

OWNERS' ASSOCIATION OF ELK MEADOWS ESTATES

Annual Meeting Minutes

July 5, 2014

I. OPENING

A. Roll Call and Introductions: Jim Wing (lot 103), president, called the meeting to order at 9:15am at the Ridgway Community Center.

Guests: Gail Callahan (EMHOA accountant)

Attendance: Per sign-in and proxy sheets (hardcopies on file).

B. Shares represented: 33 lots were represented in person, 31 by proxy. By Article 2, Section 7 of the Bylaws, this represented a quorum.

C. Open Forum:

1. County Road 5 regarding grading, paving, and emergency access (Brown, lot 425; Dhenin, lot 418; Cattin, lot 116): Action: The board will contact Chris Miller and the County Commissioner regarding grading, and projections for improving that road. In response to a question from the floor about emergency access, Jim Hayford commented that the fire department is very aware of the state of the road.

2. Sign at Forrest Hill Rd. & Spruce (Chisholm, lot 10): Action: The board will fix the sign.

3. Excess water usage (Lawrence, lot 411): Action: The board will check the water usage situation.

4. Dispute statement (Spentall, lot 442). A letter was read (Attachment A to the minutes), then the Spentalls left the meeting.

5. Diana Reiboldt (lot 5) thanked everyone, and in particular Jonathan Discoe, for keeping the roads open during Jerry White's sickness.

D. Other items placed on the agenda: None

E. Call for ballot counters: Laurie Sweetman (lot 17), Elsa Swyers (lot 444), and Joe Lange (lot 215) volunteered.

F. Minutes of 2013 annual meeting:

Motion to approve: Geri Anderson (lot 304); seconded: Alan Sweetman (lot 17); all approved.

G. Treasurer's report: Scott Withrow (Treasurer) highlighted the following points:

i. Elk Meadows is in good financial health, largely as a result of the increase in dues which became effective January 1, 2013, which have helped fund the association's operations;

ii. The same discipline of account structure has now been applied to Elk Meadows' financial reports and to its budget so that both match that of the auditors' accounting structure;

iii. Unusual expenditures this year have resulted from road and sewer system problems.

iv. Thirteen delinquent property owners currently account for \$6,000 delinquency, of which \$3,000 is attached to one owner, with a lien on the property.

v. Association members who would like to see detailed financial statements should contact Scott with their particular request.

vi. Regarding a question about online payment of dues, Scott stated that this is a subsystem of email billing, and, as a first step, Gail Callahan and he are working with QuickWater to get the e-billing facility going.

Report was accepted as presented.

II. STANDING COMMITTEE REPORTS

A. President's Report. Jim Wing explained that the board's initiatives over the 2013-2014 year have been based largely on improving the effectiveness of the association. Thus the main efforts – outside handling of day-to-day operational/financial issues - have been as follows:

i. Operational effectiveness: With increased awareness of CCIOA and what it represents for Home Owners Associations, the board is pleased to announce that Elk Meadows is in full compliance with the governance policies that CCIOA requires. These policies represent good business practice and provide a framework of correct and consistent procedures from which future boards can operate. He added that while the Elk Meadows' policies were written based on the CCIOA laws, our Elk Meadows documents, examples from other HOA's, and legal advice, they will continue to be tweaked and others added to fit more appropriately the Elk Meadows community. This work will start immediately.

ii. Committees: Building on the success of the various committees formed this year, for which Jim W. expressed appreciation to all who served, he emphasized the need for other committees to address new issues, and encouraged members to serve as they are able.

iii. Communication: In the interest of keeping everyone apprised of the happenings in Elk Meadows, complete minutes from board meetings are now emailed to the membership. However, as regulated by CCIOA, membership contact information can no longer be published in the form of telephone numbers or email addresses. In relation to this, the idea of a "calling tree" for general notification of emergencies will have to be rethought.

iv. Board responsibilities: For the general edification of present and future boards - Jim W emphasized that the roles and responsibilities of a board as defined by CCIOA emphasize, above all else, Duty of Care: Carry out the duties in good faith with the same care as an ordinary prudent person would in similar position under similar circumstances; Duty of Loyalty: Decisions must be in the best interest of the Association; Duty of Obedience: Must follow the governing documents and act within the scope of authority granted by them.

