ANNUAL PAINTED HILLS BOARD OF DIRECTORS MEETING
SEPTEMBER 22, 2018

The meeting was called to order by President Dan Arnold at 10:00 a.m. welcoming all in attendance. Other board members in attendance were Bud Lammers, Lisa Manning, Ron Milford, Pam Green, Tina Thrasher, Rich Dawson, Kathi Guffy and Legal Counsel Rod Bray. Member Mitch Wallace was absent. Dan invited the membership to stand and recite the Pledge of Allegiance, followed by the invocation given by Keenan Steinway.

President Dan Arnold opened with the introduction of the board members. Dan thanked the board members, those that worked to put the Annual Meeting together and all the volunteers that are vital to the community.

Secretary Kathi Guffy made a motion to accept the 2017 Annual Meeting minutes as submitted, seconded by Lisa Manning. PASSED

COMMITTEE REPORTS:

Finance: Treasurer Lisa Manning introduced the Finance Committee members. YTD Financial Results: Total income; YTD $501,529.68 including $443,895.12 dues receipts and $57,634.56 in other income. Total expenses; YTD $390,855.72 including $82,630.80 roads, $33,698.08 lakes, and other expenses $274,526.84. Lisa explained the Financial Rating System and the criteria for the Rating System. Our 2018 Fiscal Year Rating through August is Satisfactory Condition due to the unexpected insurance budget increase.
Future Financial Hurdles include: Repair of Holiday spillway, essential lake projects, imperative road projects, essential loss control prevention projects, and ditching and culvert replacements. Lisa Manning made a motion to accept the financials as given. Kathi Guffy seconded. PASSED.

Legal: Rod Bray indicated his role is to be sure the board is following the bylaws as well as attending meetings, answering questions and taking care of Association legal issues. He also handles collections making sure they are up to date. He mentioned if there was an issue with a member having difficulty paying their dues, he encourages them to contact him or Judy at the Painted Hills office. Rod stated a lawsuit is pending due to a boater being injured at the dam area last year. Painted Hills Association is being sued to collect for injuries sustained in the incident citing negligence of the Association to properly handle lake safety. Rod's assessment is we do a good job and doesn't see any failure on the part of the Association. The insurance companies are mainly involved with the lawsuit. He looks for this to be a long process going into next year.

Health, Sanitation and Land Management: Dan introduced Pam Green as committee chair. She acknowledged her committee members and thanked them for their assistance in taking lake water samples, maintaining entrance gates, enforcement of property restrictions, and property appearance. 2018 undertakings included: Tree removal permits; Fourteen closed, nine remain open. Septic system issues - zero issues reported, none found. Forestry management pest identification, zero reported - none found. Lake testing for e-coli – excellent. Enforcement of property restrictions – two reported and all corrected. Pam showed slides of the Tree Removal Application and Property Restriction Violation Form. Future opportunities for 2019 include: Tree removal permits; e-coli testing of lakes; septic system issues; property appearance; and forestry management.

Roads & Grounds: 2018 road paving will include: Lakeview Court, April Court, Parkwood Court South, and Mask Court. This year's paving is slow getting started due to the insurance increase. Dan hopes to have the paving completed this year. He showed a map reflecting all completed paving since 2003. The initial base is almost done. We have a contract for salt. It is time to clear the roadways of vehicles and other objects. Dan reminded the membership that salt, and sand is not applied for less than ¼" of snow. Dan thanked Mike Dillow, our Maintenance Manager for doing a great job.

Architectural: Dan introduced Chairperson Ron Milford. Ron thanked his committee members and a special thank you to Dave Roloff for his mentoring and helping him to feel comfortable talking to the membership. The architectural committees focus is on construction and property improvements in the neighborhood. The goal is to help protect property values by monitoring construction and avoiding costly mistakes. You don't want Morgan County to come out and say a structure has to be taken down or moved. Permits are required for: Excavating, cutting live trees that are more than 6" in diameter, building or installing any new structures such as house, garage, shed, mini-barn, deck, dock, etc. Adding to, moving or re-building anything outside your home and cosmetic changes, siding, painting, and roofing. Print application online, https://www.painted-hills.com/. Submit through the Painted Hills Office. No fee is required for cosmetic changes, erosion control or repair and or replacing. Multiple projects are combined into one permit. There have been eighty-two permits opened in the past year since last year's annual meeting. 2019 objectives include: streamline permit application process, improve online information, review and clarify permit requirements, empower committee members, and be more user friendly.

