

**DEEPWOOD III HOMEOWNER'S ASSOCIATION
SPECIAL MEETING – RETAINING WALL
7006 GEMINI DRIVE
OCTOBER 22, 2016
MEETING MINUTES**

The special meeting of the Deepwood III Homeowner's Association was called to order by President Mike Pannone at 7:04 PM.

ROLL CALL

Homeowner's present: Janet Allen, Brendan Dougherty, Norbert Eakle (Treasurer), Nancy Eakle, Cynthia Green, Linda Hawn, Skye & Steven Hostetler, Ivagene Howerter (Vice President), Meike Paniza, Mike Pannone (President), Tara Walker, Gary Wells and Mary Wells (Secretary). Homeowner's absent were: Christine DeCourtney, Kathy & James Miller and Dan Dougherty. Proxies received by the Secretary were: Tara Walker for Christine DeCourtney; Meike & Dennis Paniza for James Miller; and, Brendan Dougherty for Dan Dougherty.

PRESIDENT'S MESSAGE

President Pannone read a letter to all the Homeowners (copy attached).

JBER Legal Letter

President Pannone notified all the Homeowners that the Board of Directors received a letter from JBER Legal dated October 3, 2016 on behalf of Homeowner Paniza. A copy of the letter was distributed to each Homeowner. He stated he was limited to what he can say, as the State has changed the laws regarding Home Owner Associations. Our Association did not change the By-laws due to the expense and in court, the State laws prevail.

Homeowner Hostetler stated that the Association should follow its By-laws regarding an audit and would be reassuring to homeowners. Treasurer Eakle responded that the audit and/or review will be a significant cost to the Association.

Homeowner Paniza stated she was excusing herself from the discussion.

Homeowner Allen stated that questions posed in the letter JBER letter (history behind and justification for assessments, degree to which foreseeable special assessment were known to the previous owners) could not be answered by an audit, and the cost might be better applied to replenishing the reserves.

President Pannone stated on September 21st and 22nd, 2016 (copy attached), the Board of Directors received two e-mails from Homeowner Paniza requesting for an independent financial audit and an independent assessment of the retaining wall. President Pannone stated he sent an e-mail (copy

attached) to Homeowner Paniza offering an alternative solution to an audit by making our Association records available for inspection by her and to some person of her choosing who is knowledgeable in financial records to take place at the Treasurer Eakle's home. To date we have not received a response from Homeowner Paniza.

Further, following receipt of JBER Legal letter, President Pannone reported that are in receipt of several audit quotes ranging from \$8,000 to \$10,000 per year, times five years for a total of \$40,000 - \$50,000.

Homeowner Hostetler recommended we conduct a one-year audit. Treasurer Eakle stated the cost would be approximately \$3,800 per unit owner. Secretary Wells reminded everyone that the request was for a five-year audit. Brendan Dougherty asked if an audit is required in order for a homeowner to obtain a mortgage loan. Homeowner Gary Wells responded that non-profit organizations with small budgets are not required to do an audit since sometime in the 1990's.

Secretary Wells moved to approve \$50,000 for a five year audit, one-time special assessment to be paid in full prior to the audit start-up. There being no second, the motion failed. After much discussion, Homeowner Hostetler moved to table the motion, discuss and vote the audit at the next Homeowner meeting. The motion was seconded by Nancy Eakle and the motion passed unanimously.

Secretary Wells distributed a copy to each Homeowner the letter from Allstate Insurance that was given to the JBER Attorney. The letter noted all the items Allstate identified were repaired, paid and made reference to Allstate's comment of a well-run association.

Homeowner Paniza moved for the entire Board of Directors to resign and to be replaced. Pannone repeated the motion for the entire Board of Directors resignation, to be replaced and requested the motion to be seconded. Homeowner Nancy Eakle interjected and asked on what grounds? Homeowner Paniza stated "I don't need a cause and this is true per the By-laws." President Pannone requested for a second, again repeated the motion for the entire Board of Director's resignation and to be replaced. The motion did not receive a second and the motion failed.

RETAINING WALL

President Pannone discussed the update of the Retaining Wall Committee and asked Brendan Dougherty for a report.