B. Budget/Finance/Reserve. Jim Sidwell reported as follows:

i. The purpose of the Elk Meadows Reserve Fund is (a) to repay the government loan; and (b) to fund upkeep of equipment;

ii. Because the association did not put away funds for i(b) in the early years of Elk Meadows, in particular related to the water and sewer systems, he stated that, it has had to borrow monies;

iii. As a result of the association's auditor raising the subject, the board is in the process of determining how and how much to set aside for i(b).

iv. In answer to a question from the floor, an individual cannot pay off his or her part of any reserve.

Request for individuals to join the Finance Committee (currently Scott Withrow and Guy Poulin):
Mike Cammack

C. Water/Sewer. Jim Hayford and Dan Barteshius (via Jim W) reported as follows:

i. Water usage is currently at about 14,000 to 15,000 gallons/day; while there is no emergency related to the water system, membership can expect to be notified should one occur.

ii. Recent problems (fixed or in the process of being fixed) have included:

(a) two pumps which were diagnosed as faulty, requiring replacements to be purchased;

(b) a water tank gauge which is misreading water levels and needs to be fixed;

(c) a sewer leak problem potentially requiring rerouting and re-piping in the vicinity of the leak.

iii. The sewer system will be pumped out this fall.

Request for individuals to join the Water/Sewer Committee: Wanda Taylor.

D. Roads/Fence/Greenbelt.

i. Roads are currently being maintained/fixed using reserve funds and on a periodic (spring, fall) basis, “most urgent” first.

Request for individuals to join the Roads Committee to reevaluate what we are doing against a possible “science of road building”, and rework the plan hand-in-hand with the Reserve Committee in terms of setting monies aside: Guy Poulin, Jonathan Discoe, Bill Hamann, Rene Dhenin.

ii. The fence system needs to be checked - and fixed – professionally.

E. Fire Mitigation. Jim W. acknowledged the work of Helen Bowers, Bob Sprentall, and Chad Jukes in developing/implementing the fire mitigation project with Austin Shelby of the Forest Service. Status of the project is as follows:

i. Phase II of the project is scheduled to start this summer, pending completion of Phase I, which was delayed due to weather conditions. Jim W. alerted everyone to the fact that, while in Colorado we cannot force property owners to cut trees which are too close to their houses, the Fire Department will not attempt to save a house if it decides that trees in close proximity put the house at risk.

ii. Escape route: Permission to use the escape route starting at the intersection of Aspen Drive and Valley View has been granted by the two property owners, Rosetti and Weber – but only on an emergency basis. Jim W. stated that the combo (2936) for the gate(s) is posted at eye level on the east side of the big quonset hut adjacent to the upper gate, and that the board will be emailing escape route maps and details (thanks to Helen Bowers for her work on this) to the membership in the next couple of weeks.

iii. Siren: The board is in the process of getting more information about acquiring and using a siren under emergencies.

iv. Tree patches: MaryBeth Davis reported on a small initiative (18 properties) that has applied patches to prevent bark beetles from spreading; the patches are targeted for Ponderosa Pine, Douglas Fir, and Spruce trees. She suggested that next year we get started earlier, as information becomes available, and proactively plan for a more efficient approach. Belinda Chisholm noted that the perfect

time to apply the patches is when the beetles fly, and that a patch is active for the 6 weeks of flight time.

