

To: Brown Homestead Association

From: Board President Lou Kissling

Date: 6/10/2006

Re: Board Meeting

The Board of the Brown Homestead (BH) HOA held a Board meeting on Saturday, June 10, 2006 in Unit C-2 at 10:00 AM

Present were Board members Lou Kissling (A-1), Stacey Lidman (B-4/6) and Christine Merritt (C-2). Absent was Board member Doug Geissler (B-1) who was out of town. Also in attendance was homeowner Molly Gray (C-1).

No formal agenda was passed out for review, but Board president Kissling had a list of items up for review, as follows:

Day Care Center.....it is alleged that there is a day care center in unit C-3. If this is correct, it violates the rules of the BH HOA (paragraph 11 of the BH Rules and Regulations). The management company is asked to research this issue and, if the center exists, take the necessary steps to have the business cease operations. The position of the Board is this is a liability issue and that is why the rule was put in place years ago. Board vote.....Kissling motioned, it passed 3-0

Water Meters.....installation of water meters appears that it is just about completed. Stacey Lidman thought perhaps one unit was left to complete

“For Rent” sign in berm.....Board agreed management should remove it.

Flower Beds.....the 3 flower beds in the front yard have become “grass and mice” beds, along with the flowers. Earlier proposals by management for a \$3,500 overhaul were nixed as too expensive. The Board agreed as follows: 1) bed #1 (at the west end of the complex) is to be maintained by the tenant in A-1, as he has done for years, 2) bed #2 (middle of complex) and #3 (east end) are to be maintained (to the extent possible) by homeowner Christine Merritt. And she is authorized to bill the HOA \$20 per hour for her time.

If, at the end of the summer, the attempt at self-maintenance is not successful, we will probably decide to junk the flower beds and let the grass take over.

Any homeowners who wish to voluntarily help weed the flower beds, the Board says.....”Please help”.

Board vote on this short-term flower bed arrangement.....Kissling motioned, it passed 3-0

Dog Issue.....is was noted that E-2 owner Rebecca Watson has a tenant in the unit who is in possession of a dog. And tenants are NOT allowed to have dogs (paragraph 1 of the BH Rules and Regulations). Stacey Lindner is to notify management of the violation.

Parking Lot.....large cracks are re-opening in the parking lot areas that were sealed last year. Management needs to re-fill these cracks to keep water from creating an even larger problem. And rather than a thin seal on top of the blacktop, it is requested that a sealer/filler be inserted into the cracks

Painting.....management has presented the Board with a proposal from Pinnacle Painting for the entire project (trim and walls) for \$42,500. Which is now increased by \$1,000 to account for the need for the painter to carry full insurance on all its workers.

Board has accepted this painting proposal by a 3-0 vote (Kissling made motion)

An additional charge, per a quote from our property manager and not from the painter, will be appx \$3,000 to replace old, rotten boards. The Board is going to ask management to try to pin this down to a not-to-exceed figure of \$3,000

And the final cost of the contract is the daily oversight (5 days each week) of the job by our management company. Price estimate of \$5,500 for this supervision is per our Facilities Management Agreement with our property management company for any large capital expense projects. We are attempting to re-negotiate this fee.

New Board Memberowner Molly Gray (C-1) was present at the meeting. She has property management experience in Telluride and has offered the Board some advice in certain areas. As a result of her background and interest in the BH operations, Ms Gray was asked if she would serve on the Board. At the conclusion of the meeting, with Ms Gray not in attendance, she was appointed to the Board. We now have 5 members. Kissling made the motion to appoint Ms. Gray to the Board and the vote was 3-0.

Illegal Gas Pipe on Exterior of Property: it was observed that the new gas pipe to Unit C-1 (Ms. Gray) was on the exterior of the BH siding and is in violation of the BH Declarations (Page 13, paragraph 14 re “Alterations, Additions or Improvements...of Common Elements”). Ms. Gray was not aware of the violation (citing that the contactor said words to the effect “we can just put the pipe right out here...”). Ms Gray said she would look into the Declarations to be sure of the ruling and would proceed accordingly. The Board position right now is that no notice of violation or fine is required, and we will await the decision of Ms. Gray as to her next step.

Meeting Adjourned: Meeting was adjourned at appx 12:30 PM

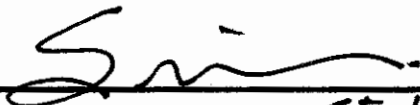
President’s Comments Post Meeting (i.e. not part of Board meeting):

After the meeting, the Board discussed the following:

- A downstairs unit (B-2) is listed for sale at \$475,000 and another unit was asking a similar price. An FYI-----original prices in 1977 were about \$65,000
- After some discussions with the management company regarding the painting contract, the Board (by a 4-0 vote when including the proxy vote of absent member Doug Geissler) has approved all aspects of the painting contract (i.e. \$43,500 base price, estimated \$3,000 board replacement and \$5,500 supervision fee---with all inspections to be done daily). The contract was signed 6/13/2006 and the project is scheduled to start 6-20-2006. The voting members of the Board did NOT include new Board member Molly Gray, as she had not yet been informed of her appointment to the Board.
- Overall appearance of the BH, in my opinion, is excellent. Berm landscaping is good, grass is absolutely excellent (as is evident by it being in the planters), parking adequacy is excellent, new hot tub works fine, etc etc. When we get the painting done, the place will be fantastic.
- And all of this has cost more money than most of us like to spend----I understand.
- Our reserve funds are obviously taking a hit with the painting job. We had anticipated years ago a price of maybe \$40,000 for painting. And at year end we "would" have had about \$38,000 in the fund. It will of course be depleted for our \$52,000 paint contract and we are borrowing from the other reserves we have for this painting job.
- Reserves at the end of April were \$28,000 for painting and \$34,000 for general reserves. Plus we had \$21,000 in the operating account (money that comes in and goes out very fast). So we are well reserved/financed compared to lots of other condos. Our cash balance at the end of April (\$83,800) was about equal to our annual operating budget (\$79,500)

If any homeowners have issues with the Board, or the HOA, or our management company, or anything in general, please contact me directly with your concerns. If we do not hear from you, we cannot address your concerns.

E-mail is L_Kisslng@msn.com (note that is an underscore between the "L" and the "K" in that address) or call me at 480-946-3006



Stephanie Warner

10/21/06