

# Lions Head Water Users Association Annual Meeting Minutes

August 10, 2007

6:05 PM

## Roll Call:

Alan Scott and Anne Meininger - Lot 14

Lots represented by proxy - Lots 10 and 12, 11, 13 and 15

## Proof of due notice:

Notice of this meeting was sent out on July 5, 2007.

## Nominations for Vacancy on the Board of Directors:

Alan Scott, Anne Meininger and Allen Bejda are on the ballot. There were no write in nominations, and no nominations were made from the floor. Alan Scott thanked Greg Schamaun for his time as director.

## Report of the President or Vice-President:

Alan Scott reported that lot 14 connected to the system in late June. Lot 12 is expected to join the water system in late summer or early fall. This means that we have an active water system, and the association is now collecting monthly fees from the lot attached to the system.

Alan then discussed maintenance and repairs. As discussed last year, Clint Brooks, our water master, had found crickets in the lower transfer station cistern, and also found that water was not being pumped properly from the well on lot 15 into that cistern. We were able to combine spring maintenance on the system with these repairs. The middle cistern was cleaned and sanitized. Clint also found that the pumping problem was related to a controlling float, which he also replaced. When lot 14 was going onto the water system in June, another problem was discovered. Clint found that insects had gotten into a solenoid switch which brings water from the lower cistern to the upper cistern. Clint was able to wire around this, but the solenoid will need to be replaced in the future at a cost estimate of approximately \$500-600.

Alan then discussed water line locations. Alan has found the water line locations, and will draw these on a map which will be posted on the Lions Head website.

Documentation changes were then discussed. We found that our documents were actually incomplete, and Alan thanked Jon Zusy for alerting us to this potential problem. Ron Trujillo, the developer, and Lions's Head have executed both a quit claim deed and a bill of sale. This transfers all ownership of our wells, our pipelines, and other infrastructure etc., to Lion's Head Water Users Association. We shared the cost of creating these documents with Tru-Worth, and our portion was \$150 of the \$300 fee. In addition, Lion's Head paid \$10 for the bill of sale. These documents, along with additional documents on the wells, have been posted to the Lion's Head website. This website can be found on the Elk Stream Ranch website: [elkstreamranch.org](http://elkstreamranch.org), then click on external links, then click on Lion's Head.

The next item discussed by Alan concerned our communications with Elk Springs Ranch Property Owners Association. Alan indicated that there are two issues: the well and water system on lot 8, Elk Springs Ranch, and utility easements. Concerning the well on lot 8, we have reassured Elk Springs that this will only be used as a backup well, and our primary well is the well on lot 15

of Elk Stream. Elk Springs is currently working to bring their covenants into compliance with Lion's Head potentially moving water out of Elk Springs Ranch. In return, they are asking us to not gain additional members beyond the original eight, and to agree to provide water usage numbers on the lot 8 well if requested. Our well permits, our bylaws, and the capacity of our system (per our water master) already restrict us to eight lots total. We just received yesterday a preliminary written communication from Elk Springs which needs to be reviewed and addressed.

Concerning utility easements, Elk Springs Ranch has an issue with the utility easement which was created by Ron Trujillo when Lion's Head was established. Elk Springs initially interpreted this easement as being between lots 7 and 9, allowing access to lot 8. Upon closer evaluation, everyone agrees that they are questioning a utility easement that Ron Trujillo created down the main road, Road 46. They also agree that there is a pre-existing utility easement down Road 46. As a side issue, there is a utility easement between lots 7 and 9, so we feel that we have all the utility easements that we need.

### Report of the Secretary:

Copies of the 2006 annual meeting minutes were sent out with the announcement last month for this meeting. All minutes and financial summaries are available on the Lion's Head website. The Elk Stream directors can also access the minutes on our website, and so they no longer need paper copies of our minutes.

