

***DIRIGO PINES HOMEOWNERS CORPORATION***  
***MEETING OF DIRECTORS***  
***October 30, 2007***

A special meeting of Directors of Dirigo Pines Homeowners Corporation was held October 30, 2007, at 9:30 a.m., at the Dirigo Pines Inn, Orono, Maine. Mr. Theeman presided; Mr. Giambalvo kept the record.

Directors present: Briggs, Dumont, Kagan, Sleight, Theeman, and Troth.

Director absent: Calkins.

Also present: Bowler, Crotty, Giambalvo, Pilotte and Steller.

Mr. Theeman announced that as a result of Mr. Hews' retirement the Developer

APPOINTED: Director: Don Sleight.

Mr. Theeman requested nominations for the office of Chairman to replace Mr. Hews. Upon nomination, by unanimous vote, the Board

ELECTED: Chairman: Miles U. Theeman.

Mr. Theeman introduced David Pilotte from Affiliated Healthcare Management. Messrs. Sleight and Pilotte distributed and reviewed a draft DPHC Reserve Study showing how adequately various annual assessment levels on shareholders would fund a reserve to be used for replacement of company assets. The draft identifies the components of the cottages (including such items as roofs, appliances, HVAC, flooring, windows, etc.) and of the site improvements, estimates their replacement costs and useful lives. It then applies assumptions about inflation rates for replacement and interest rates for the reserve fund to model the adequacy of the fund each year over a 20-year period at different assessment levels.

The Board discussed various issues, including:

- Whether the assessment is to be based on cottage size or be uniform for all cottages
- The maintenance of cottage resale value as a result of the reserve fund

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- The fact that an increase in the assessment might be burdensome for some shareholders
- The reliability of the underlying assumptions
- The lack of a corporate capital replacement history
- The need for periodic updates to any plan adopted
- The interplay of maintenance fees and capital replacement

The Manager will refine the draft based on the Board's discussion and present a revised model.

There being no further business, the meeting was ADJOURNED.

A true record.

ATTEST: \_\_\_\_\_  
Leonard Giambalvo, Clerk