

Palomino Lakes Property Owners Association

July 2006

Annual dues assessment increase

The Board has determined that an increase of the annual dues assessment is necessary. It has been ten years since the last increase and we simply don't have enough money to do the required work. Lack of money is a problem which the last several Boards have faced and we are now seeing the results of deferred maintenance. Its time to make the investment required in the community.

We are increasing the annual dues for 2006 from \$350 to \$420. Since the first installment of the 2006 assessment has already been billed and paid, we will waive the increase for that installment. Bills for the second installment will be \$210 and will be mailed on September 1.

It is a virtual certainty that the assessment will be raised again next year. In order to ease the burden, the Board will bill quarterly beginning in 2007. The rate for 2007 will be announced early next year.

As property owners, the members of the Board dislike rate increases as much as you do but we don't see any other option. The necessity for road repair is painfully obvious and over the next four or five years could top \$200,000. We are behind on tree trimming and low limbs are an issue for garbage trucks and fire engines. Limbs and brush have encroached on our already narrow roads making them narrower still. We are making some progress using volunteers but the larger work requires professionals.

There is another issue confronting us that, while hidden, will require our attention and money over the next several years. Our roads are crossed by two dozen culverts that move water down the hill. Many of the culverts are concrete with a life expectancy

of 100 years. They require only cleaning and some grading at the inlet and outlet. However, a number of the culverts are steel.



Rusted culvert removed from Mountain Pine

These corrugated steel culverts were installed in the late 1950s or early 1960s and have a life span of about 30 years. These culverts are approaching 50 years old and are shot. Take a look inside any of them – particularly the large ones on Palomino and Mountain Pine and you will see that the bottoms have completely rusted though. These perforated culverts allow water to erode the road base beneath the culvert which worsens our road deterioration and presents the very real possibility of collapse.

The Board hopes that sufficient funds are available to begin culvert replacement next year. We expect replacement of all the rusted culverts could take as long as five years and we fear the 36" units crossing Palomino and Mountain Pine could prove disruptive and costly.

CFPD issues warning letters

On June 21, at the request of the Board, the Cloverdale Fire Protection District conducted a fire safety survey of Palomino Lakes. The purpose of the survey was to identify properties where

additional vegetation management was required. CFPD issued several warning letters. If you didn't receive a letter from CFPD – congratulations – keep up the good work. If you did get a letter, the Board and CFPD will follow up to ensure that adequate measures are taken.

CC&R revision underway

While the Board of Directors remembers the turmoil caused by the last effort to revise the Covenants, Conditions and Restrictions of the Palomino Lakes subdivision, the CC&Rs must none the less be updated. Our CC&Rs were originally adopted in 1961 and have never been substantively revised. The CC&Rs are hopelessly out of date and are not in compliance with California law. Our attorney has stated that these are the oldest CC&Rs he has ever seen and they are now more of a liability than an asset. The Board views the CC&Rs as a project that must be undertaken. The Board has directed our new attorney, William Gillis of the firm Lanahan & Reilly, to begin a complete revision of the CC&Rs. The Board met with Mr. Gillis to explain the nature of our community and discuss the failed 2003 attempt at revision. We made it clear to Mr. Gillis that the revision failed because it did not reflect the nature of our community. We assured him that this is a well established rural community of independent people who have no interest in recreating Fountaingrove. The Board directed Mr. Gillis to make changes only where required by law, where property owner rights are clarified or where the Association's flexibility is enhanced. We specifically insisted that property owner rights must not be weakened.



It should be noted that the vast majority of changes required by law strengthen property

owner rights and are completely in line with the views of the community.

Mr. Gillis will have a draft of the new CC&Rs to the Board by late this month. We will solicit members of the community to assist with a review of the draft. After our review, which will take four to six weeks, we will return the draft to Mr. Gillis to incorporate any changes. Once the changes are made, the draft will be mailed to all members of the community and a meeting will be scheduled to discuss the proposal. Mr. Gillis will attend the meeting to explain the changes and answer questions. Should changes to the draft CC&Rs result from the meeting those changes will be incorporated. Following final revisions, an election will be scheduled.

The meeting to discuss the revised CC&Rs has been tentatively scheduled for October 14. Please mark your calendars. If you would like to help with the review of the first draft, please let a Board member know.

The Board recognizes that many of you have expressed the opinion that substantive changes to the rules and regulations governing the community are needed. The Board feels that in order to prevent a repeat of the 2003 problems, we must make this a two step process. Step one is to bring the CC&Rs into compliance with the law. Step two, which the Board commits to undertaking next year, is to poll the community to determine what specific changes the community wants and will support. At that point, if the community wants changes, a proposal or proposals will be drafted and an election held.

Signs

The Board hopes you have seen our new road signs and road markings and noticed that obscuring vegetation has been trimmed. All the street name signs have been replaced as has the stop sign at the corner of Palomino Road and River Road. Road markings have been applied at the Palomino Road entrance

and new signs have been placed at the intersection of Palomino Road and Mountain Pine Road to reduce traffic on lower Mountain Pine and to eliminate confusion. The placement of these signs and markings completes the Board's planned signage work for this year. Next year the Board plans to replace existing speed limit signs and add additional speed signs on the secondary roads.



