

ELK STREAM RANCH PROPERTY OWNERS ASSOCIATION

ANNUAL MEETING OF THE MEMBERSHIP

August 3, 2013

The meeting was held at the home of Jim and Lynn Fritz and was called to order by President Jim Fritz at 1:05 pm MDT. Minutes were taken by Philip Walters.

Topics discussed were as follows:

1. Welcome and Introductions- President Jim Fritz welcomed everyone and asked attendees to introduce themselves. In addition to the property owners listed below, Rebecca Samulski, Montezuma County Firewise Coordinator was present.
2. Attendees, proxies and determination of Quorum
 - The following lots were represented in person or by proxy
 - i. Lot 1 Stones by proxy
 - ii. Lot 3 Redies by proxy
 - iii. Lot 4 Louise Lawson in person
 - iv. Lot 5 Bradshaws by proxy
 - v. Lot 6 Carl and Denise Shelburne in person
 - vi. Lot 14 Alan Scott and Anne Meininger in person
 - vii. Lot 15 Powells by proxy
 - viii. Lot 17 Steve Villano in person
 - ix. Lot 19 Surabians by proxy
 - x. Lot 20 Philip and Linda Walters in person
 - xi. Lot 21 Mary Payden in person
 - xii. Lot 22 Lund by Proxy
 - xiii. Lot 23 Steve and Gem Boone in person
 - xiv. Lot 24 Jim and Lynn Fritz in person
 - xv. Lot 25 Jim and Lynn Fritz in person
 - xvi. Lot 26 Czaplicki by proxy
 - xvii. Lot 30 George by proxy
 - xviii. Lot 34 Odin Christensen in person
 - xix. Lot 35 Odin Christensen in person
 - One proxy was submitted that was assigned to Keith Payden to vote. Since Keith was not present at the meeting, the proxy could not be voted.
 - Quorum- Our bylaws require at least 20% of lots be represented for a quorum. 19 lots were represented, or 54.3% meeting the quorum required to do business.

3. Upon consent from the membership, reading of the minutes of the previous annual meeting of the membership was waived.

4. Treasurer's Report- Assistant Treasurer Odin Christensen presented the Annual Financial Summary for the Association operating year August 1, 2012-July 31, 2013. (Attachment AM-1). Much of the discussion concerned the impact of the recent flooding of upon the association the 2012-2013 operating year. (All amounts in this section pertain to the August 1, 2012-July 31, 2013 operating period) The actual 2012-2013 operating year expenditures for the Weber Fire/Flood expense category were \$48,532.23 which was \$13,532.23 over the \$35,000 2012-2013 budget for this item. Much of this flooding related overrun occurred in the last two weeks of the 2012-2013 operating year.

Overall, for the 2012-2013 operating year, actual expenses were \$94,503.22, exceeding by \$11,123.22 the budget of \$83,380.00. For the same period, actual operating income was \$78,365.93, \$2004.07 under the budget of \$80,370.00. The actual operating loss for the 2012-2013 operating year was \$16,137.29, which was \$13,137.29 higher than the budgeted cash drawdown of \$3000.

Actual Road Reserve income was \$10,730.00, \$580.00 under the budget of \$11,310 for the 2012-2013 operating year. See Attachment AM-1 for the detailed report.

5. Design Review Committee report- DRC Chair Steve Boone reported the following DRC activity for the 2012-2013 operating year:

- April 7th, 2013: Barry and Phyllis Stone, Lot 1, submitted plans to enhance their driveway entrance with decorative fencing, stones and trees
- April 22nd, 2013: Stone application was approved, and completed shortly thereafter
- July 11th, 2013: Ken and Pamela Surabian, Lot 19, submitted plans for a sheltering roof over the man door on the north end of the barn
- July 30th, 2013: Surabian application was approved, not yet completed

