

**BI-MONTHLY BOARD OF DIRECTORS MEETING
HIDDEN VALLEY FOUNDATION, INC.
MARCH 19, 2010**

The March 19, 2010, Hidden Valley Foundation, Inc. Board of Directors meeting was called to order at about 7:45 PM by John Newport. Those Directors seated were:

FOUNDATION

John Newport
Bert Ries
Edwin Miller
Mauvaleen Jones (via phone)
Ronald Zorn (Alternate)
Andrew Kapusta (Alternate)

DEVELOPER

Glen Fodor
William Doring
George Bischoff
Richard Werner
Scott Bender (Alternate)

Directors Absent:

Edward Very

Also present was Gregory Baker, Executive Director for the Hidden Valley Foundation and Robert "Bob" Kollar was present as Treasurer.

A motion was made by Ries to accept the agenda as presented; seconded by Werner and the motion carried to approve the agenda.

A motion was made by Werner to approve the January 15, 2010 meeting minutes; Jones seconded and the motion carried.

FINANCIAL REPORT – At this point Treasurer Kollar asked permission from the President to combine the Treasurer Report and the Finance Committee Report - President Newport concurred. Treasurer Kollar reported on the financial status of the Foundation based on the January financial reports included in the Board packets. The main topic of concern is the snow removal budget. According to the tabulations of the Staff Accountant, Dave Hughes, the total snowfall to date was 218 inches and the average snowfall has been 151 inches. The budget figure was \$277,685 for plowing, shoveling, salt, and antiskid. The current costs total \$585,000, which means we are approximately \$307,000 over budget on snow removal. He stated that as a result of the extensive snow removal, there are going to be additional costs involved in the spring clean-up, but the Executive Director is investigating how much liability will be extended to Winter Weather Services. Kollar also indicated that a budget item to be considered in the 2010/2011 budget process will be the fire hydrant snow cleaning costs and whether Hidden Valley Utilities L.P. should be reimbursing the Foundation for such services since the hydrants are owned by the utilities department. A surplus of approximately \$425,000 for the year was projected and with the overage on the snow removal it looks like there will only be a small surplus, if any. Reserves held were \$1,077, 532 as of January 31, 2010. The capital budget was \$411,000 as amended by the Board which included the purchase of a new dump truck, repairing the roads for \$200,000, Highlands Pool replacement for \$145,000, and \$8,000 for the work utility vehicle. He suggested that based on the recommendations of the SLRP Committee, the Capital Budget Line Item of \$145,000 for the Highlands Pool be "zeroed" out and the amount of \$100,000 reallocated to the road project to allow \$300,000 to be spent on road repairs, and also suggested that

a line item be created for the beautification project of \$26,350, also recommended by the SLRP Committee, so that it can be tracked. Since there is already a line item in the budget for flowers, Kollar expects the additional spending for beautification will only be \$10,000 to \$12,000. The Finance Committee did a six-month review on a line-by-line basis at their last meeting on February 5, 2010. The investments were reviewed and recommendations were made. He stated investments were made very conservatively and consist of Certificates of Deposit, which are not earning a lot of interest but are distributed between various banks, all insured by the FDIC.

The Reserve Study was also discussed and, at the recommendation of the Executive Director, the review will be delayed until the winter season is over so that a physical inspection of the assets can be performed. Enumerating on the budget process for Fiscal Year 2011, he stated that the by-laws state the Treasurer must submit a budget to the Board in a timely fashion so that assessment notices may be sent 30 days prior to the new fiscal year. He appealed to the Committee Chairs for any items that may need incorporated into the budget for their functions. The first draft of the budget will be presented to the Finance/Audit Committees. Then a Board of Directors work session will be called to review the budget. Public meetings will then be held potentially the first part of May. The final draft of the budget will be presented to the Board of Directors for approval at the May 21, 2010 bi-monthly meeting. Both an operating budget and a capital budget will be submitted.

RESOLVED: A motion was made by Bischoff to approve the Financial Reports as presented by Kollar; seconded by Bender and the motion carried.

