't pay? Paul replied that we do not know what will happen.

Election of Directors for Harbor Village Homeowners Association, Inc. Bill thanked all the Harbor Village community homeowners for attending the meeting. He said that everyone was welcome to stay, but that the election about to be held would be for only directors of the 57 lots in the Eagle Bend West Subdivision area. Bill went on to explain the voting process. We are operating under the 2011 By-laws which are valid. Under these By-laws we can elect up to 7 directors. He noted that there would be nominations from the floor and everyone has an unmarked envelope for the ballot received at check-in. He described the cumulative voting process explained on the ballot. Jack Anderson asked if we are working under the 1997 CC&Rs which calls for 3 directors and are you modifying this? Bill answered that that was the initial number stipulated, but that the number was increased to 7 in 2011By-laws that were voted on and approved by the homeowners. He said that legal counsel has stated that these 2011 By-laws are valid. Rita Livingstone nominated Deb Johnson that was seconded by Cinda Raymond. Gina Walthall was nominated by Doug Raymond and seconded by Dave Strawser. Howard Hicks nominated Bill Whitsitt and his nomination was also seconded by Dave. Wade Allred nominated Paul Clegg and the nomination was

seconded by Chuck Trayer. Wade Allred made a motion to close the nominations and it was seconded by Dave Strawser. This motion passed with unanimous approval by voice. All homeowners voted and placed their ballots in the secret envelope. The envelopes were collected and ballots were counted by Danae Hanson and Joyce Mitchell.

Paul reviewed the key elements of the Property Management contract. It has a multiple year life to the contract. There is a 30 day escape clause. Dave Roberts will manage all 57 lots and the common areas for \$500.00 a month. Paul said Dave has impressed all of us with his responsiveness. Paul made a motion to authorize the Harbor Village HOA Board of Directors to enter into a management contract of up to three years with Western Mountains Property Management Inc. This was seconded by Dave Strawser, and the membership unanimously approved.

The insurance rate has been lowered from \$4,800 to \$3,500. The Budget Committee has met three times and looked at all the numbers. Paul has developed a spreadsheet with the breakdown of common areas and 71% of the common areas falling into Eagle Bend West property lines. The maintenance of these common areas used to be divided up among 165 lots, not it will fall to 57 homeowners. The new budget will have to reflect the cost of landscape and snow removal which will be paid by the 57 homeowners of Harbor Village. Paul went on to say that right now they are guessing what legal expenses will be in the future. Paul stated that we will need cash soon to pay all our bills, since we are starting out with zero funds.

Jack Anderson asked, "We have just elected Directors to Harbor Village where does Eagle Bend West come in". Paul answered this is a complicated situation. We have Harbor Village Inc. HOA that has just gone from 165 homeowners to 57. Then it will morph into Eagle Bend West. For the present time it is still Harbor Village but with a narrow scope and we operate under the 1997 CC&Rs. We can only collect from the 57 homeowners and we will not mow lawns nor will we be required to do any maintenance for the other 5 entities.

Chris Walthall proposed the following resolution: *The members of Harbor Village Homeowners Association, Inc. authorize and direct the Board of Directors to conform our Association to that stipulated in the 1997 CC&Rs, including by appropriate legal means, to become Eagle Bend West Community Association, Inc. Nothing in this resolution is intended to allow the Board to exercise any authority which is reserved to a vote of the Members.* Dave Strawser seconded this resolution and it passed with a unanimous vote by the members.

Homeowner Howard Hicks said he saw a ray of hope during the meeting. He felt all the Members had shown a willingness to work together and that they were not ducking expenses. We have to take care of the shortfall until everything gets worked out.

Chris Walthall thanked President Chuck Trayer stating "you have done a great job." With that statement the Members all applauded. President Chuck explained that this had been his second year and it has been a tough one. He thanked Wade for his support. He also recognized Rockett who had been on the Board for three (3) years and he thanked Michael Brooks who was unable to attend the meeting because of a travel commitment.

Announce Election Results - The following Members have been elected to the Board: Bill Whitsitt, Gina Walthall, Paul Clegg and Deb Johnson

A motion was made, seconded and unanimously approved to adjourn the meeting.

Adjourned at 5:15 p.m.

Submitted by:

Accepted by

Buggy Yarbrough

Bill Whitsitt

Recording Secretary

President

*Approved at 2015 Annual Meeting
on 9-16-15*