

**Dakota Ridge Homeowners Association
Annual Meeting of Members
at The Hampton Inn, Steamboat Springs, Colorado
March 19, 2011**

The annual meeting of the members of the Dakota Ridge Homeowners Association ("DRHOA" or "Association") was called to order at 9:10 a.m. by Association President Thomas Stone.

All the members of the board of directors ("Board") of DRHOA were in attendance: Thomas Stone, Mindy Williams, Michael Williams, H.C. Pace and David Zedeck. Medora Fralick, Nancy Kounovsky and Stephanie McDonald of the Commercial Property Group ("CPG"), administrator for DRHOA, were also present. A sign in sheet for all lot owners in attendance is included with these minutes for the record. CPG made an audio recording of the meeting.

Thomas thanked everyone for attending the meeting and the Board members introduced themselves.

The first order of business was to establish a quorum. Medora Fralick of CPG gave the tally of those members in attendance and the proxies in hand. Fourteen lots were represented in person and 37 proxies were in hand. A total of 51 out of 74 lots were represented. A total of 51% representation is required by the association covenants to establish a quorum. A quorum was established.

The results of the Board Member Vote was the next item of discussion. Three seats were up for election. The three candidates with the most votes after being tallied and verified by the staff of CPG were Tim DePuy, H.C. Pace and Michael Williams. Each will begin serving a two year term. Association member Ron Lazof was in attendance and asked for the vote tally. Tim DePuy received 46 votes, H.C. Pace received 40 votes, Michael Williams received 40 votes and Ron Lazof received 17 votes.

The next item of business was the President's Report and Board Member Reports. Thomas highlighted the past year, noting that the Association operated under Budget, there were no major water system repairs, the water usage policy to conserve water was implemented, several water conservation projects were completed, Association members generally were being mindful of water conservation, the road had been well maintained, three homes were completed, covenant updates were approved and there had been a successful holiday party. Thomas also thanked everyone for the opportunity to serve on the Board.

Under the Board Member reports, David Zedeck noted that under Water no significant repairs had been required in the last two years. He noted that information will be forthcoming on a water capacity upgrade in the coming year. Member John Williams

asked if any unforeseen potential problems are seen with water. Tim DePuy noted that adding an additional water tank would only add seven minutes of available water in case of a home fire. Mindy Williams suggested holding an Association meeting dedicated to water issues. Thomas Stone noted that there are differences between water rights and pump right permits for the Association. H.C. Pace added that the pump permit is issued by the State of Colorado and that you cannot pump more water than is allocated by the State. Medora stated that the Association retains a water attorney that takes care of the permits and gives an annual update on water permit situation. Tim Gibbons is the state licensed operator which takes care of the DRHOA water system. He has a "wish list" for the water system to be proactive on water system needs. Medora will meet with him and present his recommendations to the Board at a later date. It was noted that outdated pipes and major breaks have been replaced and taken care of. Ron Lazof questioned the amount of water leakage in the system. Tim DePuy stated that there appears to be 40% loss, but from his previous time on the Board, it was determined that this estimate may be erroneously high due to bad data. He also noted that in the past five years that more consistent meter reading was implemented, five unmetered yard hydrants were capped, the water meter re-certification program was implemented and further investigation were all part of trying to solve the leakage problem. Ron Lazof suggested that more money be spent on finding a reason for the leakage. Tim noted that a water leak detection study was done several years ago which found some leakage which was repaired. Ron asked that the Board take this project on to do more to find the leakage problems. The Board agreed that the new Board needs to make the water leakage problem a top priority. A question was asked as to the quality of the water and Medora stated that the quality is monitored consistently and is found to exceed state requirements.

The ARC report was given by Mindy Williams which is included with these minutes for the record.

H. C. Pace gave the Road report which is also included with these minutes for the record. He noted there was substantial savings to the Association by using the neighborhood teen age labor pool for repair and cleanup projects around the neighborhood. Kathy McCoy volunteered to look into removal of the tree at the North Entrance.

The next report was from Michael Williams for the Financials which is included with these minutes for the record. A Balance Sheet and Income and Expense report were also provided at the meeting and are with these minutes. Michael noted that it is the opinion of the Board that it is prudent to continue building up the capital reserve account as the Association roads wear and the expected twelve-to-fifteen year life of the last overlay. Ron Lazof asked why there is a loan shown as a liability on the Association balance sheet. The loan was taken out to accommodate owners who could not pay the road improvement assessment in full and requested help with financing. The Association incurs no expense due to the financing provided to these owners. Separately, it was also noted that historically any Association surplus at the end of the year has been rolled over to the capital reserve account as voted on by the Board annually.

