

<p>Minutes of the Annual Meeting Elk Stream Ranch Property Owners Association (ESRPOA) August 6, 2011 Home of Greg Schamaun & Pat Kieffer</p>
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<u>Lots Represented in Person</u>	<u>Lot Number</u>
Barry and Phyllis Stone	1
Louise Lawson	4
Ed and Kathy Keys	8
Greg Schamaun & Pat Kieffer	10,12
Alan Scott and Anne Meininger	14
William, Frances & Julia Powell	15
Steve Villano & Chris Groll	17
Ken & Pamela Surabian	19
Philip and Linda Walters	20
Jim and Lynn Fritz	24,25

<u>Lots Represented by Proxy</u>	<u>Lot Number</u>
Dale Ellen and Beatrice Redies	3
Carl and Denise Shelbourne	6
Jim Albert and Janette Logan	7
Robert Hoy	9
Gary and Betsy Queen	13
Keith & Mary Payden	21
Steve & Gem Boone	23
Darren Andrew George	30
Odin Christensen & Phyllis Lucas	34,35

Call to Order and Determination of Quorum

The 2011 annual meeting for ESRPOA was called to order by ESRPOA president Barry Stone at 1:20pm. With 24 of 35 lots represented either in person or by proxy, it was determined that ESRPOA could conduct business and make binding decisions.

Introduction of Officers and Committees

Barry Stone introduced Board of Directors, the members of Design Review Committee (DRC) and the Property Management Committee (PMC) who served in 2010-2011.

Board of Directors	Barry Stone, President Alan Scott, Vice President Jim Fritz, Secretary/Treasurer
Design Review Committee	Philip Walters, Chairman Gem Boone Alan Scott

Property Management Committee Keith Payden, Chairman
Philip Walters
Odin Christensen
Steve Boone

Barry thanked all Committee & Board members for their participation and contribution.

Additionally, Barry welcomed Steve Villano as a new ESRPOA member. Steve and Chris Groll are in the midst of planning and building their new home on lot 17.

Approval of minutes

The minutes of the 2010 Annual Meeting were presented as sent to the membership in December 2010. Philip Walters moved to approve the minutes as presented with Alan Scott seconding the motion. Those present voted unanimously to accept the 2010 Annual Meeting minutes.

Treasurer's Report

Barry Stone presented the Treasurer Report as prepared by Odin Christensen (Attachment I). As of August 1, 2011 the ESRPOA was in good financial condition. Total Income for the year was \$43,094.18 against total expenditures of \$34,640.64 – net difference of \$8,453.54. This surplus amount will be discussed at a later point in the Meeting. Pertaining to the budget, of note, the snow removal expense was below budget due to a low snow year. Also, dues were collected from 34 of 35 homeowners. The issue of delinquent payments will also be discussed later in the Meeting. The projected 2011-2012 annual financial summary status is included as Attachment I.

Alan Scott moved to accept budget as presented, Ed Keyes seconded. All present voted unanimously to accept budget as presented.

Design Review Committee (DRC)

Philip Walters, Chairman of the DRC presented the report for the DRC activity in 2010-2011. Philip reiterated that there does exist some time lapse in the review and approval of all applications to the DRC. Therefore, it is in the best interest of all parties to submit DRC applications at the *earliest* possible date. In general terms, the DRC application for home construction requires approximately 4 weeks; smaller projects about 2 weeks. It is also important to provide all information with sufficient detail. Philip stands ready to help any and all applicants with particulars related to application and review process. The 10 DRC applications for 2010-2011 are described further in Attachment II.

Property Management Committee (PMC)

In the absence of PMC Chair, Keith Payden, Philip Walters discussed the PMC activities for 2010-2011. The 2010-2011 snow removal was aided greatly by a marginal snow fall year. Accordingly, we incurred a favorable variance as it pertained to the snow removal budget. The annual blading maintenance was completed in the spring of 2011, thereby mitigating the need for extensive water truck usage. Philip also addressed the expiration of the Community Wildfire Grant this fall. All homeowners are encouraged to apply for grant funding in the near term. The PMC report is attached as Attachment III.