EXECUTIVE DIRECTOR REPORT: Executive Director Baker reported that over the next two fiscal years road improvements and reconstruction of the top eight roads that were designated in a report given to the Foundation by the EADS Group. He stated out of 16 Requests For Perspectives sent out, there were six contractors who were interested and received the specifications. Three contractors were expected to be present for the pre-construction meeting that was held on Wednesday, March 17, 2010. However Donegal Construction was the only contractor that was present. Bids are to be received by March 24, 2010 at 2:00 PM. The bids will be presented to the Board for awarding of the contract. Baker stated there are much needed repairs to the roads with regard to paving, patching and sealing. He stated that there will be traffic control problems as some roads will be closed during the work and he hopes that all the roads will be finished by September 2011. The Reserve Study has been delayed because of the weather, and a pre-inspection meeting is being scheduled so the groundwork can be laid down giving the correct information and "marching orders" as to what is expected in the Reserve Study. The study results will then be presented to the Board of Directors for review. Baker talked about the parcels in the Heights area that were discussed at the last meeting and asked Richard Werner of The Buncher Company to elaborate on the details of this situation. Werner said that he spoke with Bob Boose who is the solicitor for the Somerset County Assessment Office and it appears the Foundation already owns those two parcels, but the final details are still being worked out. Baker stated the drainage issues on Lake Road being generated from Imperial Road were inspected by the volunteer engineer who walked the site; it was determined from the inspection that a plan can be developed to disburse the water but it will disburse on property owned by the Resort. Baker discussed the matter with Jeffrey Theys of The Buncher Company and he will be reviewing the matter with The Buncher Company at their next meeting. Baker stated he talked to Glen Fodor of The Hidden Valley Utilities L.P. regarding the fire hydrants and marking them. Fodor did not have a problem with the Foundation marking

them but Baker stated he does not want to be liable for the hydrants themselves. However, a marker will be placed by the hydrants. The newsletter was brought up with regard to the Resident's Time Minutes being inserted in the body of the newsletter and the publication being delayed due to the timing of the board meetings. President Newport made the decision to publish the newsletter without the Resident's Time Minutes since they are posted on the website as soon as they are transcribed. Baker also related that there are more renters on property and that more identifying signs should be added to the sign posts as to unit numbers in the subdivisions.

EXECUTIVE COMMITTEE REPORT: Nothing to report.

PUBLICITY COMMITTEE REPORT: Dormant Committee

COVENANT CONTROL COMMITTEE REPORT: Dormant Committee

COMMITTEE REPORTS – Architectural Control Committee – Ed Miller, Chairperson, stated the ACC Report is on Page 8 of the Board packet. The ACC Committee will resume the summer schedule of meetings on the first and third Wednesday of each month.

Maintenance Committee – Bert Ries, Chairperson, reported regarding the repair, replacement, or rejuvenation of the tennis courts. He has obtained pricing on court resurfacing at \$15,000 per court and \$25,000 per court. Both would carry a 25 year warranty if the prep work is done correctly. Prep work is estimated at a cost of an additional \$25,000 per court. Additional information will be obtained from architect homeowner, Gary Hepler. He stated there was a Board motion to have the Executive Director obtain bids on replacing the Highlands Pool. A bid was received from Aqua Pool of \$325,000. He stated Baker was asked to contact Aqua Pool and get a price on removing the old fiberglass shell and replacing the piping, filtration system, etc., as opposed to replacing the entire pool. Baker stated he had talked to Aqua Pool and they will not remove the fiberglass and another vendor should be contacted. Ries again stated the need for the fire hydrants being marked for the winter season.

RESOLVED: A motion was made by Ries to rescind the motion made at the last meeting to sell the disabled security vehicle (Jeep Liberty) to Bruce Ohler; seconded by Bischoff and the motion carried.

RESOLVED: A motion was made by Ries to sell the disabled security vehicle (Jeep Liberty) to any individual at the best price negotiated by Baker; seconded by Bischoff and the motion carried.