The floor was then opened to discuss the proposed 2011 Budget. Medora noted that the Board has previously approved the proposed Budget and it is now before the membership to be either ratified or denied.

There being no further discussion Tim DePuy made a motion to approve the proposed 2011 budget as presented and it was seconded by H. C. Pace. A vote was taken and all voted in favor by saying aye with none opposed and no abstentions. The motion was approved.

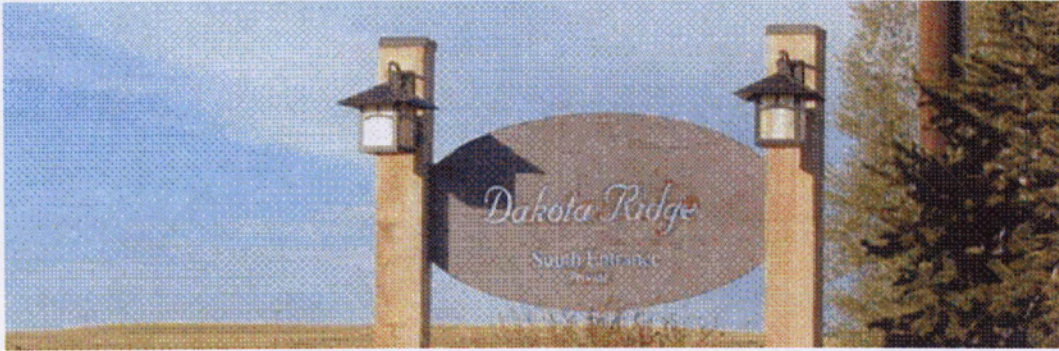
The next item on the agenda was the approval of the prior Annual Meeting minutes. Thomas introduced the minutes and asked if anyone had any suggested revisions or additions. There being none proposed, H.C. Pace made a motion to approve the 2010 Annual Meeting Minutes and it was seconded by Michael Williams. A vote was taken with those in favor signifying by saying aye and those opposed by saying nay. All present voted aye with Ron Lazof stating that by proxy given to Ron that Steve Hofman (Lot 17) voted nay to approving the 2010 Annual Meeting minutes. The motion was approved.

The last item on the agenda was Other Member Discussion. Medora made available a pamphlet from the Colorado State Division of Wildlife to all present of the issue of feeding wildlife. She noted that the DOW officer emphasized the danger of feeding wildlife and that citations will be handed out. John Williams noted that coyotes have moved into the neighborhood due to the feeding of foxes. Kathy McCoy asked that this handout be mailed to all owners in the association with an explanatory letter. Garbage containment was also discussed due to bear problems noting that garbage cans should not be left out overnight. H.C. Pace suggested holding a separate meeting to address wildlife problems in conjunction with other nearby homeowner associations and an officer from the Division of Wildlife in attendance also.

Ron Lazof asked to be recognized to offer resolutions from the floor. Discussion ensued from the Board as to the appropriateness of presenting the resolution without notice to the whole association. Ron noted that approving the resolutions would amend the Bylaws not the Covenants. David Zedeck suggested that legal counsel be contacted first. Thomas Stone recognized Ron's right to speak and suggested he propose the resolutions and they could either be voted on at this meeting or be tabled.

Ron Lazof stated – Resolved that, in order to allow greater participation and improved dissemination of information among the Membership all meeting of the Board of Directors and members of the Association be held where attendance of the Membership by telecommunications is available. Moved by owner of Lot 41 and seconded by owner of Lot 37, by proxy.

Ron called the question and opened for discussion. He stated that the Board did not conduct business in the "sunlight" and he had been previously denied attendance.



