

**TRLA PUBLIC BOARD MEETING
MARCH 17, 2007
TCC RANCH HOUSE**

David Skinner, President called the meeting to order at 10:00 AM

Present: Board members Eileen Domer, Anne Lowden-Gilpin, Ted Rodda, David Skinner, Duane Barbano, Jerry Toellner, Linda Pedersen, 9 landowners and 1 visitor.

Board Quorum established.

Linda Pedersen read previous board meeting minutes from February 24, 2007. Jerry moved that minutes be accepted as read and Anne seconded. Minutes approved.

TREASURER'S REPORT:

Eileen Domer reported the following:

	February, 2007
Cash-on-Hand	\$59,358
Revenue:	
Assessment Fees-Current Yr (CY)	\$1,545
Assessment Fees-Previous Yrs (PY)	\$1,117
Other Revenue	\$ 323
Expenses:	\$3,197
Grader Pay-off	\$14,404
Number of Lot Still Owe	64 (Down from 106 in Jan.
Assessment Fees Owed on 64 Lots (Current Year + Previous Years)	\$20,403

The Board has the addresses for the Landowners of the 64 lots. Collection agencies have been contacted and are being considered. The charge would be from 30-40% of the money recovered. Once Landowners are contacted by a collection agency, it remains on their credit history for 7 years whether they pay or not. There are currently 25 liens in place and potentially 10 more in April if no payments received.

Ted moved to accept Treasurer's Report. Linda Seconded. Report accepted.

STANDING COMMITTEE REPORTS

ARCHITECTURAL/MAINTENANCE COMMITTEE (Ted Rodda & Duane Barbano)

Ted Rodda reported:

- One Architectural design approval request for storage shed. Reviewed by committee and approved.

- Request from homeowner for clarification of the CCRs regarding how many animals would be allowed per lot. This request is still pending review.
- Notification was made in last months public board meeting and last issue of Timberlake Times for all Landowners to evaluate their lots for possible CCR discrepancies and notify the committee or board members if they have questions or concerns. Beginning in April, all Landowners that have a reported CCR issue will be notified in writing of the specific nature of the issue. A copy of the appropriate CCR restriction will be sent with each letter and Landowner will have 60 days to respond.

LEGAL UPDATE

David Skinner reported that the Association has filed for injunctive relief against John and Sheri Mitchell following their failure to respond to one final attempt to resolve the CC&R violations related to their property. They have until April 3, 2007 to respond to the complaint filed in the McKinley County courts. TRLA has asked for reimbursement of all attorneys' fees and court costs involved in this dispute.

RANCH OPERATIONS REPORT

Jerry Toellner reported that equipment held up very well with all the snowplowing. Without a grader there isn't much roadwork that can be done. Eileen Domer reported McKinley County graded the main Timberlake road from Fire Station to Box S and placed ground up asphalt from Lobo to Bobcat. McKinley has been very positive in responding to TRLA and they also graded from Sunflower to Fire Station. This section of Timberlake Road has been lacking maintenance for an extended period of time.

SPECIAL COMMITTEE REPORTS

Bylaws and CC&R Committee: Linda Pedersen reported that Bylaws will be returned from John Hays (TRLA attorney) on the 21st of March. The packet containing cover letter, revised Bylaws, proxy letter for approval, and revision drafts for CC&R "Use Restrictions" dealing with sheds/garages/barns, commercial/home businesses, recreational use of lot, and stick-built vs. off-site built homes. This packet will be mailed by end of March.

There is no scheduled public Board mtg. in April and perhaps a jam session of fulltime residents would be beneficial to present ideas for the committee. Landowner requested soliciting ideas from those who have emails as a feedback mechanism.

NEW BUSINESS

1. Linda Pedersen moved that the old electronic equipment in Ranch House be sold for best offer or donated if none. These items include: Smith Corona Typewriter, Compaq Presario Computer (terminal, hard drive, keyboard/mouse) Epson 720 Stylus Printer, Xerox Document Work Centre XE60 and fax machine. Anne seconded. All approved. Items to be entered in newsletter and donate if not sold in two months.

- David Skinner and Eileen Domer presented an overview of the budget for FY 07-08 and assessment fees. Also included is how grader options are tied in to the final assessment fee number for next year.