Pool: Rich Dawson thanked the pool committee. Help is wanted. Currently Shaun Guernsey and Darren Hauk assist. Rich put out a thank you to the life guards also; Gabby Nedjian, Carley Warriner, Stevey Gonzales, Laiken Beard, Timothy Lashbrook, Taylor Wampner and Reid Crowell. Judy Lammers helped make sure lifeguard certifications were in order. This season new pump and filtration system, and new chlorination system equipment were purchased. Made it through a long summer under operating budget. Other items completed were a new door on pool house, deck with hatch over old drainage pit, and repair of handrail. The biggest challenge is keeping the pool clean. Pool will be winterized. During the off-season updating filter equipment and electrical in pool house are on the agenda. Rich would like new pool furniture. Eight of the resin chairs were trashed. Replacements are about $200.00 each.

Security: Bud Lammers introduced his committee members and thanked them for assisting in patrolling the subdivision, following the school bus to prevent accidents from drivers who do not obey the STOP ARM when the bus is picking up or discharging students. Bud did emphasize Security committee volunteers are not policemen; if you have an emergency, or are witnessing a crime, call 911. Security will monitor your home when you go on vacation and he also asked people not to post when going away on social media, as that is an open invitation to those who would take advantage of that information. It's been a relatively quiet year for security issues with no reported car or home break-ins during the last two years. During the Christmas holidays don't leave presents in plain view in your vehicle and keep doors locked. Don't be offended when asked to show ID and your Painted Hills membership card. Members must be with guests when using any of the facilities. If a solicitor comes to your door advise them that there is no solicitation allowed in Painted Hills. Permits do not include private property. Please call security to report. Try to work out any troubles with your neighbors first such as loud music and dogs before getting security involved. New camera installation has been completed.

Sheriff Deputy, Steve Hoffman said it is always a privilege to assist our community. He views Painted Hills as one of the best in Morgan County, however since we are a private community it makes us a target for potential break-ins. Keep buildings and vehicles locked. Get to know your neighbors and watch out for them when they are not home. Steve thanked the board for their time.

Clubhouse: Kathi Guffy in Mitch Wallace's absence introduced his committee and thanked them for their assistance. Large projects included back deck of the clubhouse replacement and adding an additional 150 square feet to the southwest corner. Thanks to Judy Lammers for brining many small projects together. Without Judy, this wouldn't happen. Thanks to the Warner's, dog park committee and many volunteers for the wonderful new tables inside and out.
Restaurant/Bar Management: We say goodbye to Tina Kapp and the Castaway's crew. You'll be missed by our community. We appreciate your incredible service. Tina and her staff tried to make each person feel special when we walked in the door. We welcome Kyle and Brian Buckley to our community. They will be the new restaurant/bar managers. Please take time to welcome and support them. Mitch wished to thank all for allowing him to serve the Painted Hills community for the last three years as the Clubhouse board chairman.

Lakes: Tina thanked her committee for their efforts throughout the year. Dock maintenance, repairs and replacement and vegetation control during 2017-2018 season cost $79,000.00. Included were chemicals, testing, dock and deck replacements, buoys, and staining. A goose round-up was not held this year due to the geese being able to fly above the nets. Tina has a license through DNR and was able to paint twelve eggs. The geese still lay on them, however the painting renders the egg infertile. Muskrats create erosion problems. Dave Coleman will trap once the season begins. Boat slip rental: proposed rate increase. Currently, Painted Hills rents 73 boat slips at the rate of $225.00 per slip. Proposed 2019 rate is $275.00. This would offset the cost of lake-related repairs and replacement cost of $3,650.00. Boat permit proposed rate increase; Current rate: $35.00 for boat with engine greater than 10 HP. Proposed 2019 rate $50.00. This would assist in offsetting lake-related repairs and replacement cost of $4,245.00. Ongoing maintenance includes the spillway, rotting deck/dock boards and cleaning out of existing silt ponds and dams. Lake monitoring includes algae growth-planktonic. Aquatic Control monitors for toxins and are under contract until December. Clemson University study is free. Please observe no-wake areas for safety, noise and erosion control. Tina and Darwin Ellis went to Dam Information, Resources and Training (DIRT) conference this year. Trees were cleared by the second gate. Check dams and rip rap projects were also completed. The April rains affected the low areas such as Oak Knoll. Check dams can help in the future. A ladder was donated by a member. A 250 foot buoy marker at the beach area, and two new no wake zone area signs were purchased. Four triaxles of beach sand were added to the beach area.

Secretary Kathi Guffy read a paraphrased version of Article 5, section 5.12 Restriction on leasing of residential homes proposed covenant change (see attachment). Dan Arnold stated this proposed covenant change which takes 2/3 of the membership to approve has been a year in the making. Thanks to Judy Lammers for spearheading the effort. 341 affirmative votes are required to make the change.