Dakota Ridge Annual Meeting of Homeowners

March 19, 2011

**Hampton Inn & Suites of Steamboat Springs
725 S. Lincoln Avenue
Steamboat Springs, CO**

Your Dakota Ridge Homeowners Association Board of Directors:

**Tomas Stone, President
H.C. Pace, Vice President, Road Manager
Mindy Williams, ARC Chair
Michael Williams, Treasurer
David Zedeck, Water System Manager**

President's message –Tomas Stone

This has been a good year for our Association

2010/2011 Highlights –

Association operated substantially under budget
Water system went another year without major repair
Road maintenance: cracksealing & potholes repaired
Road signs repainted
Oversight of four homes under construction/renovation
Water Usage Policy for new homes & conservation projects
2011 covenant update overwhelmingly approved by members
Fantastic Holiday party

Architectural Review Committee

2010 Highlights – Covenant Changes Approved

- Proposed changes were approved with 75% in favor. 81% of lot owners voted (60 of 74 lots; 47 for and 13 against)
- Architectural review guidelines updated

Construction Completed in 2010

- Hayden – lot 74
- Zedeck – lot 60

Construction Completed in 2011

Redgrave – Lot 12

Construction projects for 2011

None before ARC at this time

Road Report–H.C. Pace

Maintenance performed during 2010

Ditches were cleaned

Cracks sealed

Signs were cleaned, painted and some reset

Professional review of roads was performed

Routine maintenance to be performed in 2011

Annual crack seal

Clean ditches

Remove tree that blocks sign at North Entrance

Revegetate that area

Financial Report – Michael Williams

2010/2011 Highlights

Changes in Financial Position

February 28, 2010 vs. February 28, 2011

- Total Assets – increase of \$93,200
- Total Liabilities – decrease of \$15,000
- HOA Equity – increase of \$109,000
 - Financial position changes due to:
 - Added \$44,400 to Capital Reserve (annual assessment)
 - Added \$60,000 to Capital Reserve from excess income over expenses in 2010 (4/10/09 – 4/01/10 year)
 - Net income for year-ending 4/01/11 - \$18,500 (projected)

Changes in Asset Positioning

- Total Cash Accounts – current balance of \$261,500 – increase of \$87,700 from prior year

Actual/Budgeted Financial Results

- Net Income (forecast)
 - Budget - \$1,650 favorable
 - Actual - \$18,500 favorable (projected)
 - Income down by \$16,100
 - Income from water bills under budget by \$11,700
 - Income from ARC fees under budget \$4,000
 - Expenses down by \$33,000
 - Snowplowing expenses \$18,500 under budget
 - Expenses for water system repair \$16,700 under budget
 - Sign acquisition \$4,100 under budget

Dakota Ridge Homeowners Association

Balance Sheet

As of February 28, 2011

	Feb 28, 11	Feb 28, 10
ASSETS		
Current Assets		
Checking/Savings		
Millennium Checking	11,587.48	8,153.17
Millennium Money Market	249,864.67	165,622.51
Total Checking/Savings	261,452.15	173,775.68
Accounts Receivable		
Accounts Receivable	1,247.00	337.77
Total Accounts Receivable	1,247.00	337.77
Total Current Assets	262,699.15	174,113.45
Other Assets		
Road Resurfacing Project		
Loan Pmts Due from Homeowners	95,201.93	113,987.22
Total Road Resurfacing Project	95,201.93	113,987.22
Total Other Assets	95,201.93	113,987.22
TOTAL ASSETS	357,901.08	288,100.67
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	7,583.94	3,788.24
Total Accounts Payable	7,583.94	3,788.24
Total Current Liabilities	7,583.94	3,788.24
Long Term Liabilities		
Loan-Millennium Bank		
Loan Balance	129,345.30	129,345.30
Loan Payments to Millennium	-34,143.37	-15,358.08
Total Loan-Millennium Bank	95,201.93	113,987.22
Total Long Term Liabilities	95,201.93	113,987.22
Total Liabilities	102,785.87	117,775.46
Fund Balance		
Designated-Water	20,000.00	20,000.00
Designated-Fence Repair	1,000.00	1,000.00
Designated-Road Damage Fees	48,500.00	48,500.00
Capital Reserve	185,615.21	100,825.21
Total Fund Balance	255,115.21	170,325.21
TOTAL LIABILITIES & FUND BALANCE	357,901.08	288,100.67

Dakota Ridge Homeowners Assoc.