CONSEQUENCES OF HOLDING ASSESSMENT FEES AT \$130/YEAR FROM FY 99-00 TO FY 06-07:

- ROBBED PETER TO PAY PAUL
- SLOW DECLINE IN INFRASTRUCTURE NEEDS
- \$76,700 LOSS IN PURCHASING POWER

CPI (Consumer Price Index) ADJUSTMENT

Year	Adj/Yr	Drop in Purchasing Pwer	TRLA Loss
1999	\$ 130.00		
2000	\$ 134.37	\$ 4.37	\$ 3,238.17
2001	\$ 138.12	\$ 8.12	\$ 6,016.92
2002	\$ 140.38	\$ 10.38	\$ 7,691.58
2003	\$ 143.58	\$ 13.58	\$ 10,062.78
2004	\$ 147.40	\$ 17.40	\$ 12,893.40
2005	\$ 152.39	\$ 22.39	\$ 16,590.99
2006	\$ 157.31	\$ 27.31	\$ 20,236.71
			\$ 76,730.55

- LIMITED TO NO FINANCIAL RESERVES
 - ⇒ NOT SPENDING
 - ⇒ PAST DUE ASSESSMENT FEES
- LIMITED RESPONSES TO PROBLEMS
 - ⇒ JD 570A GRADER (Transmission/Hydraulics Failure)

PROPOSED FY 07-08 BUDGET

Operating Expenses:	FY 07/08 PROJECTED BUDGET	% of Budget	FY 03/04 - FY 06/07 4 Yr Avg	NOTES
Accounting/Bookkeeping	8,230	6.6%	8,097	Inc. Bk Xmas, Tax Prep
Audit	1,500	1.2%		Req. every 3 yrs
Bad Debts				
Finance Chrg Write-Off	70	0.1%		
Election Costs	1,000	0.8%	820	
Heavy Equip Maint & Repairs	7,000	5.6%	5,862	Tied to grader purchase
Insurance:				
Workman's Compensation	1,100	0.9%	1,129	Tied to PY payroll
General Liability & Bond	9,400	7.6%	6,750	~ 12% increase last year
Directors & Officers	2,153	1.7%	2,053	No increase in 2 yrs.

Interest (Incl. W/ Grader Payments)				
Legal	17,500	14.1%	21,307	
Liens & Notary	500	0.4%		
Meetings/Socials	350	0.3%	356	
Newsletter	1,000	0.8%	3,263	4 or 5 issues/yr
Office Supplies & Expenses	2,500	2.0%	2,734	
Operating Supplies	1,250	1.0%	2,594	2 Yr Avg
Postage	2,250	1.8%	1,297	Bylaw & CC&R mailings
Website	800	0.6%	802	Who knows?
Community Center Restoration	2,000	1.6%		FY 02-03 = \$2000
B&G Repair & Maintenance	1,500	1.2%	1,262	Bath house plumbing
Gravel & Culverts	20,000	16.1%	10,773	
Sanitation & Janitorial Supplies	250	0.2%	270	3 Yr Avg
Janitorial Wages (W-9)	1,890	1.5%	1,524	3 Yr Avg
Subscriptions & Dues				
Taxes:				
Employee				
FICA (6.54%)	860	0.7%	768	
Federal Unemp (0.8%)	105	0.1%	94	
State Unemp (5.4%)	710	0.6%	634	
Real estate	635	0.5%	951	
Income (35% of Taxable Income)	9,500	7.7%	354	3 Yr Avg prior to lot sales
Telephone	1,000	0.8%	1,126	
Utilities	1,800	1.5%	1,509	
Mileage: Board & Employees				
Wages	13,150	10.6%	11,736	
Grader Operator (Mar-Nov: 446 Hrs @ \$13/Hr)	5,800	4.7%	6,051	2Yr Act Avg
Snowplow (Nov-Mar: 150 Hrs @ \$13/Hr)	1,950	1.6%	323	2Yr Act Avg
Ranch Foreman (Apr-Oct: 415 Hrs @ \$13/Hr)	5,400	4.4%	5,362	2Yr Act Avg
Fuel				
Gasoline	1,000	0.8%	1,907	FY05/06
Dyed Diesel	1,500	1.2%	1,393	2 Yr Avg
Contingency Fund	10,000	8.1%		No CF since FY 02-03
Total Operating Expenses	122,503		91,364	
Notes Payable				
Copier	1,632	0.01	1,632	
Grader			8,160	
Total Notes Payable	1,632		9,792	
TOTAL OUTFLOWS	124,135		101,156	
Cost per 741 Lots	167.52		136.51	
Adjusted for Doubtful Accts				
10% DA Adjustment = 667 Lots	186.11		151.66	

