

COOL SPRINGS RANCH

ANNUAL PROPERTY OWNERS' MEETING MINUTES

JULY 5, 2008

12:05 Jan Arnold opened the meeting held at the conference room at Boss Hogg's Restaurant in Pagosa Springs, Colorado.

Introduction of Property Owners

Jan and Larry Arnold -- Tract 30
Debra Stone Ferrari and James Ferrari -- Tract 13B
Rob Martens -- Tract 6B
Scott Zander representing Tom DeRossett -- Tracts 1 & 26
Christy and Mike Howey -- Tract 14B
Whitney & Whit VinZant -- Tract 31
Tom Thorpe -- guest speaker on water system
Lisa & Curt Ziegler -- Tract 23

Rob Martens had proxies for Lee Sirvaitis (Tract 6A); Mark Korzon (Tract 7B)

Jan Arnold overview of the meeting agenda

1. Introduced newly revised Articles of Incorporation
2. Community name has been changed to "Cool Springs Ranch Property Owners Association" (Previous Name: Cool Springs Ranches At Archeleta Mesa POA)
3. Introduced the Board of CSR -- Rob Martens, Vice President and Debra Stone Ferrari, Secretary. They each spoke to the POA about themselves.
4. Property owners introduced themselves
5. Tom Thorpe was in attendance to discuss the water system at the ranch
6. No owners wanted to be on the board. The existing board will remain.

Ground Rules

Rob Martens laid out the ground rules for the meeting:
No outbursts, 5 minute rule, everyone has the chance to speak, time to listen and learn and discussion and sharing

Vote to Approve Last Year's Minutes

Debra Stone asked the POA to approve the minutes from 2007. Whitney and Rob Martens motioned to approve and all were in favor.

Water System

Tom Thorpe, who manages the system for CSR POA, covered the following in his presentation:

1. The water is checked by law every 2 weeks, disinfected, check tank levels, and check valves. Due to the record snow fall this year, Thorpe and Brodner could not get to the pump house.
2. A water leak was detected from Dec – March which ran the system dry. The pump house had to be shut down and the system turned off. This winter the well lost over 25,000 gallons of water due to a leak which was later found to have run through the meter of a newly built home on the ranch.

3. The system: 2 wells are operating presently. They are metered and disinfected (chlorine bleach). The main tank sits at 8700 ft and the Ranch is gravity fed. All homes on the ranch get their water from the main tank. There are 4 pressure valves throughout the ranch. The 3rd well connection will feed into the main line (must cross across tracts 29,30 & 31) Pipes are 4" in diameter polyethylene that are continuously fused. Thorpe recently checked the system over a 6 week time period and found no leaks in the main water lines. (The winter leak was a homeowner's cause.) The water lines are buried 5 ft down. Water is a priority for CSR property owners and there may need to be a water charge for tracts with high water consumption.
4. Thorpe suggested water conservation!!!!!! People using 55,000-66,000 gallons per year is very high water usage. Check your home for leaks - listen for leaky toilets, check exterior faucets. Residents don't need to flush every time. Use low flow toilets. Do not have high maintenance grass. Make sure you have a full dishwasher before you run it.
5. Every home needs to install a cistern. Turn off water when away from your homes- PROTECT against leaks and running the main water tank dry. CONSERVE and READ YOUR METERS.
6. **Whitney VinZant asked Thorpe if the ranch has enough water for all owners.** Yes, for the time being. A gallon a minute should support two households – 8 people full time. As of June 1, 2008- Well #1 produces 1 gallon per minute, #2 well the same- and Well #3 also produces a gallon a minute but is not hooked up to the system yet. These wells run every 15 minutes then rest. The water production at the ranch is low- Thorpe emphasized again that we be conservative with water usage and vigilant for waste. We are not guaranteed that the wells will always produce the same amount all of the time. Low producing wells like ours can stop producing.

The board is looking into more wells. They need to talk to a hydrologist. Vinzants asked about the cost of putting in a well - ±\$20,000 depending on depth.. Well #1 and 2 are 300 feet deep. Well #3 is 600 feet deep.

Developer has dug 4 dry wells in CSR at a cost of \$15,000 per. The developer does not want to drill anymore wells, but dig shallow gallery wells (a lower cost) and call his obligation done. This is not in our best interest and we will probably need to hire a water attorney to resolve the water issue.

7. Water quality was questioned. Water quality tests of the ranch are typical of the area with no sulfur, and a bit "hard." Hard is defined by the number of salts in the water. Tom suggested we put water softeners on our systems when we build.

The existing wells on the Ranch have little chance of bacteria because they are subterranean compared to the gallery wells that have been proposed by the developer. Gallery wells collect surface water which can contain e-coli and other undesirable contaminants. Thorpe advised against this due to the high cost of maintenance, plus there is no guarantee the gallery will produce the amount of water needed.