Road License Agreement

Over the course of the last several weeks Barry Stone has worked diligently with both our attorney and the Elk Springs property Owners Association. A joint agreement between the two associations was agreed upon and subsequently the Road License Agreement was distributed to the adjacent property owners. An integral component of the agreement is the actual granting of the road easement to the adjacent property owners. As long as the adjacent property owners abide by the rules of both homeowners group and as long as they maintain a current contribution of funds according to the Road License Agreement (Attachment IV), they will retain the easement for use of our roads for perpetuity. An assessment of compliance with the Road License Agreement will be conducted annually. Either ESRPOA or Elk Springs Ranch Property Owners Association may revoke the License (for cause) at any time. The Road License Agreement requires a one-time \$1500 fee. Additionally, each adjacent property owner will be charged the same fee as ESRPOA members for road maintenance, i.e. \$830 per lot per year and \$290 for road reserve capital fund. The due date for compliance with the Road License Agreement by the adjacent property owners is September 1. Barry has agreed to follow-up with the adjacent owners as necessary.

Election of New Board Member

Each year according to our covenants, the ESRPOA must nominate and elect a new Board member as a replacement for the Board member that has completed the 3-year term (Barry Stone). Philip Walters made motion to nominate Gem Boone as new Board member; Anne Meininger seconded. Accordingly a vote was conducted; 21 votes in favor zero opposed. Motion carried. An extended welcome to Gem Boone as new ESRPOA Board member beginning in 2011-2012 new fiscal year.

Adoption of 2011-2012 Budget

Barry Stone addressed the point that the Board had established a resolution to adopt a fiscal year as Aug. 1 through July 31 of each year. Correspondingly, the Board developed and adopted a budget for the next year which was mailed out to all property owners before the Annual meeting and also presented at the Annual meeting. From an income perspective, the budget reflects a \$3320 increase attributed to Road License Agreement. Additionally, in concurrence with stipulations with the new Colorado law pertaining to homeowner associations; the Board has established the need to develop a Capital Road Reserve account for purposes of meeting Capital improvements to the ESRPOA roads in future years. Barry Stone and Carl Shelbourne completed a road reserve study (Attachment IV) in the spring of 2011. Based upon the study, a Capital Road Reserve Fund will be created/funded for the upcoming year. As such, in addition to Annual common assessment of \$1200, each property owner will be required to contribute an additional \$290 for the capital road reserve. With the anticipation of 39 (includes the adjacent properties) payments of \$290 per lot, the Capital Road Reserve will be funded at a level of \$11,310. Barry reiterated that this fund will be utilized only for Capital improvements to the road (versus maintenance). Barry called for a raise of hands on those in agreement with the budget – all in attendance agreed.

Determination for application of surplus funds

Resulting from a light snow year, the ESRPOA has a budget surplus of \$8453.34. It has always been the goal of ESRPOA to develop a general operating fund in the amount equal to the total of an annual common assessment (\$42,000). The purpose of such a general fund would be for unexpected maintenance issues (i.e. not capital expenditures). Accordingly, after much discussion; Steve Villano made a motion to utilize the \$8453.34 for creation of a general operating fund. Bill Powell seconded. The call for a vote resulted in 20 in favor of establishing the \$8453.34 in a maintenance reserve account and 1 nay. Motion carried.

Delinquency of common assessment

It has been the policy of the Board to apply a \$15 penalty for late payment of common assessment (dues); plus a 1% interest charge per month. Currently we have one homeowner who is approximately 2 years delinquent. The homeowner does not rent the property (note: most recent renter just moved out). The Board suggested that late fee be increased to \$50 with a 2% interest charge per month. Per a show of hands, all ESRPOA members in attendance agreed with the increase in delinquency payments.

