

Elkhorn Ranch Owners' Association  
Annual Meeting at Jefferson Community Center  
March 27, 2010 10:30am

The Annual Meeting was called to order at 10:30am by Debbie Van Gundy.

Open Mic

Members were invited to address the Board about EROA business not shown on the agenda. No members addressed the Board.

Treasurer's Report

JoAn Nall presented the financial statements for the period April 1, 2009 through March 27, 2010. The fiscal year ends on March 31<sup>st</sup> of each year. She explained that the dues for the 2010-2011 fiscal year were billed in February 2010; however, many of the dues will not be collected until the new fiscal year begins. She also reviewed the expenses incurred, highlighting the larger expenses such as the catered picnic last year and explained the Board's decision to move the date of the Annual Meeting. A potluck Members' picnic will be held in July.

Governance Policies

Cindy Gharst presented a draft of the governance policies explaining their purpose and requirements under SB 05-100. The Board specifically wanted Members to review the Enforcement of Covenants and Rules section of the policies about fines for violations. The Members asked questions and made suggestions about the complaint procedure. The draft will be finalized for review at the regular Board meeting in July.

Mineral Rights-El Paso Exploration & Production Contract

Cindy Gharst advised the Board and the Members that the EROA received a packet from El Paso Exploration & Production regarding mineral rights for the parcel where the picnic pavilion is located. The Board agreed to have these documents reviewed by an attorney. Other Members received similar documents for their properties. Cindy read the letter from the attorney, in which he recommended that the EROA seek specialized counsel in the oil and gas field if we wanted to pursue this matter in depth. He also pointed out the insignificant amount may not be worth any further expense. The attorney did not charge for this review since it was out of his area of expertise. The Board also agreed not to pursue the matter further; however, the Board will not sign the document to sell the mineral right.

Water Augmentation

Art Burnham presented a brief history of water issues affecting EROA including the reasons why we review legal notices from water court, definitions of absolute versus conditional water rights. He also gave an overview of the issues the Board has been attempting to resolve regarding the shared reservoir leading to the engagement of Buchanan & Sperling PC for legal services specializing in water rights. Art also brought the Members up to date about the steps the Board has taken to research and obtain documents for Buchanan & Sperling. Art provided the Members with a Water Rights Report and forms to obtain a well permit and absolute water rights.

There was discussion to answer Members' questions. One question, in particular, was about any funds set aside for the reserve. The Board advised the member that \$3 of each Member's dues was set aside into the Water Augmentation Reserve Fund. Just last year, the Board voted to increase the amount set aside from the \$3 to 30% of the dues, which would proportionately increase if dues increased.

Consideration of Annual Dues Increase

The Board proposed an increase of dues to build the water augmentation fund, with the increased amount specifically restricted to expenses related to the water augmentation only. The Board felt it would be more prudent to plan for significant future expenses now than to have to assess owners in a lump sum for an unanticipated large expense.

The Board discussed that the dues were increased from \$20 to \$25 per year approximately 7 years ago. Recommendations of \$35 or \$40 per year were considered with 33.3% of that amount restricted for water

augmentation. Members and the Board suggested that by increasing to dues to \$40 instead of \$35 will reduce the potential for another increase in the near future.

The final recommendation was to increase dues to \$40 per year, restricting 33.3% of that amount to the water augmentation reserve fund. Additionally, the Board would like to ask the Members to vote to include in the bylaws the percentage of dues reserved for water augmentation so that it would take a vote of the Members to change the allocation in the future.

#### Nominate Candidates for Board of Directors

There were three open seats. One of those was filled through a candidate submission in February. The two remaining seats are for a three-year term and for a two-year term.

JoAn Nall is one of the Board members whose term expired. JoAn has served as Treasurer and agreed to continue with Treasurer duties through June. She described the amount of work she does for the Board and what the job entails.

President Debbie Van Gundy asked the Members present if anyone was interested in volunteering to serve on the Board.

Richard Schreiber volunteered to serve and fill the two-year term. Dave Drake volunteered to serve and fill the three-year term.

The meeting was stopped at 12:00pm for a fifteen minute break. At 12:15pm, the meeting was reconvened.

#### Welcome New Board Members

The Board thanked Richard and Dave for the interest and commitment to serve on the Board.

#### Result of By-Law Vote

The votes were counted by Jean Kramer, Betty Kratke, and Marie Schreiber. There were 84 ballots total to count; 77 were "yes" and 7 were "no".

#### Members' Picnic

Jean Kramer advised the Members that the potluck picnic will be held on July 3, 2010 beginning at 12:00pm. She is looking for volunteers to take tickets, cleanup, cooks, setup, etc. There will be prizes and games. No meeting will take place, the purpose is to have fun.

With no further business, the Annual Meeting of the Elkhorn Ranch Owners Association was adjourned at 12:30pm.