Ries asked about the motion made about the list of initiatives that was listed at the last meeting. He wanted to rescind his motion.

RESOLVED: A motion was made by Ries to rescind the motion made regarding the 17 initiatives mentioned in the last meeting; seconded by Bischoff and the motion carried.

A motion was made by Ries to have the Hidden Valley Foundation Board of Directors approve the list of the 17 initiatives compiled for possible implementation in 2010. This list was compiled from lists submitted to Ries by the Maintenance Committee. Plans for these initiatives should be prepared by the

Executive Director submitted to the Hidden Valley Foundation Board for approval prior to the 2010/2011 Fiscal Year Budget. For lack of a second on the motion, the motion died.

Ries stated the landscaping bids were received from 3 vendors and the low bidder was contacted due to questions regarding several items in the bid proposal. The Maintenance Committee is recommending the contract be awarded to U.S. Lawns for the 2010 landscape season.

A motion was made by Ries that U.S. Lawns be awarded the contract for the 2010 landscape season as per the bid submitted on January 25, 2010 and incorporating the email dated March 4, 2010 clarifying points raised by the Maintenance Committee in dealing with removing leaves from the property, committing to grass cutting as often as required to make sure it is acceptable to all homeowners and performing a continuous leaf clean-up the entire fall until the first snow; seconded by Miller.

DISCUSSION: Jones stated she had concerns with U.S. Lawns in that Joshua Gamez, owner of the U.S. Lawns franchise, stated he did not finish the fall clean-up. She said she did not feel he was the lowest bidder and the overage paid to U.S. Lawns last year should have been refunded to the Foundation and not deducted from the bid for this year. She also expressed that the Board did not necessarily have to choose the lowest bidder that she felt a vendor who had the most knowledge of the community, experience, quality of work and equipment to do the job, etc. should be considered. She felt that the difference in the bid between the two considered was minimal. She brought up the emails between Ries and Joshua of U.S. Lawns and quoted "after consideration and appreciate for the business HVF entrusted to us in the 2009 season, I have authorized a \$2,500 bonus credit to be used in conjunction with the perennial plantings at an area designated by HVF for the 2010 season". She stated this "sweetener" is inappropriate and unethical and should not be included as consideration in awarding the bid. She questioned as to whether the other vendor was contacted for clarification of their bid. She elaborated on complaints she has heard from other homeowners last summer regarding the quality of landscaping done by U.S. Lawns. She stated she felt Lichtenfels was much more qualified with their experience and knowledge of the Hidden Valley community and had the equipment for cleaning the catch basins among doing other jobs that were not just grass cutting.

Ries stated that the Maintenance Committee made their recommendation prior to the email listing the \$2,500 bonus credit. Ries stated the amount for fall clean-up by U.S. Lawns was the same for last year as well as the current bid. Miller stated the Maintenance Committee studied and compared the bids for hours and items of question were clarified in a meeting with U.S. Lawns. Jones reiterated the fact that the contract should be awarded to the vendor who was best qualified for the job and not necessarily the low bidder since the bids were so close. Kollar stated the figures the accountant provided are very accurate as he reviewed them as the Treasurer and Chair of the Finance Committee. He also stated that Jones made a very good point in that the best-qualified vendor should be considered for the contract and that the Board was not required to choose the lowest bidder. Jones asked for a roll call vote.

Werner asked the Class A Board members about their opinion of the quality of the vendors. Ries stated he has not heard any negative comments about U.S. Lawns. He stated that according to the SLRPC survey 70% of those who responded were satisfied. Jones said she had received many comments about the poor performance of U.S. Lawns

with regard to clean-up; the timing of the grass cutting; the industrial riding mowers rather than push mowers. Newport stated he had heard both positive and negative comments about U.S. Lawns and felt the positive comments were greater.

A roll call vote was then taken: Miller, yes; Ries, yes; Jones, no; Newport, Bischoff, Bender, Fodor, Werner, Doring all abstained. The motion did not have the required five yes votes needed to pass (according to the Foundation By-laws, a resolution can only be passed if a majority of the directors present vote "yes". Since nine directors were present, five yes votes were required to pass the resolution).