III. OLD BUSINESS

Lot appearance. Jim Sidwell expressed thanks to MaryBeth D., Gina Kitchen, and Joe Lange for their efforts on the committee. He then summarized the status of the work as follows:

- i. Due to the fact that Elk Meadows cannot update its covenants (see covenant #12), the Lot Appearance initiative is in limbo until the situation is resolved; however,
- ii. CCIOA does provide a process that enables such a change; so
- iii. The board will be contacting owners to ask for a decision about doing so.

Other. None.

IV. NEW BUSINESS

Resolution concerning Sprentall dispute.

1. No resolution was reached on the Sprentall dispute at the April 8, 2014 board of directors meeting, or with the board's April 24th offer for resolution. On May 7th the Sprentalls requested their dispute to be placed on the agenda at the annual meeting as per the Elk Meadows Dispute Policy. The board agreed to this request.
2. Sprentall's allotted time. The Sprentalls chose to read a statement to the Owners during the Open Forum, after which they left the meeting, rather than participate in this dispute resolution portion of the policy that they had requested. The board asked for representation for the Sprentalls from the floor. None was offered. Their letter from the Open Forum was also accepted here. See Attachment A.
3. Board's allotted time. Jim Sidwell explained that the board must follow through with the Dispute Policy process, even though the Sprentalls have left, so as not to violate adopted association procedures. He then summarized the board's position. See Attachment B.
4. Questions from owners covered the following:
 - a. The nature of the damages to the Sprentalls;
 - b. Board indemnification and insurance coverage;
 - c. Legal costs so far: \$3,600;
 - d. Adequacy of the gate to the water tower;
 - e. The process, in particular the possibility of remediation and arbitration.
5. Vote by secret ballot. Results as follows:
 - a. Public acknowledgment by the Elk Meadows Board of wrongdoing for documented issues: YES: 2; NO: 56
 - b.. Resignation of all Elk Meadows Board members so that a new board may be elected at the upcoming annual meeting: YES: 1; NO: 57

Hiring of a management company to oversee Elk Meadows matters: YES: 1; NO: 57

Reimbursement to Sprentalls of all legal fees incurred: YES: 0; NO: 58

Removal of gate on Aspen Drive on April 9, 2014: YES: 0; NO: 58

6. By policy, the vote of the Owners at the annual meeting determines the final resolution of the dispute. The Owners rejected all five propositions which had been designated by the Sprentalls as the only way to resolve their initial 18 complaints. In accordance with our Dispute Resolution Policy, this constitutes the final resolution of the Sprentall dispute.

7. Jim W. reported that on July 1st the board received notice that the Sprentalls had filed a lawsuit against the association. If any Owner wishes to receive an e-mail copy of this lawsuit, contact any board member.

Other items from I-D, above. None.

C. Election of New Officers

i. Jim W thanked Jim Sidwell for all the work he has put in during his two-term session on the board, and invited him to continue to work with the board as available.

ii. Call for nominations from the floor: None.

iii. There being no other nominations, Guy Poulin was elected as 1st Vice President; Maggie Guscott agreed to continue as Secretary.

The 2014/2015 Board of Directors is as follows:

President – Jim Wing (completing a term ending in July 2015)

1st Vice President – Guy Poulin (elected for a term ending in July 2016)

2nd Vice President – Jim Stephenson (completing a term ending in July 2015)

Treasurer – Scott Withrow (completing a term ending in July 2015)

Secretary – Maggie Guscott (elected for a term ending in July 2016).

V. ANNOUNCEMENTS

i. Jim Wing recognized the deaths of four long time Elk Meadows residents:

- Joan Kelley, one of the three founders of Elk Meadows Estates

- Jerry White, the banker for the founders, and with his family an original property owner

- Richard Parker, another original property owner

- Rick Hanson, who lived in Elk Meadows with his mother Connie since 1976

ii. Jim also reminded everyone of the ice cream immediately following the meeting.

VI. ADJOURNMENT

Motion to approve adjournment (12:15pm): by affirmation.

Respectfully submitted;

Maggie Guscott (lot 305), Secretary, 7/7/14