

ELK SPRINGS HOMEOWNERS ASSOCIATION, INC.
October 17, 2011
Homeowners Meeting

The meeting was held at the Mason and Morse office in Carbondale, CO. Gary McElwee called the meeting to order at 7:00 p.m. In attendance: Gary McElwee, Tiffany Singleton, Ray Sauvey, Tom Neal, Jack Boyd, Matt Cox, Larry Green, Carl and Becky Ciani, Bob and DeAnna Anderson, Ajka and Bill Wallace, Warren Koster, Barb McElwee, Scott Nykerk, David Anselmo and Patsy Steele, Dick Durrance, Hans and Gayla Raaflaub, Georgia Boyd, Jay Jacobsen, Kathy and Gary Morary, Debra Smith, Ruth and Jim Barnes, Nancy Webb, Scott Gauldin, Phil Maass, Karol Mehan, Jerry Hays, Paul and Carlota Klimas, Frank Harrington, Gregg and Mary Beth Minion, Karen and Chuck Trom, Kusuma Potvin, Susan Rhea, Maria and Marian Oleksy, Sally Smith, Lori Butler, Tom and Jane Alby, Dan Fraker, Brandon Watson, Randy Spurrier and Diana Rumsey.

1) Approval of the April 18, 2011 minutes;

The minutes were approved with two changes. The first change was a homeowner request to include (in the minutes) a discussion regarding his request to hire an outside source to review the proposed updated HOA documents. The second change was a homeowner request to include (in the minutes) the offer of an annual service/warranty contract for the individual homeowner sewage equipment that is available from Ambiente H2O Inc.

2) Budget for 2012;

The Board approved a \$200 increase in annual individual homeowner's dues and presented their Board approved budget that included that change to the members. The annual dues are now \$1,000 per lot per year. Many questions were asked regarding the budget and lengthy discussion took place regarding expenses for the 2011 and 2012 years. One of the reasons for this increase in operating costs was that on May 20th, 2011, the operating expenses of Filing 8 Phase II and Filing 9 of the Elk Springs PUD were transferred to the Elk Springs HOA. This is a standard Garfield County procedure when Developer obligations have been met in full. The additional costs associated with this event include such items as a larger percentage of staff payroll, tax liabilities, common area maintenance costs, fuel costs, snowplowing costs, etc. The Developer and the HOA share, on a pro rata basis, the cost of employment of Gary, Tiffany and Ray. It was also explained that of the \$1,000 per lot annual payment, \$300 goes into the Road Reserve account, \$60 goes into the Water Reserve account and the remaining \$640 goes into the general operating expense account. In response to a question regarding the possibility of future increases in HOA annual dues, it was explained that the developer continues to pay: 100% of the HOA expenses for: HOA office space; HOA office equipment and its maintenance; and pro rata portions of the employees' salaries and their employment tax liabilities, payroll costs and

workman's compensation costs. The Developer also provides (without charge) maintenance and storage facility space for HOA equipment. Thus, as the HOA does not pay 100% of every line item of expense, there is the possibility of a dues increase in the future..

Gary did mention to all members present that we have completed an inventory list for the Elk Springs HOA, Elk Springs LLC and Red Canyon Water Company. Those inventory lists are in the office if anyone is interested in reviewing them.

3) Consideration and adoption of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Elk Springs, Garfield County, Colorado, with date of October 17th, 2011;

Currently the developer has three votes for each lot that he owns and all other lot owners have one vote for each lot they own. The developer owns 83 lots which entitle him to 249 votes and there are 166 individual lot owners which total 166 votes. The total possible vote is 415. In order to change the Covenants, there must be an 80% affirmative vote (332 votes) in favor. As of the time of the meeting, there were only 328 eligible votes available therefore no vote on the new Covenants could occur. After this was determined, the homeowners held a lengthy discussion and legal counsel to the HOA, Larry Green, addressed some of their issues and questions including those regarding the Gary Beach study. Mr. Beach works for an HOA management company and is not an attorney. Mr. Beach was hired by a small group of Elk Springs lot owners to review the revised documents that were to be voted on at the HOA meeting. There was also a request made by a lot owner to have his memo to the Board sent to all members of the HOA. The Board granted his request.

4) Consideration of the adoption of the Restated Articles of Incorporation of Elk Springs Homeowners Association, Inc. with a date of October 17, 2011;

There was no vote on this issue as this document needs to be consistent with the Declaration of Covenants document.

5) Consideration of the adoption of the Second Amended and Restated Bylaws of Elk Springs Homeowners Association, Inc.

There was no vote on this issue as this document needs to be consistent with the Declaration of Covenants document.

6) The election of five (5) Members to the Board of Directors of the Association;

Four Nomination and Acceptance forms were received by the Board prior to the deadline of September 30th, 2011 for the five positions available on the Board of Directors. Those four forms came from Matt Cox, Jack Boyd, Gary McElwee and

Tom Neal. During the meeting, additional nominations were accepted from the floor for Susan Rhea, Deb Smith and Bob Anderson. Each nominee, including current Board members, Matt Cox and Jack Boyd gave a brief description of their credentials to serve on a Board of Directors. A vote was taken and Bob Anderson, Jack Boyd, Matt Cox, Gary McElwee, and Tom Neal were elected. As the association is staggering the terms, the three individuals who received the most votes were elected to serve a two year term and the other two individuals will serve a one year term. Those results and the election of officers will occur at the next scheduled Board meeting.

7) **Such other business as may properly come before the Members.**

A motion was made and seconded to renew, for one year, the expiring Red Canyon Water Company Management Agreement. The motion was approved.

A homeowner made a request to have the HOA contract for a large construction sized dumpster to be placed on the common areas of Elk Springs for lot owner large scale trash. Concerns were raised regarding the unsightly nature of the dumpster and the possible failure of lot owners to place trash inside of, not adjacent to, the dumpster as well as securing the trash from being blown out by the wind. FYI, V.I.P. Trash Services is currently willing to pick up larger trash items from any individual lot owner for a fee. No decision was made regarding the large trash dumpster.

Several homeowners requested that the minutes of the HOA meetings be sent out more quickly than they have been in the past. Gary said that every effort will be made to make sure those minutes are distributed as quickly as possible in the future.

It was announced that there is approximately another mile of hiking trails out into Filing 8 that have been recently groomed and are available for homeowners' use. Filing 8, Phase II and Filing 9 are open and are available for any lot owner to go and view. The gates are still up to maintain the integrity of the roads in those Filings, but any lot owner is allowed to bike, hike and walk on the roads in those Filings. Please remember that the lots are Private property and are owned by the developer. They can be viewed by appointment with a realtor.

It was suggested by a lot owner that new information such as hiking trails and openings of filings or any construction in the subdivision, etc. be posted on the Elk Springs website.

Ray asked the homeowners present to please be aware of the potential for trash flying out of the back of their trucks and to not litter in the subdivision. Ray picks up litter on a daily basis alongside the roads of the subdivision.

A homeowner asked the developer, if he planned to do anything about the Holy Cross power lines that are in the easement on the developer's property and are compromising the homeowner's view of Mt. Sopris. The developer reminded the homeowner that the utility company, Holy Cross, determines the type and quantity of equipment as well as the location of that equipment within the utility easement. Thus any further change or resolution would be between the concerned homeowner and the utility company and would not include or involve the developer.

The meeting was adjourned at 9:22 p.m.