Deteriorated and obscured road sign

If you have specific suggestions for additional signs please contact a Board member. Also, if you would like to "sponsor" a new traffic sign the Board will be happy to work with you. If you wish to pay for an approved sign and sign post, the Board will handle the purchase and installation. Signs typically run \$40 to \$75 and sign posts an additional \$30. Again, contact any Board member.

Drainage ditch grading planned

Flick Enterprises of Cloverdale has been hired to clean out areas of the roadside drainage ditches that have silted up. The work should take place between July 13 and July 21. Improperly maintained drainage ditches spill water and debris across the road. The gravel on the roadway at the corners of Palomino and Madrone, Palomino and Willow, and Willow and Mountain Pine are examples of the problem. Improper movement of water also contributed to the road damage suffered this past winter. About a dozen different areas will be addressed and

Flick estimates that as much as fifteen cubic yards of material will be removed.

HELP...

As mentioned earlier, we are far behind in tree trimming and brush removal along our roads. The budget for such work is very tight so the Board is soliciting volunteers. We will spend two or three Saturday mornings (about 7:30 to 11:30) trimming trees and brush in the biggest problem areas. Firescape of Cloverdale will haul away the trimmings but we need a few hearty souls with chains saws and pruners to push back the foliage on Saturday and then return for an hour or so on Sunday to load the truck. If you can help out, please let us know. Refreshments will be provided.

Repaving imminent

The road committee, consisting of Jim Lamb and Dennis Harlan, with technical assistance from Tony Delfino, has marked problem spots and solicited bids. To date, two paving contractors have responded. One will be selected within the next week to ten days and paving should commence in August.

As noted, there isn't enough money to repair all the damaged areas this year, but the Board is hopeful we can repair the worst areas before winter and perhaps complete repairs in 2007 and 2008. We have set aside funds to do crack sealing on all our roadways this year in order to reduce further deterioration caused by water leaking through the road surface.

You may be interested to know that we have just over 3 miles of paved roads consisting of 250,000 square feet of asphalt. The repaving planned for this year covers 10,000 square feet. We have a very long way to go to get the roads back into shape and then we need to do a better job of maintenance. Our property values are enhanced by good roads.

By the way, if you are thinking about paving – now's the time. The contractor will be here with all necessary equipment and you can

save money by taking advantage of the road paving. If you are interested in an estimate, contact any board member and we will relay that information to the contractor.

Road closures and restrictions

Repaving, drainage ditch repair and tree trimming will all impact the roads. Portions of virtually every road will see work crews and traffic restrictions. Repaving and tree trimming will close Palomino Road between Walnut and Willow for hours at a time and Mountain Pine will see an overnight closure between Willow and Toyon.

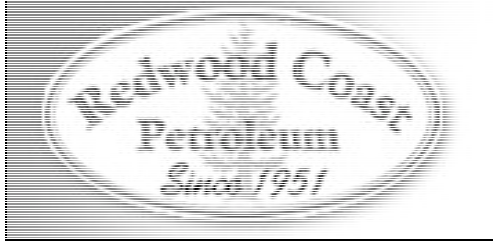
We'll do our best to keep you informed but please watch for signs and work crews. Your patience and extra care will help this go smoothly.

Palomino Road is the Association "Common Area"

This may be a new term for some of you, but Palomino Road is the "common area" in our "Common Interest Development." The Association – all of us – owns Palomino Road. The Association purchased the property and holds title. What you may not know is that Palomino Road is 50 feet wide in some areas and 60 feet wide in others. The paved portion of the road constitutes less than half of the defined roadway. You've seen survey stakes in several areas along Palomino which define the extent of the common area. The stakes are a good distance from the asphalt road surface. Palomino Road is different from all our other roads. The Association owns Palomino Road and the adjacent common area while individual property owners own all the other roads with easements granted to the Association for roads.

We point this out not because there are any plans to enlarge the roadway but simply to make people aware of property lines. If you live on Palomino Road please be aware of these boundaries as you plan work on your property and check with the Board if you have questions.

PAID ADVERTISEMENT



In 1990 Redwood Coast Petroleum began a special discount program for Palomino Lakes. The program resulted from the negotiations of Chuck Allred and Russ Armstrong and includes special propane pricing and reduced fees for tank rental. The agreement is still in place and Redwood Coast is the primary propane supplier in Palomino Lakes.

Your neighbor is probably a Redwood Coast customer – check with them about Redwood's reliable, friendly service and then call Redwood Coast at 707-463-3100 to see how much you can save. Ask for Wade Boyman and be sure to mention Palomino Lakes.

Well.....

We're spending a lot of your money and plan on spending more. How are we doing?

We'll try our best to keep you informed of problems as we see them and let you know our plans but we really need your help. If we're missing things that are important to you, we need to know.

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