6. Property Management Committee report- Steve Boone presented the PMC report for PMC chair Keith Payden, who could not attend the meeting. The text of the report is in Attachment AM-2. Most of the discussion of this report focused upon the recent late July flood damage, which resulted in major unexpected and unbudgeted repair work, which continues. The runoff from the burn area on public lands has also increased our weed control expenses. Our weed contractor that handles the northern part of the subdivision has determined that we can likely obtain significantly greater herbicide cost sharing from the county if individual property owners submit cost share applications, as opposed to the Association submitting a single application. Premier Weed control will be mailing the application materials to individual owners. There was also quite a bit of discussion about livestock. Carl Shelbourne expressed concern about the cattle coming near his house. Philip Walters pointed out that Colorado is a "fence out state" meaning that by statute it is each owner's responsibility to fence cattle out of areas they wish to exclude livestock from. Philip further pointed out that owners can put up temporary fencing by making application to the DRC. [see the policy on temporary electric fences at <http://www.elkstreamranch.org/docs/CCRReplaced2010/directorsPolicies10.pdf>] The board

explained that grazing is done to preserve the agricultural tax status of the real estate in the subdivision, and that loss of this status would increase taxes on the average parcel by around \$3,000 per year. The PMC and the board work with Wayne Robb, the livestock operator, to maintain a level of forage uptake that meets the county and state expectations without damage to the forage. Odin Christensen, a licensed herbicide applicator, who with his wife Phyllis perform weed control in the lower canyon on a volunteer basis, expressed that he has observed that grazing has improved the condition of the forage in the canyon. Louise Lawson expressed concern that with the recent mudflows, livestock trampling of the muddy areas may cause pasture damage. Carl Shelbourne asked that grazing numbers be kept as low as possible. *[Note: Due to his own concerns with the mud, and the possibility of cattle becoming bogged down, Wayne Robb removed his livestock from Elk Stream Ranch on August 4, 2013]*

7. Firewise and post fire rehab activities- Linda Walters with comments from Odin Christensen and Gem Boone reported on Firewise activities in Elk Stream Ranch. Elk Stream Ranch now has four Firewise Ambassadors, who provide educational outreach to property owners on recommended defensible space fuel reduction activities, and are excellent sources of information on local fuel reduction resources to help protect property from wildfire. The four ambassadors are Linda & Philip Walters, Odin Christensen and Gem Boone. Linda worked with Becca Samulski to coordinate a volunteer tree planting in the burn area on Eric Lund's property, and if there are property owners interested in tree planting in the future, Linda can direct them to resources. Elk Stream Ranch has a Community Wildfire Protection Plan (CWPP) that needs updating and revision. Odin Christensen is leading the Elk Stream Ranch Firewise ambassadors in an effort to revise our CWPP to reflect the new conditions, and new Colorado requirements for CWPPs. This effort is being coordinated with Elk Springs Ranch Firewise ambassador Jeff Schaeffer so that the common elements of the plans for both subdivisions can be jointly developed. These common elements would include items such as the study of values at risk, vegetation analysis, threat analysis, impacts from surrounding public lands etc. Implementation plans and how each subdivision funds work would be separate plans for each subdivision. This coordination of plans has been strongly encouraged by the fire agencies. Linda turned the discussion over to Rebecca Samulski, Montezuma County Firewise Coordinator, who showed a map of the area, that showed the Wildland Urban Interface (WUI) boundary for Elk Stream Ranch under its existing CWPP. The WUI boundary is a line that defines the region that it can be expected that a fire within the boundary has a significant probability of impacting Elk Stream Ranch. Public land agencies are required to prioritize fuel mitigation efforts within the WUI of an approved CWPP, and BLM has performed many acres of work within our defined WUI, influence by our CWPP. The current boundary was defined roughly as being between the forested areas between Weber Canyon road and Cheery Creek road, and between the north boundary of the Ute Mountain Ute reservation and US 160. It was noted that the point of origin of the Weber Fire was just inside the southwest portion of the existing WUI boundary. One of the first tasks in revising the CWPP will be redefining the WUI boundary. Becca asked to be given more time at the end of the meeting to cover a brainstorming exercise on values at risk analysis to further the CWPP revision process. Linda and Becca also discussed some of the subsequent impacts of the Weber fire. Becca informed us that we will be receiving approximately \$6,300 from the Weber Fire Relief

fund to help with our road damage. Becca also provided the Association with 4 sacks of native grass seed from the Relief Fund to be used in the burn area up above the caprock where the grass has not regenerated due to intense heat. If grass can be reestablished up there before the high velocity flow down the hillside, it will help slow down flow, and establish a seed source that can help grasses regenerate downflow with time.