GRADER COMPARISONS & ASSESSMENT DUES IMPACT

	1978 JD 570A	1988 JD 670B	2007 JD 670D	2007 JD 670D	1989 JD 670CH	1989 JD 670CH
	REPAIRED Loan	USED Loan	NEW JDC Loan	NEW JDC Lease	USED Loan	USED Loan
Price		\$36,500	\$202,842	\$196,000 5 Yr &	\$100,000	\$70,000
Term	3 Yr	3 Yr	5 Yr	3-5 Yr	3 Yr	4 Yr
Interest	7.186%	7.186%	6.75%	8.5%	7.186%	7.186%
Down Payment		\$7,796	\$20,285	\$15,705	\$21,360	\$14,952
\$ Financed	\$24,404	\$31,186	\$182,897	\$188,000	\$85,440	\$59,808
Residual				\$78,780		
Interest & Taxes	\$2,798	\$6,057	\$39,848	\$92,761	\$16,255	\$13,945
Monthly Payment	\$756	\$966	\$3,604	\$2,968	\$2,645	\$1,437
Annual Payment	\$9,067	\$11,587	\$43,248	\$35,617	\$31,745	\$17,248
Assessment Fee:						
Grader	\$13.59	\$17.37	\$64.84	\$53.40	\$47.59	\$25.86
FY 07-08 Budget	\$186.11	\$186.11	\$186.11	\$186.11	\$186.11	\$186.11
Total Assessment fees for FY 07-08	\$199.70	\$203.48	\$250.95	\$239.51	\$233.70	\$211.97

Landowner Input:

- Why not do a Special Assent of Membership and raise the money for additional costs and keep assessment dues down? The Board should have been raising dues each year to keep up and not such a big boost all at once. **Board Response:** We have to look at a long-term solution and not short term fix. In 2003 the Board wanted to raise the dues and they were defeated by the landowners and now we are completely depleted with no reserves and having to replace the grader.
- The dues have been very reasonable and low for a very long time. It appears that we have not even come close to inflation.
- Why didn't the Board repair the old 570A grader? **Board Response:** It would have taken \$13,000 to repair the transmission. The hydraulics issue and tires needed would have potentially doubled that figure. We still owed \$14,400 and we would have had to sell the truck to fix the grader (not an option as major mechanism for snow removal). Therefore, we would have had to borrow more money and taken the loan up to a minimum of \$24,500. The engine had around 20,000 hours on it and definitely an unknown future repair problem. The wholesale value of the 570A was around \$21,000. We would probably never recover our costs. So the question before the Board was

whether to spend our reserves on fixing the 1978 grader or putting that money into an upgrade. The Board chose to upgrade.

- Why isn't the Board considering outsourcing? **Board Response:** The Board did look at outsourcing and the annual cost would be higher than purchasing a new grader. The outsourcing quote we obtained was \$70,000 and we would be at their mercy.
- What if Landowner wants to make quarterly payments instead of semiannually so that there is not such a financial hardship: **Board Response:** The Board has always been receptive to difficulties of Landowners and arrangements can and have been made with the Treasurer to fit their personal needs.
- You can take a short-term approach or a long-term approach. It is evident that the people here are suffering from keeping things flat for too long. The needs now will be the same needs in 20 years. It will keep snowing in the winter and the roads will need continual maintenance as it is a matter of safety. If you are in the middle of the winter and your machine goes down because you bought used machine and inherited someone's problems – it could be a matter of life and death.

A straw poll of the landowners present showed about 90% in favor of buying new grader.

OPTION 1: Purchase 20 year old grader and dues would be approx. \$203.

OPTION 2: Purchase new grader and pay off in 5 years old and dues would be approx. \$250.

OPTION 3: Lease to buy new grader and in 5 years refinance \$79,000 and dues would be approx. \$240.

OPTION 4: Buy used \$100,000 grader (if we can find one) and dues would be approx \$234.

OPTION 5: Buy used \$70,000 grader (if we can find one) and dues would be \$212.

The Board wants to know which option the landowners can live with immediately. The Board has to make a decision very soon as we are missing the window of opportunity to repair the roads as they are still wet. Otherwise, it will be the monsoon season. Anne Gilpin responded that if the dues are going to be impacted by only \$9 -\$12 go for the new grader, but if the Landowner dues are going to be impacted by 25-30%, we should go for used grader that we feel reasonably secure about as an interim solution and build savings account over the next few years.

Linda Pedersen moved that the meeting be adjourned. Jerry Seconded. Meeting adjourned.