Due Date of common assessment (dues)

Traditionally, a notice for annual payment of common assessment is distributed in January with a due date of mid-March. In some years, the timing of income receipts (March time frame) is problematic with the incurrence of expenses. That is, the expenditures for items like snow removal (especially in a heavy snowfall year) can deplete the ESRPOA cash position. Accordingly, the Board has suggested that the notice for common assessment (dues) be distributed in August with a due date of October 31. Again, through a show of hands all in attendance concurred with the change in dates for distribution and payment of common assessment. It was the Board's recommendation that this change be applied in August – October of 2012.

Adjournment

Philip Walters made a motion for meeting adjournment; Anne Meininger seconded. The ESRPOA Annual Meeting was adjourned at 3:20pm

Respectfully submitted,

James M. Fritz
Secretary/Treasurer

Attachment I

Elk Stream Ranch Adopted Budget 2011-2012

	2010-2011 Budget	2010-2011 Year End	2011-2012 Budget
Income			
Dues	\$42,000.00	\$40,800.00	\$42,000.00
Interest Income	\$600.00	\$96.25	\$100.00
DRC Plan Fees	\$180.00	\$740.00	\$180.00
Grazing Income	\$200.00	\$111.60	\$200.00
Mont. Co, Weed Program	\$400.00	\$500.00	\$400.00
Road use license and fees	\$3,000.00	\$0.00	\$3,320.00
Other Income	\$0.00	\$675.00	\$0.00
Total Income	\$46,380.00	\$42,922.85	\$46,200.00

\$1200 per lot Dues

\$830 X 4

Road Fees for inholding property owners

Expenses

Administrative Expenses

Bank Fees	\$20.00	\$6.50	\$20.00
Corporate Fee	\$10.00	\$50.00	\$20.00
Electricity	\$300.00	\$168.71	\$300.00
Income Tax	\$200.00	\$22.00	\$200.00
Income Tax Preparation	\$700.00	\$792.50	\$800.00
Audit	\$0.00	\$0.00	\$0.00
Insurance	\$1,600.00	\$1,535.00	\$1,600.00
Annual Meeting Expense	\$200.00	\$321.35	\$200.00

Surplus Calculation 2010-11	
\$42,922.85	Income
\$32,655.03	Expenses to date
\$10,267.82	Surplus

Surplus / lot	\$293.37
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Telephone	\$50.00	\$0.00	\$50.00
Photocopy	\$300.00	\$35.95	\$200.00
Postage and PO Box	\$150.00	\$92.04	\$140.00
Legal Expense	\$1,000.00	\$1,172.00	\$1,500.00
Website hosting fee	\$120.00	\$120.00	\$120.00
Other Administrative Expense	\$50.00	\$0.00	\$50.00

Total Dues Calculation	
\$1,200.00	
\$290.00	
\$1,490.00	Total

Property Management Committee

Fire Hazard Mitigation	\$3,000.00	\$3,496.88	\$1,500.00
Road Repair and Maintenance	\$13,000.00	\$10,915.79	\$13,000.00
Snow Removal	\$16,000.00	\$4,809.88	\$16,000.00
Weed Control	\$9,000.00	\$9,116.43	\$9,500.00
Community Mailbox Project	\$0.00	\$0.00	\$0.00
Other PMC Expense	\$500.00	\$0.00	\$1,000.00

Road Budget for license fee	\$13,000.00
\$16,000.00	
\$29,000.00	Total
29000/35 =	\$828.57
License fee \$830	

Total Expense	\$46,200.00	\$32,655.03	\$46,200.00
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Special Road Assessment Income	\$0	\$0	
Special Road Assessment Expense	\$0	\$0	
Road Reserve Fund Assessment			\$11,310
Road Reserve Fund Expense			\$4,000

Road Reserve Fund 39 X \$290
Road Lifts for 2011/12

Notes

- Road repair includes \$4000 road work on G.3 that was planned for 2010-11 but will be done in 2011-12
- Road Lifts in 2011-12 will use \$4000 from Road Reserve
- Fire Hazard Mitigation is to cover 1/2 cost of work done by owner per the CWPP