Legal Counsel Rod Bray provided the voting results:
349 – Voted to approve
42 – Voted against
2 – Abstained
The covenant change PASSED and will be recorded.

FINAL REMARKS:
Insurance:

Last year's premiums cost $25, 553.00 for general liability. Budgeted amount for 2018-2019 insurance premiums is $27,000.00. The premiums amount proposed by our former agency was $98,792.00 due to the 2017 boating accident and lawsuit. The premiums amount to our new agency is $80,299.00. Subtracting the new amount from the budgeted amount results in an increase of $53,299.00 a budget buster. In order to meet the new cost, $26,500.00 was taken from each, the roads reserve and erosion/infrastructure reserve. This is an indefinite cost that will need to be budgeted for; which will decrease our ability to complete needed projects. Dan stated insurance companies don't like handling lakes and dam policies.
Dan presented a slide reflecting Reserve Accounts percentages for: Roads, Erosion/Infrastructure, General Reserve, Capitol Equipment and Checking. In order to pay for the insurance increase, money was taken out of both the Roads Reserve and Erosion/Infrastructure Accounts thereby reducing the percentage of 21% towards Roads to 15.50% and 24% towards Erosion/Infrastructure to 18.50%.

Boat Insurance: Ongoing, members will be required to show both proof of boat ownership and boat insurance before getting a sticker. The boating accident is costing each member $100.00 a year for the increased insurance amount. When out with family and friends, members need to be aware of how close you are to the shore and assess the skiing ability of the person you are pulling.

Spillway Repair: $103,000.00 bid price was negotiated to $98,000.00. Repair and replacement is necessary. Some concrete needs to come up and be replaced. Dan presented slides showing pictures of the necessary dam repairs, silt pond planning, and a slide of the 2016 to 2018 Erosion and Infrastructure account. Bolded areas reflect insurance required costs.

Call to vote: Candidates, Dan Arnold, Kathi Guffy, Clark Kinney, Amy Warner, and Lisa Showalter. Vote for no more than three.

CLOSING STATEMENTS

GENERAL QUESTIONS FROM THE MEMBERS
Dan Arnold requested members wait to be recognized; stand and state your name and lot number or street address and one question or comment per turn.
Jim Kaylor, lot 134: since the insurance company dropped us are we still required to pay this year's premium. Dan answered yes.
Mary Jane Bausman, lot 379 expressed concerns regarding erosion to the east side of Lake Holiday. There are trees likely to fall into the lake. Dan recommends owners cut down large trees since when they fall large areas of shore are taken with them.
Bill Agan, lot 22 is unhappy with Plateau Circle's paving. The cul-de-sac area measures barely 1" thick. Dan will take a look at the road. Mr. Agan also stated there are many boats going much faster than idle speed. Tina Thrasher responded due to the duckweed three members have been authorized to stir up the water to keep it from spreading. Cathy Agan, lot 22 said there weeds in areas the boats can't get to and boat speeding is an ongoing problem. Dan Arnold requested she report the individual and can fill out a complaint form.

Lorine Ward, lot 281 asked if the person filing the lawsuit had insurance and did the boat belong to the owner. Dan responded yes to insurance and not exactly to boat ownership. Currently the handbook rule does not state a member needs to own the boat. The rule will need to be changed.
Steve Cravens, lot 1111 asked if the rule can be changed by a Board majority. Dan said yes.

Entertainment Committee: Hog Roast is being held Saturday 29th at the tennis court 6pm. $5.00 for pulled pork and paper products. Bring a dish to share, drinks and chair. 2pm playground committee is sponsoring cornhole tournament as a fund raiser. $5.00 is the fee. Entertainment includes a disc jockey before dinner and Camp Creek Players at 7pm. Amy Warner explained there is no official entertainment committee. If someone wishes to host an upcoming event please let her know. Future events include Trunk or Treat and Breakfast with Santa. Profits from this year's events paid for 72 new chairs for the clubhouse and tables. Currently $3,500.00 is in the account. Amy and her husband, Mike started a "Welcome Wagon" for new members of Painted Hills.

ELECTION OF NEW BOARD MEMBERS RESULTS
Attorney, Rod Bray reported the results of the election to the Board of Directors
Dan Arnold 56
Kathi Guffy 36
Clark Kinney 33
Lisa Showalter 61
Amy Warner 63

New Board of Director members are:
Dan Arnold, Lisa Showalter, and Amy Warner.

Kathi Guffy made a motion to adjourn, seconded by Bud Lammers. PASSED
Meeting was adjourned at 11:40 am
Lunch was served upstairs at the clubhouse and door prize drawing followed in the lower level.