

2014 Annual Membership meeting
June 28, 10:00 a.m.
Ninepipes Lodge

Summary of motions (Detail below in text of minutes)

- Motion to pass minutes from June 2013 annual meeting - approved by acclamation.
- Re-election of Dan McCarthy as Treasurer for another three year term - approved by acclamation.
- Motion to approve the Drainfield Plan submitted to the homeowners on June 11, 2014. Motion passed unanimously.
- Motion to pay for drainfields by sharing costs equally while giving homeowners on Drainfields C and D compensation for the remaining lives of those drainfields. Motion passed unanimously.
- Motion for board to send quarterly reports outlining objectives, progress and associated costs. Motion passed unanimously.

Present: Tom Cox, Liahna Armstrong, Dan McCarthy, Doug Rotondi, Blake Johhson, Caryl Cox, Ruth Rotondi, Lane and Aleta Mead, Steve Karpstein, Anne and Fred Long, Margaret Caroway, Hal Dasinger, Stephi Isbell, Tom and Sue Roy, Alice Borchers, Jim Payson, Beverly Rountree, Dennis McCormick, Karen and Burke Townsend, Larry Walters, Anne and Adam Rys-Sikora, Jill and Art Nichols, Nancy Lewis, Bob Wight, Phil Korell, Leigh and Mark Estvold, Dennis Duty, Doug and Rachel Amons, Audrey and Lorin Peterson, Kristen Rose , Carolyn Swindlehurst, Bill Borchers, Amy Acher, Evie Fordahl

Present by phone: Dan Novinski, Mike Cobb, Maggie Tillinghast, Jim Cole, David Johnson

Proxies:

Doug Rotondi - 1 for David Schwank
Caryl Cox - 1 for Kimberly Maxwell
Blake Johnson - 1 for Jack Manning
Alice Borchers - 2 - Christine Puckett and Maggie Tillinghast
Kristen Rose - 1 for Nicole Michione

Determination of Quorum: Members representing 43 shares attended the meeting, with 6 proxies = 49 shares represented. We have a quorum.

Approval of minutes - Motion by Tom Roy, 2nd by Burke Townsend to approve minutes from the June 2013 regular membership meeting. Motion approved by acclamation.

Election of Treasurer: Dan McCarthy was re-elected by acclamation as Treasurer.

Treasury Report: Dan sent all homeowners a Treasury Report on June 24th for their consideration. He summarized some highlights from that report, prompting some discussion. Some of those discussion points:

- Our annual revenue from dues and boat dock fees is approximately \$33,000.
- FY 2012-2013 our expenditures were over \$49,000, so we were over budget by \$16,000
- FY 2013-2014 our expenditures were \$39,794, so we were over budget by \$6,500.
- To date we have spent approximately \$50,000 on engineering for the septic plan (cumulative since 2007).
- For FY 2013-2014, \$7,500 was budgeted for grounds, while over \$11,000 was expended.
- For the last two years we have come in significantly over budget. We need to be more cognizant of our spending.
- Our legal counsel John Tabaracci has helped us to formulate a legal position identifying us as a condo association rather than a subdivision for purposes of negotiating various details with the county once we have a drainfield plan.
- The developer's original intent was for the HOA to operate as a condo association. While this model was not in place prior to his death, we now have the opportunity to come together and shift to that vision by endorsing a single plan.
- The dock fund is maintained separately and is used to repair docks. A portion of it was used to help finance our legal defense in the recent litigation that in part of the legal contest pertained to the docks.

Bears/trash cans: Members are reminded that bears have been sighted, and to be mindful of this when disposing of trash.

Drainfield Plan: Tom Cox introduced the topic by reminding members why it is important to have and maintain a healthy septic system: we are drinking the lake water and the lake is currently very clean. The county has mandated that we have a drainfield plan to replace old and/or damaged drainfields. The county has imposed a building moratorium until a drainfield plan is approved by the County.

Tom addressed several questions posed by a homeowner in an email prior to the meeting:

Q: What is the status of the laundry room as it pertains to DF B?

A: The users have decided to relinquish use of the laundry so there will be no hookup to DF B.

Q: Will members opting for extra bedrooms have to pay for the extra capacity?

A: The sharing of the costs could be calculated according to flow per unit. This has not yet been done.

Q: What about space for replacement drainfields:

A: Since space is an issue here, when the time comes we will request a variance in order to build a replacement drainfield on the site of the existing drainfield.

Q: Does the Declaration determine how the drainfields will be paid for?

A: John Tabarraci examined the Declaration and concluded that the language is vague enough that a case can be made for either past practice (members responsible for their own drainfields) or the sharing of costs by all members for all drainfields.

Q: If we go with the sharing of costs by all members, how can we be assured that 20 years from now the board and membership will continue to honor the agreement to share costs?

A: With level 2 drainfields there are deed restrictions - any sale or transfer of property includes a drainfield maintenance stipulation in the deed. A user agreement will also be drawn up stipulating that any change in the system of cost and maintenance sharing must be approved by 100% of the membership.

Discussion continued on various aspects of drainfield construction and maintenance costs as well as the evolution of the drainfield plan. Additional questions: Did the engineer consider enlarging DF C in order to eliminate DFs E and F? A: this was considered and rejected - it is not cost effective.