Following discussion the motion was again made by Ries to award the 2010 Landscaping Contract to U.S. Lawns; seconded by Miller. Roll call vote: Miller, yes; Ries, yes; Jones, no; Newport, Bischoff, Bender, Fodor, Werner, Doring all abstained. The motion again did not have the required five yes votes needed to pass.

A motion was made by Jones to award the 2010 Landscaping Contract to Lichtenfels Nursery, Inc.; as there was no second on the motion, the motion died.

After the motions failed there was considerable discussion regarding the vote on the motion and the landscaping contract. Newport asked Baker if it were his sole decision, whom he would choose; Baker stated he needs a good strong working relationship and ability to have ease of communications with a vendor. He gave examples of circumstances and the cutting cycle of U.S. Lawns causing problems.

President Newport deferred the assignment of a landscaping contract for no more than two weeks and clarification will be obtained on the voting questions raised by Kollar (i.e., how abstentions by board members on a vote are to be handled.)

Ries stated the Maintenance Committee meetings will be held the first and third Wednesday of the month and will immediately follow the ACC meeting and these meetings are open to the public.

Social Committee – Janet Gallagher, Co-Chairperson, reported for Marilyn Boleky. She said a flyer was available at the back of the room listing upcoming events. She stated the Children's Easter Party will be March 27, 2010 in the SRC Great Room at 2:00 PM. Coffee Hours may be limited this summer if there are not any volunteers to host a coffee hour. She announced there will be a Wine Tasting to take place at the Resort and encouraged people to sign up. She stated there will be a Kentucky Derby Party on May 1, 2010 and there will be a theatre outing which is still in the planning stages.

Rules & Regulations Committee – Jack Mautino, Chairperson, recommends that the Board of Directors adopt the new Election Committee Policy and remove the Suggested Intended Use Policy along with the Construction and Use Policy from the Policy Manual since these policies are covered under the Architectural Control Committee Procedures/Policy.

RESOLVED: A motion was made by Jones to adopt the Election Committee Policy and remove the Suggested Intended Use Policy and Construction and Use Policy presently in the policy book; seconded by Miller and the motion carried.

Mautino added that the Committee would be drafting a policy that will design the make-up and duties of the Nominating Committee during the next Rules and Regulations

meeting. He also stated that during the January meeting he requested President Newport to instruct Executive Director Baker to review the landscaping and snow removal policy and report any suggestions to the Rules and Regulations Committee. Mautino also stated he is waiting on recommendations from the Audit Committee regarding the Conflict of Interest Policy revisions.

Audit Committee – No report

Recreation Committee – No Report.

Finance Committee - Kollar incorporated this report with the Treasurers Report.

Strategic Long Range Planning Committee (SLRP) - Andrea Witlan reported on the homeowner' survey with a power point presentation. Information obtained from the survey included:

- Out of 1,110 units eligible for response; 33% (370) of the homeowners responded by the deadline and 42 homeowners responded after the deadline with every subdivision of Hidden Valley represented revealed longevity of ownership, ages of homeowners, desired additional amenities offered by the Foundation vs. the Resort and effective management at the Foundation Office and Hidden Valley property.
- The number of survey responses surpassed the number of ballots received in the last 4 elections.
- Problem areas were the landscaping and grounds maintenance, the Highlands pool and tennis, snow removal policies, restaurants, the Hidden Valley water (quality, cost and Government issues).
- Many positive comments included golfing, ski resort and snow making, the ski shop, social and recreational activities.
- The survey revealed there are many homeowners going to Seven Springs for many of the services such as restaurants.
- Some of the "hot items" listed as future amenities desired were: new indoor gym and pool, improved landscaping, and a convenience store.
- The survey revealed that people were passionate about the community, wanted their opinions heard, the family atmosphere and the Buncher improvements were praised.
- Homeowners wanted to see more cooperation and collaboration between the homeowners association and The Buncher Company/ Hidden Valley Resort.
- "Survey Monkey" is being set up as a tool for the homeowner responses and input.
- Landscaping initiatives and hiring a landscape architect to give recommendations for beautification with a 3 to 5 year master plan and about the Beautification Committee which is a subcommittee of the SLRP Committee and a

Garden Club being formed. Suggested beautification improvements are hanging baskets on the sign posts and plantings on the subdivision markers.