Brendan Dougherty, Retaining Wall Committee Chair reported the committee met on 10/4/2016. The other three three members were Janet Allen, Meike Paniza and Mary Wells. Brendan stated he wanted to focus on the retaining wall in general, not require a full take-down and rebuild. Further, the actual work will not occur immediately. Secretary Wells noted considerable discussion by Homeowner Paniza regarding paint project overruns; poor decisions by prior Boards up to 15 years ago; By-laws, Board responsibilities; to follow recommendations by a California Landscape Architect; and, AHFC would approve our retaining wall loan.

Vice President Howerter stated we have a responsibility to move forward and start the retaining wall reserve.

Homeowner Walker asked what information is needed to be disclosed to a potential buyer? President Pannone responded with building our reserves, a study has been done, assigned a Retaining Wall Committee and we're looking at various options.

PAINT/SIDING PROJECT

President Pannone stated the paint and siding project incurred a cost overrun due to extra 450 additional rotten and split boards that were replaced by BeHappy. Treasurer Eakle reported that the total board replacement would probably come in closer to 600 boards causing an increase in siding materials, labor, primer and paint. In addition, Treasurer Eakle reported that he had paid ¾ of the total cost to date and we have not received the final invoice from the siding replacement and paint project. We currently have \$28,825 in checking and savings.

Homeowner Hostetler asked why the Board of Directors did not stop the entire project, call a special meeting to discuss the cost overrun and wait a couple of years to save up additional funds before continuing the project. This type of decision is too important to be made by the Board and the homeowners should be involved. President Pannone responded that it would be irresponsible to stop the project, leave homeowner buildings unprotected and the Board of Directors as a unit made the right decision to approve the additional work.

Homeowner Hostetler stated we should not have replaced the rotten or split boards and just painted over them to avoid the cost overrun. Homeowner Gary Wells reported the insurance company performs an annual physical review and we would have lost our insurance causing anyone who has a mortgage to have their loans called. Allstate knew we were going to replace other boards and paint this year. All the major work that the Board is tasked have always been approved by the entire Association at the annual meetings and it's the Board's responsibility to make sure the approved items were completed.

Homeowner Paniza asked if any repairs were done to the Miller's and Hostetler's siding when the inspections were performed prior to their sale? Secretary Wells stated the items identified were repaired or replaced and the inspector approved the work at re-inspection.

A lengthy discussion of the painting project ensued.

Homeowner Hostetler noted that it would be nice to have communication from the Board as to what is happening to a detail. President Pannone asked if there were any objections to this request and who would like a copy of the monthly financial report? Homeowners Paniza and Hostetlers responded and wanted the information to be e-mailed.

OTHER BUSINESS

Homeowner Hostetler stated we need to reduce our expenses and asked if the Board of Directors obtained bids? There should be a cheaper snow removal, grounds maintenance and for other projects. Homeowner Allen stated previous cheaper services were unreliable and it's important to keep good, consistent vendors. Treasurer Eakle noted BeHappy has done a variety of work for the Association which includes carpentry, plumbing, roofing and other jobs without having to call multiple companies resulting in delays.

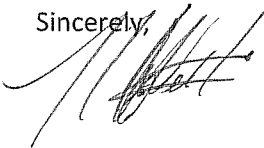
Homeowners Walker, Green, Hostetler and Paniza discussed the need to obtain additional bids for the Association projects that are less expensive. Secretary Wells stated that historically, the Board every couple of years solicited contractors for roofing, plumbing, carpentry, grounds and insurance companies for quotes. In 2016, the Board hired BeHappy, a general contractor who was less expensive, responded in a timely matter for urgent repairs and we no longer call multiple companies.

President Pannone requested Secretary Wells to incorporate into the minutes Homeowner Paniza statement that her window is still not fixed and that it was freezing in her house. President Pannone asked Treasurer Eakle to reach out to BeHappy to address the problem and report to him on the resolution the next business day.

ADJOURNMENT

President Pannone asked for a motion to adjourn the meeting. Brendan Dougherty moved to adjourn the Special Meeting and was seconded by Nancy Eakle at 9:38 pm. The motion was unanimously approved.

Sincerely,



Mary Wells
Secretary