### Report of the Treasurer:

As indicated on the financial summary, the beginning balance on August 1st of 2006 was \$4,665.18. Our expenses include a total of \$837.60 for electric bills. The addendum to the financial summary shows the bills by the month, and expenses go up in the winter as we use electricity to heat the transfer station. As explained in previous years, we have three electric meters with a present cost of \$16.53 per meter per month, whether we use electricity or not. This is a total of about \$50 just for the meters alone.

The second item on expenses is Tru-Worth. As explained by Alan in the President's report, we shared the legal costs with Tru-Worth for preparing the transfer of ownership documents, which was \$150 for each party. We also paid Tru-Worth \$10 to execute the bill of sale.

The third item on the expenses is to the Craig Law Firm. This is \$400 to prepare the indemnification clause.

The next item is the expenses paid to Brooks Well Service. These expenses will be explained by the dates of service. The first was a fee of \$225 for services performed on August 10, 2006. At this time, Clint Brooks inspected the system and found the crickets in the lower cistern and the radio control system problem. The second was for services provided by Clint and his helper on April 18 and 19, 2007. On these days, Clint was getting supplies, cleaning and chlorinating the cistern, changing the float, installing the new battery and radio controls, and flushing the system. The charges for these days were \$1,297.50 for labor, \$186.38 for parts, and \$9.31 tax. Thus, the total paid to Brooks well Service this year was \$1,718.19.

Our total deposits for the year were \$2,040. This amount includes assessments of \$250 per lot for eight lots, for a total of \$2,000, and \$40 in income from lot 14 (\$20 per month for the first 10,000 gallons of water used) for two months on the system. Our ending balance is \$3,589.39. This year, our expenses have exceeded our income. Concerning next year's budget, there will be an estimated expense of \$500-600 to replace the solenoid, and other maintenance and repairs on the system are an uncertainty. If we purchase insurance, expenses will likely exceed income. As

explained last year, we will closely monitor the increases in expenses for electricity due to users being on the system, and our goal is to have the users who are attached to the system pay these additional costs. We plan to prepare a spreadsheet to graph costs by the month to compare present costs with past costs. This should help to determine the incremental increase in costs of having members on the system.

Alan Scott mentioned that the users themselves who are attaching to the system pay the cost to tap into the main pipe, and they also pay for their individual meters. Alan also mentioned that we are requiring that the members use Brooks Well Service for the tap into the pipe because Clint Brooks knows the system.

### Unfinished business:

There was no unfinished business.

### New business:

Two items were discussed in new business. The first was the indemnification clause. The directors feel that having an indemnification clause in the bylaws is a good idea, since it will reduce the risk for individuals serving as directors. It could also possibly reduce insurance costs if we obtain officers insurance. The proposed indemnification clause is somewhat cumbersome, but the board decided to take it verbatim to reduce lawyer costs to change it, and we wanted to have this clause worded by a professional. This clause was voted on, and passed by a vote of 6-0.

The next item of discussion was concerning insurance. Alan obtained information about the different types of insurance and approximate costs. The first type is general liability insurance, which is known as a "slips and falls" policy. This protects the association if someone gets hurt in one of our facilities. The cost would be approximately \$500/year. The second type is property insurance. This is generally bundled with general liability because these two policies by themselves may be below the minimum costs on insurance. Property insurance protects property above the ground only, and does not protect property below the ground such as pipes, submersible pumps, etc. The cost of this would be approximately \$250 in addition to the \$500 for liability insurance. The third type is officers liability insurance, which would cost approximately \$750/year. Alan stated that the indemnification clause will effectively shift liability from an individual who is a director to the association. The officers liability insurance will cover the association's costs if an officer or the board as a whole are sued. Anne mentioned that insurance issues will need to be addressed by the association as a whole, as we most likely would need to raise our annual dues or have special assessments to cover insurance premiums. Anne also mentioned that perhaps we should have an e-mail or other type of communication between members in the the future to get input and ideas concerning insurance issues.

### Election:

Alan Scott, Anne Meininger and Allen Bejda were elected to the Board of Directors for a one year term.

### From the floor:

Nothing was brought up from the floor.

### Adjournment:

The meeting was adjourned at 6:48 PM.