- Pool initiatives were discussed. From the results of the survey, the SLRP Committee feels the Highlands pool should be maintained for this year. Small upgrades such as a pool picnic area, hot tub and upgraded furniture and benches at the pool were suggested.

- The Committee felt at least two tennis courts should be maintained and no large capital expense should be induced at this time; however, the cracks should be repaired.

- The improvements to both the pool and tennis courts should be based on a 5 year master plan according to the thoughts of the Committee. These initiatives will be posted on the website under SLRP Committee Minutes.

RESOLVED: A motion was made by Jones to accept the committee reports; seconded by Bischoff and the motion carried.

OLD BUSINESS -

Sale of the Dump Truck - Newport announced the sale of the dump truck with the older plow was completed for \$8,000.

Sale of Disabled Security Jeep - Previously covered in this meeting.

Status of the Maintenance Committee Initiatives - Previously covered in this meeting.

Sale of the Line Painter - Baker stated there were interested parties but they were not willing to pay a reasonable amount.

Award Landscaping Contract - Previously covered in this meeting.

NEW BUSINESS –

Security Incident Reports: Baker read a letter from a Thomas Perrotta, Leonardstown, MD who owns a unit at Summit Village giving praise to the Security Department for their help in a situation involving their heat pump unit at Hidden Valley. Baker also elaborated on another situation where Security Officer Sypolt heard on his scanner there was an incident at Hidden Valley and the Bakersville Fire Department was dispatched. Officer Sypolt called the Resort Security for backup and went to the unit and found the flames were up over the mantel of the fireplace. Sypolt and Resort Security extinguished the fire with fire extinguishers which are carried in the security vehicles. Office Sypolt then got a fan from the Maintenance Facility and exhausted the smoke to the outside with the fan. Had Security not reacted promptly, the unit would have probably been engulfed in flames before the fire department arrived.

Election Committee Policy - Previously covered in this meeting.

Remove Construction and Use Policy & Suggested and Intended Use Policy - Previously covered in this meeting.

Delinquency-Collection Policy/Procedure - Newport requested this be put into the discussion for this meeting because of a phone call he received from a homeowner. He

asked the Board if they had any recommendations for change but he felt the Policy was adequate. The Board agreed that the existing policy is adequate. Use of a collection agency was also discussed.

Beautification Committee Report - Previously covered in this meeting.

Create a Formal Executive Committee - Newport read a handout he provided the Board regarding the creation of a formal Executive Committee.

RESOLVED: A motion was made by Newport to adopt the Executive Committee as follows: "The members of the Executive Committee shall be the officers of the Board of Directors of the Hidden Valley Foundation, Inc., including any officers serving as such at the request of the Board. The Executive Committee may exercise all power specifically delegated to it from time to time by the Board subject to any restrictions imposed on it by the Board. The Executive Committee shall meet throughout the year during the months between the regularly scheduled bi-monthly meetings of the Board and shall:

- monitor the operations of the Foundation
- provide support and advice to the Executive Director in carrying out his/her duties
- alert the full Board of Directors to any significant matters that may warrant the attention and/or action of the Board
- invite the chairpersons of the Foundation's committees to attend its meetings on an as needed basis

All members of the Board, including alternates, will be advised of the date and time of the Executive Committee's meetings."

The motion was seconded by Werner, and the motion carried.

RESOLVED: A motion was made by Bischoff to accept the changes in the Capital Budget as recommended by Treasurer Kollar; seconded by Werner and the motion carried.