ATTACHMENT II

2011 Design Review Committee Report

August 5, 2011

Philip Walters, DRC chair

2011 has been an active and interesting year for the Design Review Process

This is the first year operating under the new governing documents for Elk Stream Ranch Property Owner's Association. These documents conform to the mandates of the Colorado Common Interest Ownership Act (CoCIOA). The main thrust of the Act is to provide for transparent and accessible governance of associations like ours. To comply with the requirements of the Act and Our governing documents, we have added a DRC-Notices page on the Association web site www.elkstreamranch.org and we follow the process outlined in the Design Standards and Review Procedures. The process is briefly:

- When an applicant submits an application to construct and improvement, the DRC chair reviews the application for completeness, and may ask for additional information in order that the DRC has sufficient data to review. The more complete the application, the faster it can move through the process
- A notice is posted on the website informing POA members that an application has been received, a brief abstract of the proposed improvement(s), information on how any member of ESRPOA can examine the proposal and the deadline for making comments. Generally smaller impact applications will be open for comment for about 1-1/2 weeks while homes and other large structures will be open for comment for 3 to 4 weeks.
- A hearing open to any ESRPOA member will be scheduled to occur after the comment period, with the hearing date posted in advance on the website according to the Bylaws. The DRC can only issue approvals in this hearing after the comment period
 - Some smaller applications may be handled under unanimous consent after the comment period according to the Bylaws without hearing if no adverse comments have been received, if the applicant waives hearing and the DRC is unanimous in its consent to do so. DRC will not waive hearing for homes, buildings and other large projects.
- Finally, the review process is "rule based". DRC will review the design point by point against the Covenants and the Design Standards. If an element meets the rule, it is approved. If it does not, then a Variance request made under DSRP Article 3 will be reviewed, and may or may not be approved. If an element is not compliant and the applicant has not applied for variance, then the non-compliant element will be denied.

What this means to you: *Early* in your process of planning an improvement, contact the DRC through the DRC chair to find out how your project will be handled, and if it needs DRC review. *You should plan on it taking 2 to 3 weeks to get a ruling for smaller projects and 4 or more weeks on a home or building.* Incomplete information will make the process go slower, so please understand that when the DRC chair asks for additional information at the beginning, it is for the purpose of making the

ATTACHMENT II

application move quicker, not to annoy. Please note that if an element of your design does not comply with a Covenant or Standard, you must include in your application

materials a request for Variance. Also, please remember that individual DRC members, including the chair, do not have the authority to grant an instant approval. We can sympathize that you may have a contractor who can show up tomorrow, but we can't do a one day turnaround and be fair to the law, the process or your neighbors. Don't make financial commitments on an unapproved improvement and don't begin construction without approval.

I assure you, **the DRC wants to help you have a successful project** and I as chair am happy to help you put together a complete application, and to explain rules and process. Please remember every member of the DRC, the Board and other committees are **your neighbors acting as unpaid volunteers in their spare time**. Our personal schedules will sometimes have an impact on our availability, and we have to comply with the Act and our Governing documents. So please plan ahead.

DRC Activity for 2010-2011

(More detail is available at <http://www.elkstreamranch.org/DRC-Notices.html>)

August 16, 2010 Surabian application to add a small entry sheltering roof over the south man-door into their barn was approved. A dog run was approved at the same time.

February, 2011 DRC notice web page was created at <http://www.elkstreamranch.org/DRC-Notices.html>

February 14, 2011 Christensen-Lucas Application to build a small approved with requested variances to allow polycarbonate glazing and permit a non-overhanging roof design.

March 11, 2011 Groll-Villano Application to construct a residence approved

Beginning of June, 2011 Philip Walters and Gem Boone performed the annual DRC inspection of the subdivision and found no non-compliances.