Income & Expense

	Actual	Actual	Actual	Forecast	Budget	Budget	
	Apr '07 - Mar '08	Apr '08 - Mar '09	Apr '09 - Mar '10	Apr '10 - Mar '11	Apr '10 - Mar '11	Apr '11 - Mar '12	
Ordinary Income/Expense							
Income							
Annual Dues							
HOA Dues	66,600.00	66,600.00	66,600.00	66,600.00	66,600.00	66,600.00	\$900/lot
Capital Reserve	44,400.00	44,400.00	44,400.00	44,400.00	44,400.00	44,400.00	\$600/lot
Architectural Fees							
Architect Fee	1,500.00	1,000.00	0.00	0.00	1,500.00	0.00	
ARC Review Fee	8,100.00	2,600.00	500.00	0.00	2,500.00	0.00	
ARC Fines	0.00	0.00	18,750.00	0.00	0.00	0.00	
Water	75,346.47	68,690.51	82,591.77	58,288.49	70,000.00	60,000.00	
Interest Income	11,560.22	16,459.65	2,374.76	2,150.48	2,500.00	2,000.00	
Total Income	207,506.69	199,750.16	215,216.53	171,438.97	187,500.00	173,000.00	
Expense							
Gen & Admin Expenses							
Administrative & Accounting	13,710.00	14,280.00	19,705.00	15,127.50	18,000.00	17,000.00	
Auto Call Messenger	383.90	418.80	418.80	383.90	500.00	500.00	
Bank Service Charges	14.00	21.00	9.90	0.00	0.00	0.00	
Insurance	2,152.00	2,152.00	2,251.00	2,274.00	2,500.00	2,500.00	
Office Supplies/Postage	841.14	811.94	1,123.93	638.89	1,000.00	1,000.00	
Professional Fees							
Accounting/Tax	300.00	325.00	325.00	325.00	500.00	500.00	
Legal	2,515.00	2,356.78	3,529.50	2,239.95	2,500.00	2,500.00	
Board Meeting Expenses	60.32	757.45	478.55	303.76	700.00	500.00	
Association Party	834.87	0.00	1,100.64	1,000.00	750.00	1,000.00	
Annual Meeting	205.85	458.80	864.52	135.98	250.00	500.00	
Taxes-Fed/State	1,715.00	2,643.00	0.00	625.00	2,500.00	1,000.00	
Website Design/Maint	275.00	300.00	475.00	150.00	500.00	500.00	
Total Administrative Exp	23,007.08	24,524.77	30,281.84	23,203.98	29,700.00	27,500.00	
Operating Expenses							
Architectural Fees							
Architect Fee	487.50	1,085.00	530.00	210.00	1,500.00	500.00	
ARC Administration	2,835.00	3,653.50	2,170.00	1,540.00	4,000.00	2,500.00	
Street Light Electric	700.07	1,119.09	678.80	877.73	1,000.00	1,000.00	
Sign Acquisition/Repair	1,458.38	0.00	582.04	890.56	5,000.00	1,000.00	
Landscaping	1,010.25	678.25	1,519.50	1,167.25	1,500.00	1,500.00	
Weed Control	2,115.00	2,346.70	1,713.00	2,107.80	2,000.00	2,000.00	
Road Maintenance	13,648.00	28,684.22	1,774.50	10,680.55	10,000.00	11,000.00	
Road Study	3,470.00	1,450.00	0.00	0.00	0.00	0.00	
Road Snowplowing	29,300.52	20,739.34	13,442.37	31,947.38	33,000.00	30,000.00	
Mosquito Control	2,000.00	2,170.00	2,170.00	2,170.00	2,000.00	2,000.00	
Total Operating Expenses	57,024.72	61,926.10	24,580.21	51,591.27	60,000.00	51,500.00	
Water Exp							
Stagecoach Water	1,750.00	1,750.00	1,750.00	1,750.00	1,750.00	1,750.00	
Autodialer	0.00	1,100.00	0.00	0.00	0.00	0.00	
Water System Repair	19,408.52	2,558.50	10,745.67	8,282.05	25,000.00	24,000.00	
Water Operations-Gen'l	21,969.43	19,070.88	22,478.90	22,702.08	23,000.00	23,000.00	
Water Operations-Lot 74	4,154.88	0.00	0.00	0.00	0.00	0.00	
Water Metering	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	
Water System Eval	0.00	0.00	0.00	0.00	1,000.00	1,000.00	
Total Water Exp	48,282.83	25,479.38	35,974.57	33,734.13	51,750.00	50,750.00	
Capital Reserve	44,400.00	44,400.00	44,400.00	44,400.00	44,400.00	44,400.00	
Total Expense	172,714.63	156,330.25	135,236.62	152,929.38	185,850.00	174,150.00	
Net Income	34,792.06	43,419.91	79,979.91	18,509.59 *	1,650.00	(1,150.00)	

* To be moved into capital reserve