President Newport asked the Board to agree to have Executive Director Baker get bids on the damage repairs caused from the snow removal process this winter and contact the current snow removal vendor to determine how much of the damage is the responsibility of the vendor and what they would be willing to pay. Baker stated the signage is currently being repaired/replaced and he has been in contact with Ryan Smith, owner of Winter Weather Services. Mr. Smith has agreed to perform some turf repair with regard to top soil, grass seed and straw in areas which are to be designated. Negotiations are being made for repairs to other items as well and Smith is willing to participate. Newport stated that perhaps Baker could have these items available at the next meeting when the landscaping contract is to be awarded.

The next bi-monthly meeting will be May 21, 2010 at the South Ridge Center Great Room at 7:00 PM. The meeting adjourned at approximately 10:15 PM.

SUMMARY

March 19, 2010

- ▶ A motion was made by Ries to accept the agenda as presented; seconded by Werner and the motion carried to approve the agenda.

- ▶ A motion was made by Werner to approve the January 15, 2010 meeting minutes. Jones seconded and the motion carried.

- ▶ A motion was made by Bischoff to approve the Financial Reports as presented by Kollar; seconded by Bender and the motion carried.

- ▶ A motion was made by Ries to rescind the motion made at the last meeting to sell the disabled security vehicle (Jeep Liberty) to Bruce Ohler; seconded by Bischoff and the motion carried.

- ▶ A motion was made by Ries to sell the disabled security vehicle (Jeep Liberty) to any individual at the best price negotiated by Baker; seconded by Bischoff and the motion carried.

- ▶ A motion was made by Ries to rescind the motion made regarding the 17 initiatives mentioned in the last meeting; seconded by Bischoff and the motion carried.

- ▶ A motion was made by Ries to have the Hidden Valley Foundation Board of Directors approve the list of the 17 initiatives compiled for possible implementation in 2010. This list was compiled from lists submitted to Ries by the Maintenance Committee. Plans for these initiatives should be prepared by the Executive Director submitted to the Hidden Valley Foundation Board for approval prior to the 2010/2011 Fiscal Year Budget. For lack of a second on the motion, the motion died.

- ▶ A motion was made by Ries that U.S. Lawns be awarded the contract for the 2010 landscape season as per the bid submitted on January 25, 2010 and incorporating the email dated March 4, 2010 clarifying points raised by the Maintenance Committee in dealing with removing leaves from the property, committing to grass cutting as often as required to make sure it is acceptable to all homeowners and performing a continuous leaf clean-up the entire fall until the first snow; seconded by Miller. There was discussion on this motion.

- ▶ A motion was again made by Ries to award the 2010 Landscaping Contract to U.S. Lawns; seconded by Miller. Roll call vote: Miller, yes; Ries, yes; Jones, no; Newport, Bischoff, Bender, Fodor, Werner, Doring all abstained. The motion did not have the required 5 yes votes to pass.

- ▶ A motion was made by Jones to award the 2010 Landscaping Contract to Lichtenfels Nursery, Inc.; no second on the motion so the motion died.

- ▶ A motion was made by Jones to adopt the Election Committee Policy and remove the Suggested Intended Use Policy and Construction and Use Policy presently in the policy book; seconded by Miller and the motion carried.

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- ▶ A motion was made by Newport to adopt the Executive Committee as follows: "The members of the Executive Committee shall be the officers of the Board of Directors of the Hidden Valley Foundation, Inc., including any officers serving as such at the request of the Board. The Executive Committee may exercise all power specifically delegated to it from time to time by the Board subject to any restrictions imposed on it by the Board. The Executive Committee shall meet throughout the year during the months between the regularly scheduled bi-monthly meetings of the Board and shall:
 - monitor the operations of the Foundation
 - provide support and advice to the Executive Director in carrying out his/her duties

- alert the full Board of Directors to any significant matters that may warrant the attention and/or action of the Board
- invite the chairpersons of the Foundation's committees to attend its meetings on an as needed basis

All members of the Board, including alternates, will be advised of the date and time of the Executive Committee's meetings." Seconded by Werner and the motion carried.

► A motion was made by Bischoff to accept the changes in the Capital Budget as recommended by Treasurer Kollar; seconded by Werner and the motion carried.