June 9, 2011 Lawson application to install a fuel storage tank approved

June 11, 2010 Stone landscaping and hardscaping application approved

July 25, 2011 Groll- Villano lighting fixtures approved

July 29, 2011 Boone Application for landscaping received and under review

July 30, 2011 Surabian request to improve driveway and landscaping approved

ATTACHMENT III

2011 Property Management Committee Report

Snow Removal

2010/2011 was an exceptional year with marginal snowfall and very seldom any large storms. As a result our snow removal expenses were less than a third of the previous year's expenditures. We have however maintained a significant budget to ensure no shortfall if next year is a normal one.

Road Repair & Maintenance

Again this year we performed the annual blading maintenance on the road. We did this in the spring to take advantage of natural moisture and decrease the cost by not having extensive water truck usage. As part of this culverts are cleaned and bar ditches improved as necessary. Starting late August we will do a bit more extensive work on some areas of deterioration and more extensive bar ditch work. This will include the section of the bar ditch just past the gate to G3.

Weed Control

Again this year weed control is being done by two parties. The upper part of the canyon was done for the second year by Premier Weed Control and the lower canyon is being done through the volunteer efforts of Odin and Phyllis Christensen. The new vendor appears to have learned the canyon and is being effective and at this point we are pleased with the work being done by them. We should all extend a tremendous thank you to Odie and Phyllis for their efforts. We have been able to maintain our budget with increased effectiveness on the weed issue thanks to their efforts. Every year brings different challenges in this area based on a number of factors.

Fire Mitigation

Additional work was done by a few owners. We attempted to utilize as much of the remaining Community Wildfire Grant for matching funds for fire mitigation. That grant should expire this Fall.

Grazing Lease

We again contracted Johnny Tom to bring sheep and goats into the canyon and the appropriate documents were filed with the county. The animals have been here this spring and early summer and will return for a period this fall. We will seek advice before next season as to whether we should again consider cattle. Based on that advice and the feelings of the Board, we intend to continue the leasing program next year with either sheep/goats or cattle.

Other items

None

ATTACHMENT IV

Road Reserve Study

June 6, 2011

This Study was undertaken on behalf of Elk Stream Ranch Property Owners Association (ESRPOA) as the Association is obligated to maintain, repair and improve the roads within the community. Per Policy #9-2010 Reserve Policy, this study was done to estimate the needs for long term capital to maintain the roads with a committee of Carl Shelburne and Barry Stone with help from an independent qualified contractor.

Road lengths considered in the study, including roads in Elk Springs that ESRPOA pays a 67.5 % portion of the maintenance;

Elk Stream Ranch Roads	27,972 ft
Elk Springs Ranch Road	5,380 ft (67.5% of 7,970 ft of Road 46)
 Total Roads	 33352 ft (6.32 miles)

These roads were build in the 1995 to 1998 period and three major road rebuilding projects have been done in 2006, 2008 and 2009 on 3 miles of roads for a total cost of \$76,893.

Our road maintenance contractor has reviewed the roads with the Study team and has identified areas that will need some repairs in the near term but these can be improved with additional gravel to be added when the annual grading is done. He has also given a quote of \$44,500 for the cost of road lift work which will add about 3.5 “ of new gravel for one mile of road way. This cost may be higher if fuel and gravel cost continue to rise. By increasing the amount or re-graveling each year we may be able to extend the time before the next major road lift but this means more roads expenses each year.

Using our past experiences of a major road lift every 10 years but with expectation that added gravel each year may extend the period another 5 years and all roads may not need a major lift, then a reserve amount can be calculated. Most of road 46 and a portion of G3 receive the heaviest amount of traffic so the road lift may only be necessary on about 60% of the roads or 6.32 miles X 60% equals 3.79 miles. With increasing traffic flow due to more homes being built, this study should be evaluated within 5 years to adjust the length of time and for cost changes.

Road lift cost per mile ----	\$44,500
3.79 miles	-----X 3.79mi
Total	-----\$168,655

Divide by the time period 15 years = \$11,244 per year
And divide by the number of lots and licenses 39 = \$288.30

The Study Team recommends that \$290.00 be added to the annual fees to be put into the Road Reserve fund.

Barry Stone and Carl Shelburne