State requirements are great on gallery wells - daily maintenance and checking – this runs costs up considerably. It is also difficult to find people willing to manage them. Mike Brodner said he would not.

8. Christy Howey noted that it was the developers duty to supply sufficient water for a full build out at the ranch. That is correct; Jan Arnold will be contacting a water attorney to advise the POA. Comments were made that it appeared the developer's lawyers have been sending owners information to scare them in regards to these issues. Thorpe noted Norm Carpenter and Bill Lehr developed Alpine Lakes, and they ran into the same types of water situations and haggles at the time of owner takeover.
9. At 1:40 Tom Thorpe finished his discussion about the water system and added we now have better fire protection. There is a new fire station in Chromo with ambulance service. He added that ranch cisterns are important to home owners in case of a fire. Also to call Tom Thorpe or Mike Brodner if you see any water along the roads which would warn them of a potential leak.

Tom Thorpe W-- (970) 264-6140 C -- (970) 946-1932

Mike Brodner H-- (970) 264-6006 C -- (970) 749-8376

10. The POA may have to charge for water usage over 24,000 gallons per year. Normal consumption is 18,000 gallons average (per Tom Thorpe). Collection basins should be installed for irrigation, horses, and other livestock.
11. Jim Ferrari noted that owners should be able to dig wells at their own expense on their property. The Board noted this cannot be allowed for human consumption; all owners must use the community well system. This is the standard for all communities with water systems.

Whitney Vinzant noted that wells wear out/run out over time and it would be a good idea to drill individually. Jan Arnold noted that owner drilling on property at own expense may not be in line with water rights.

Snow Removal

1. \$8,000 was budgeted for snow removal in 2008 and, to date, it has cost \$12,900. We still have Oct, Nov and Dec of this year to cover.
2. There were problems:
 - a. Scott Zander noted that the person plowing roads did not grade properly. Jack Lily did not have the right equipment to plow properly.

- b. Jan noted that we don't have a person at the ranch to monitor snow plowing service.
 - c. The well roads were impassable and too dangerous to clear most of winter.
 - d. Jan arranged emergency snow plowing for the Cobdens with Dennis Martinez so they would not be trapped.
3. What are some options?
- a. Mike Howey informed owners that he purchased a skidder with a snow plow and is willing to see if his equipment can handle it. Scott Zander noted that a skidder is hard to use and that the ranch takes larger equipment for its 4.5 miles of road. This is a big job – Mike would be a great emergency back up if he wishes to be.
 - b. Snow plowing pricing from: Smithco- very expensive
 - c. Weber- \$1,000 per month plus additional for road clearing with a guaranteed \$6,000 contract to start.
 - d. Should we purchase equipment? Whitney suggested buying used with differed financing , depreciated over 7 years compared to the yearly costs. He felt it makes more sense for the ranch to purchase its own equipment. Perhaps Dennis Martinez could operate and maintain ranch snow plow equipment. Jim Ferrari noted that he would not mind seeing it parked at the gate. Christie Howey noted that we could also use the equipment for road maintenance/grading. Jan Arnold is going to ask Dennis Martinez about running the proposed truck. Whitney also suggested having a co-op with other ranches.
 - e. Purchase would have to be for next year – too late to arrange for this winter – ***unless we have a very motivated volunteer*** to take this on.

Road Issues

- 1. Debra Stone noted that \$12,000 was budgeted for road maintenance and only \$6,000 was used to add gravel. The \$12,000 was last years price. This year may be different due to fuel costs. The board will pursue talking to Mike Martinez about the rolling the roads before snow fall.
- 2. Stone noted that the ranch is looking into snow poles with reflectors to be installed along the steep road areas on the ranch to help owners safely navigate the roads this winter.

Gate and Entry

- 1. Rob Martins noted that ½ of the gate is missing and the ranch sign has been stolen. Tom Star needs to have the ranch secured for the cattle containment. It is, but it isn't pretty.
- 2. Christie Howey shared that they had a new gate installed at their other property in Pagosa. It has a programmable key pad and speaker for security, and access control. It was installed for \$3,200. Codes can be set for short periods to UPS and other necessary people for entry and then expire and no longer work. Christy is to e-mail info to Jan.

3. Jim Ferrari noted that with an attractive gate and better security it will help deter theft. Rob Martens noted that he has lost trees due to theft. Jan Arnold noted people cutting trees around Christmas time at night on the ranch.
4. Vinzants and Martens noted that a security camera located at the ranch entrance would capture trespassers etc... Vinznats said the cost is only about \$30 per month for the monitoring and owners can check the camera on their computers from anywhere. Curt Ziegler will e-mil Jan info on security system with infra red and monitor.
- 5.