Attendee Dennis Duty brought up the point that the plan we submit to the County should also include a water plan for each site as well as placement of the remaining sites. It was pointed out that we are submitting a condominium plan as directed by the County, rather than a subdivision plan, and once done we can start negotiating with the county. It was also noted that without a water compact between the Tribe and State we can't really nail down a plan - but eventually we will have to have a water plan as well.

Additional question: is every site, whether or not developed, accounted for in the septic plan? A: Yes, and there is some flexibility in the plan to account for extra sites.

What is the next step? How will individual sites connect to the drainfields? The next level of detail by the engineer will address how individual sites are connected to each drainfield. All of this needs to be in place before the plan is submitted to the State. Also, a specific source of water needs to be identified for each site before a homeowner will be issued a zoning conformance (building) permit by the county.

Can we use our fire water right? Possibly, but we'll have to start conducting fire drills.

**Jill Nichols made a motion to accept the septic plan as presented on June 11th.
Nancy Lewis seconded the motion.**

Additional discussion prior to the vote: What is the difference between level 1 and level 2? Level 2 costs more, produces cleaner effluent, and uses less space than a conventional drainfield. What is the status of the water sewer district? Dormant, but it can be

resurrected if necessary. Does plan allow for sufficient parking? Yes, level 2 is an option in order to preserve parking space.

The point was made that the vote by the membership is non-binding. The board is looking for direction from the homeowners, but ultimately the board makes the decision to accept the plan or not.

Vote: no opposition. The motion passed unanimously.

Tom Cox then explained five different funding options: 1) Past practice, in which drainfields are funded by the specific users; 2) Past practice with level 2 compensation for homeowners on DF A; 3) Equally shared; 4) Equally shared with compensation for value in ground for homeowners on DFs C and D; 5) Past practice with one time \$500 adjustment for homeowners on DF E. Any equally shared option means that all drainfields will be owned by all homeowners and will be the shared responsibility of all homeowners. This works as an insurance policy for the future where everyone shares in the cost of rebuilding any DF. See the table included in the agenda below.

Discussion revolved primarily around the equally shared option with value in ground for DFs C and D. We need to fairly compensate those homeowners who still have viable drainfields. Also, this model is more consistent with a condo association in which all costs are shared.

Comment: Homeowners on DF C would pay \$1100 on the past practice model but \$6000 on the value in ground model which means that homeowners on DF C would subsidizing the other drainfields disproportionately. Costs for users on DF D would also go up dramatically. Concern was expressed that the cost planning should be adjusted to remedy the large disparity as the plan becomes more definitive.

Question: Can we be assured that once we adopt this model, it will be binding in the future? A: If we accept this model, we can draw up legal documents that require a vote of 100% of homeowners to change from this model. This ensures that your heirs won't have to pay solely for a rebuild of your drainfield.

Does the funding plan dictate the management of the drainfield project? Yes, we need a single engineering firm to oversee the project and consult with people on individual drainfields.

Dennis McCormick made a motion, seconded by Nancy Lewis, that the payment method for the drainfield project is to share equally while giving members on DFs C and D fair compensation for their remaining value in the ground. The motion passed with no dissenting votes.

Additional question: What happens if someone can't afford to pay? A: They would then not be hooked up to the septic system, and/or if need be, a lien could be put on their

property. Or, with new governing documents, we could come up with different mechanisms to force compliance.

Following the discussion and votes on the DF plans, a few items were noted.

Announcements:

Fred Long - we are putting our house on the market.

Nancy Lewis - when you send updated email list please include list of committees.

Mark Estvold - my daughter is getting married on the property on July 19th. We will make sure guests are directed to proper parking

Doug Rotondi: we have ordered a new 10x10 swim platform. It will arrive in the next 2-3 weeks and then we can try to sell the old swim platform.

Doug asked for a resolution to report objectives, progress and costs from the board on a quarterly basis. Tom Roy made corresponding motion, seconded by ? The motion passed unanimously.

Steve Karpstein asked if the 10 pm quiet time rule could be changed to 11 pm. There was not interest in changing the rule, but we will deal with "noise" issues on a case by case basis. Alice and Fred explained the origin of the 10 p.m. quiet time rule.

Jill Nichols - can we have a coordinated recycling program? Caryl offered to help Jill start one.

The meeting was adjourned at 12:15 PM

Timbrshor Annual Homeowners Meeting Agenda

At the Nine Pipes Lodge
Saturday, June 28, 2014, 10 AM

Call to order

Call for proxies

Determination of quorum

Announcements

Consideration of previous minutes

1. Election of Treasurer for 3 year term

2. Budget for past and upcoming year- Dan McCarthy, Treasurer
3. Bears- trash cans
4. Consideration of drainfield plan

Nine Pipes Lodge is south of Polson on Highway 93

Summary of DF Costs

DF	# users	DF cost	Past practice Cost/user	PP comp Level 2 on A \$339/homeowner	Equally shared	Equally shared- Value in ground	One Time Adjustment*
A	19	186026	9791	9292	8776	9783	9792
B	5	54156	10831	11170	8776	9783	11670
C	8	9178	1147	1486	8776	6380	1986
D	5	20204	0, Old; 10102, New	339, Old; 10441, New	8776	3090	839, Old; 10941, New
E	7	109154	15593	15932	8776	9783	12575
F	3	33773	11258	11596	8776	9783	12096
Total	47	412491					

*Assumes past practice (compensating for Level 2 on DF A) and that each household contributes \$500 on a one time basis to offset the costs of DF E. DF user groups would be responsible for major repairs on their DF.