

## ***Board of Directors' Statement to the Membership on May 21, 2016***

We are taking your valuable time to put some unfortunate rumors and allegations from approximately four to five members about the recent budget process to rest. Those members have injected their personal interpretations of the state Civil Code and our own association's By-laws and other rules into the matter. Let's get into the details. First, the Board, Finance and Budget Committee, and the staff did in fact have a meeting on April 6th, and passed next year's budget and assessment of \$1,406. Was this a covert plot or "stealth" meeting to slip one by the members as alleged? Not in the least. There were many witnesses present, including your fellow members, who can honestly tell you it was one of the best interactive meetings the association has had in a long time.

In fact, one member who has been outspoken in the newspaper and in repeated emails to the Board on the matter since was actually present. Despite his self-proclaimed expertise of our POA's Governing Documents, he never once spoke out against anything presented or conducted at the meeting until days later. In fact, in that same meeting, he spoke very positively about the budget process, and while the budget may be thin, he believed that the committee, staff and, more importantly, the POA's General Manager, Rory Worster, did a great job and had demonstrated the personal skills to make it work. Approval of the budget in April is not unheard of for our association, despite our By-Laws directing us to formally adopt the budget and assessment in May of each year. PMC Policy E-14, approved in 2004, was created as a direct result of the state Civil Code changes, which supersede our By-Laws, various rules and policies.

The state law indicates that a POA must meet certain requirements within time constraints in presenting documents and budget information to the members. PMC Policy E-14 directs the Board to meet the state laws by approving the budget and assessment in April so that you are informed appropriately and in a timely manner. The Board has done this in April for several years, and this year was no exception. In fact, another outspoken member of the Board actually served on the Board of Directors in 2012-2014. During that time as a Director, he actively participated in the budget and assessment approval process for three years running, yet never spoke of the process being against the By-Laws until now. Note: the minutes documenting these meetings can be found on the PMCPOA website.

Was the April 6th meeting advertised or noticed to the members? Yes, it was. It was suggested in late February 2016. It was spoken to in the March 2016 Board meeting by both Vice-Chair Michael Glenn and Treasurer Tom McMullen in their reports to the membership. It was listed in the Condor newsletter, (the official publication of the PMCPOA). Note: both the Mountain Enterprise and GBU are not official PMCPOA publications. They are privately owned news outlets in the business of selling papers, and derive much of their information from second- or third-hand accounts. Notification of the "open" April 6th meeting was additionally posted on the PMC website, as well as in the lobby of the Clubhouse to again meet the rules and regulations that govern our POA with respect to notifications of meetings. The Board does regret the fact that three members who request that we notify them of meetings electronically were not told of the meeting via email. Nonetheless, one of the three did appear and as said earlier in this letter, never spoke in a negative fashion about the meeting and its result until days later. As for the failure to email the notifications of the meeting to the three members, that has been addressed with staff. Our apologies to the three members for the miss and we will strive to achieve a perfect score from herein.

Some of you may have asked why the Board approved the budget and assessment in a special open meeting and not during the regularly scheduled Board meeting of April 16th. In simple terms, the meeting was very productive. In the three months prior, much of the groundwork had been done with in-depth analysis provided by three Board members, staff and the Finance and Budget Committee, which is

comprised of your peer members who have knowledge in the field of finance, accounting and historical PMC budget matters. While in the meeting, the board, staff and your peer members in attendance presented their points of views and concerns. Those involved in the budget preparation provided a detailed explanation of their efforts to bring the assessment down from the originally proposed \$1,470. There was even discussion to raise it higher, but open dialogue was a prevailing factor. When it was all said and done, a motion was made by two Board members to accept the budget and the assessment of \$1,406. With a legal motion presented, the Board ultimately approved the motion to accept the budget and assessment level.

Since that day, four to five members have questioned the Board's move, and unfairly deflected the fine work done by so few on behalf of the entire POA. The Board ultimately, at a cost to all members, sought out our POA's legal counsel, who is quite versed in HOA and POA law, to review the complaints of impropriety and alleged back-room dealings. The attorneys have said that it was in the purview of the Board to accept and address the motion presented in the April 6th meeting. While the various POA rules that are in conflict with the state statues say that the budget approval and setting of the assessment level should be done in a resolution, a Board motion can be accepted and approved. A resolution is a more "formalized" motion. In hindsight, it would have been best to bring the motion and subject of approval to the April 16th Board meeting, where it could be done by resolution to keep things simple and neat as some members are more commonly used to. Therefore, in the spirit of the By-laws and E-14 policy, the Board has elected to reaffirm and reapprove the 2016-2017 budget and assessment in today's meeting to meet the By-Law reference. Again, while By-Law 10.03 speaks to approving the budget in the May Board meeting, it also says that no assessment may be levied against the membership until the June Board meeting. This has not been the case for several years. How do you set an assessment on short-notice and tell the members it's due less than two weeks later on July 1? It's unfair. Therefore, E-14 directs an April approval of the budget and assessment so the POA can provide the information to all members in a timely manner.

Moreover, with the exception of this year, the May Board meeting typically coincides with the Lilac Festival, which is normally held the third weekend of May. For several years, the May Board meeting has been moved to an 8 a.m. start time, rather than the By-law requirement of 10 a.m. Furthermore, the May agenda is usually quite short so that everyone can attend the festival and parade. Previous history has shown no such budget discussion being made in May. Until this year, no one has ever spoken out about the By-Law guidance, until a member alluded to some conspiracy by the Board. That being said, the Board is seeking out remedies, which include the engagement of our Governing Documents Committee and attorneys, to craft a new budget process procedure in E-14 to address these conflicts and memorialize our schedule pending a By-law change. You can expect this to be placed before the incoming Board in the next couple of months. Additionally, despite what the newspapers may report, our legal counsel has reviewed all of our mailings and postings required to be delivered to the membership. They have stated that the POA has complied with providing the information per the statue and in a timely manner. To say otherwise in the paper is again incorrect and based upon personal interpretation.

The Board wants to thank the members who have stood in support of the Finance and Budget Committee and staff in their endeavor to prepare a fair and just budget for all of PMC. This Board feels compelled to provide you with information on increases in fees and assessments as soon as practicable. All of the meetings involving the budget and assessments were open to the membership, much like the previous years. The Finance and Budget Committee hosts meetings each month that can be attended by all members in good standing. Meetings are usually the third Wednesday of each month at 5:00 p.m. in the Pool Pavilion. Feel free to attend, and personally observe for yourself that there are no secrets, and everything is on the table.

***Respectfully,  
2015-2016 Board of Directors***