Cattle Grazing

1. Debra Stone Ferrari noted that Tom Star had lost cattle that were later found in Cortez. The mother died of starvation from trying to feed her calf through the winter. Stone asked Scott Zander about Mr DeRosettes gate and possibly using it at the entrance to the BLM land (South end of trail) to help prevent cattle loss.
2. Scott Zander noted that the BLM already has a gate and that the cattle can get around a gate if installed at South end. No resolution was found or decided.
- 3.

Web Site

Rob Martens informed owners that we have a website for CSR POA.

Coolspringspoa.org

He will be sending out passwords. The site will be used to communicate with owners. Rob is looking into Google pages which is an interactive site with free service. Copy of by laws, rules, minutes, articles, pictures and articles would be available on the site for owners and real estate agents needing to copy for prospective buyers.

Treasurer's Report (refer to documents in package)

1. Collected \$39,000 and a few dues have still not been paid
2. Still need to pay for road grating and the county needs to take care of the thistle along the road sides. Owners must kill thistle on their property which is required by the state of Colorado. The county will sell the necessary weed killer to you. Check with Jan Arnold for the number. If the county has to clear weeds on your property, they can fine you for not removing the thistle...a noxious weed.
3. Bank statements are attached to owners' paperwork; note the reserve of \$8,000. The board did not budget for a reserve, but needs to for coming year. Reserves are absolutely essential for the unknown expenses like the snow this past winter.

New Business

1. Adding gates to front and back of ranch
2. Reviewed highlights of revised Articles and By-Laws (in package)
 - a. 1st paragraph- Principle office address is Jan Arnolds address. This will change with each new board; it is required by law.
 - b. Article #2- developer said we were not CCOIA. We are. CCIOA/ stated official in articles. Past dues from developers for 2001-2008 = could be as high as \$250,000 with late fees and interest --- but is it worth attorney fees to go after??

- c. Duties of your board is to make sure everything is cared for at CSR.

- d. New Article #10: owners have more rights now
 - e. Rules and regulations are made by the board –elect the right people!
 - f. NEW TERMS OF OFFICE – (By-Laws- page #2 article 2 2-A) Length of term for the board is one, two, and three years. We need to always have two experienced people on the board. For this Board:
 - Rob Martens term is 1 year.
 - Jan Arnold has 2 years.
 - Debra Stone Ferrari has 3 years.
- NOTE: Being on the board in the future will be much easier after 2008 because your present board is organizing all of the POA requirements needed for the state.
- g. Since none of the present board live full time at the ranch, a management company will be hired to pay bills, file taxes, send ballots and budgets out, collect dues, etc... Cost for a management company \$65 per hour.
 - h. Page #4- New BOD Article 2.2P- POA will have liability insurance, covers all directors, committees and volunteers – past and present.
 - i. Pg 7 2.14 Compensation: no person will be paid for their time. Money out of pocket will be refunded.
 - j. Pg 10 3.8 Quorum- new by law - State suggests 20% votes. We will only need 9 votes to conduct business.
 - k. Pg 11 D: when you send in a ballot- you cannot change your mind
 - l. Article 7 Pg 16- CO laws and regulations state that the POA must be audited every 2 years. Cost is about \$3,000 for audit. Should have an audit in 2009-2010.
 - m. Section 8.6- no person can tape record CSR POA meetings. This is forbidden by law to protect POA from being misrepresented.

Additional Items/ Discussion

1. Lisa Ziegler asked about guard rails on steep roads. Jan suggested snow poles. Guard rails are generally not used and we need gravel on the roads for better traction.
2. Scott Zander questioned the walking trail maintenance. Jan Arnold replied- based upon the declaration Article #8 that the POA is required to do routine maintenance to dirt trail, not make it vehicle ready. Arnold has been working with the attorney to handle the trail issue because there appears to be no definitive easement. None can be found recorded. Arnold continued to note that owners may chose to not use trail if costs for maintenance become prohibitive. Research will continue on this issue.
3. Zander said Declaration should be intact for 10 years; Ms. Arnold stated that the developer changed them already in regards to easements after CSR was turned over to the owners. By law that cannot be done, owners must vote. But, absolutely, the Declaration can be changed – there is no 10 year stipulation in CO law.

being made to remove developer's names, this document is to protect owners not the developers. The Board will amend to be in compliance with Colorado laws.

4. VinZant asked about the proposed development of DeRossett property above the Ranch and access to it via our land. It appears that easements have not been recorded. Even if they had, all easements would belong to the POA and we can decide who crosses our land. Colorado has no laws about keeping owners from being landlocked. This is with the attorney. At this time nothing is being pursued in regards to the easement issue.

3:30 pm Jan asked to have the new Board approved and Christy Howey made the motion, the 2nd came from Whitney VinZant. All was in favor, the Board was approved.

Rob Martens motioned to close the meeting at 3:35 pm. Mr Arnold so moved with a 2nd from Debra Stone Ferrari; all were in favor.

Respectfully Submitted by

Debra Stone Ferrari
Cool Springs Ranch Secretary