8. Pond Reclamation-Gem Boone reported on her continued discussions with NRCS on the reclamation of ponds in the canyon, funding sources and timing. There have been staffing changes at NRCS due to the retirement of Mike Rich, but Gem has a new contact, John Lestina, who she says is quite knowledgeable. It is still too early to clean the pond out, as significant debris is still flowing in the canyon with significant rain. Our livestock operator, Wayne Robb, has helped us potentially gain access to some funding sources that we would not qualify for if we did not have a commercially viable operator on the land. Chances are good that funding from some program will be available to reclaim these ponds. Some site evaluation has been done by NRCS, and pond volumes are being calculated, but many requirements remain to be determined before reclamation can be designed, funding sources identified and work commenced.
9. Budget for 2013-2014 operating year-Jim Fritz presented the budget that was approved by the Board on July 25, 2013. [Attachment AM-3] Under this budget Dues would remain at \$1200 per lot and road reserve dues would remain at \$290 per lot, for a total regular assessment due in October 2013 of \$1490. Under our Bylaws, the Board approves the budget and presents it at a meeting of the membership, and it is considered ratified unless 67% of the Members of the Association vote to reject it, in which event the previous budget would remain in place. In the discussion of the budget, the members of the board explained that they felt that the flooding in late July, particularly that on July 28th, 2013, had caused the budget to need to be amended already, but that process could not be completed prior to the Annual Meeting. Louise Lawson said that she could not support the new budget since it obviously needed revision. However, since 67% of the Membership was not present to reject it, according to the bylaws, the budget of July 25, 2013 stands as ratified until such time as a new budget is approved and ratified. The members of the board stated that a revised budget would be developed quickly, to then be presented at a special meeting of the membership. It is very likely that a shortfall will result in the need for another special assessment in the 2013-2014 operating year.
10. Website-Alan Scott reported on the website, and the many useful sources of information located there, including meeting minutes and meeting notices. Please go see www.elkstramranch.org !
11. Disposition of Surplus funds- Although it is now apparent that little will remain of the funds that were originally thought to be surplus, it was thought proper to still consider the subject. Jim Fritz moved that any surplus funds be applied to the 2013-2014 operating year, seconded by Philip Walters. There were 18 lots in favor, 1 lot opposed, with the motion carrying.

12. Election of New Board Member to replace Jim Fritz- Louise Lawson had been nominated by the Board. No other nominations were offered from the floor. The result of the vote taken was 18 lots for Louise Lawson and 1 lot abstaining, electing Louise to serve on the board for a 3 year term. The group thanks Jim Fritz for his dedicated service to the Association.

13. Rebecca Samulski led a valuable discussion of “Values at Risk” and “Resources to leverage” when anticipating wildfire impact. Having the community think about and discuss all the things of value in Elk Stream Ranch and its setting of East Canyon is an important part of developing a CWPP
 - Values at Risk (not in any particular order)
 - i. People and Firefighters
 - ii. Homes
 - iii. Watershed, Ponds, Streams and Drainages
 - iv. Utilities, Electric, Phone and water supply infrastructure
 - v. Roads and Driveways
 - vi. Forest
 - vii. Wildlife and Domestic animals
 - viii. Pasture
 - ix. Fences
 - x. View shed
 - Resources to leverage (We ran out of time on this topic)
 - i. Communications structures (Cell towers)
 - ii. Electricity
 - iii. Water sources

Meeting was adjourned at 3:21pm MDT and followed by a delicious luncheon of Sloppy Joes and good fellowship.

Respectively submitted,

Philip Walters

Secretary Treasurer