

# Lions Head Water Users Association Annual Meeting Minutes

August 8, 2008

6:05 PM

## Roll Call:

Alan Scott and Anne Meininger - Lot 14

Greg Schamaun and Pat Kieffer - Lots 10 and 12

Lots represented by proxy - Lots 11, 13 and 15

## Proof of due notice:

Notice of this meeting was sent out on July 5, 2008.

## Reading and disposal of the previous minutes:

No changes were made to the 2007 annual meeting minutes.

## 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.

## Report of the President or Vice-President:

Alan Scott welcomed the two new lot owners who joined the association this past year. They are the Alexanders, who own lot 8, Elk Springs, and the Donaldsons, who own lot 16, Elk Stream. Both of these new owners might be building and attaching to the system in the next few years. There are presently two lots connected to the system, lots 12 and 14. Homes are currently being built on both of these lots.

Alan then discussed the pump failure repair that we had last March. The information that was included in the spring mailing was summarized. Last winter, our community had a very severe power spike and blackout. This apparently caused the circuit breaker to trip on our primary lot 15 well. As water was used on top of the ridge, the transfer station cistern was drained, but control electronics successfully protected all of the equipment in the transfer station. On top of the ridge, our 10,000 gallon cistern was then drained dry. Control electronics failed to protect our high speed stainless steel submersible pump, located in this cistern, which burned out. This failure was caused by moisture from our extremely wet and snowy winter in the electronics vault, that is also on top of the ridge. Clint Brooks, our water master, troubleshot the system, replaced the submersible pump, dried out the electronics bay, and replaced the pump control. Our bill for this service totaled \$4,585. The pump alone cost about \$2,200. Clint then replaced the solenoid that had been destroyed by bugs last summer, thus saving another service call. Clint also finally billed us \$250.00 for his work identifying the solenoid problem and the temporary solution he implemented at that time. In the past year since these repairs, the system has been in good working order. In response to this significant financial impact, the directors doubled the monthly fees for users who have lots attached to the system from \$20 to \$40 for the first 10,000 gallons used. In addition, a special assessment of \$250 for each lot was necessary to pay for the expensive repairs.

Alan then discussed an enhancement to the system that should mitigate issues we have had on the upper electronics vault. This will be to add a candy cane style pipe above the vault with a

bug cover on its end. This pipe will be installed through the solid cement lid, and be at least tall enough to extend above the highest snow level. This will allow moisture to exit the vault. Alan mentioned that he plans to install this in the very near future. Another idea is to have a warning light on the system to tell us when the water level in the cistern goes down. At this time, we feel that a red warning light on the upper cistern is not necessary, but a warning light on the transfer station cistern would be more beneficial. As funds become available, this idea should be discussed.

Alan then talked about the discussions between Elk Springs Ranch and Lion's Head. The issues include easements through Lot 8 of Elk Springs Ranch and the fact that Lions Head can move water out of Elk Springs Ranch through our backup well on Lot 8 of Elk Springs, which Elk Springs feels is against their covenants. We received a legal proposal from Elk Springs, at which point we hired a lawyer who specialized in water law. We have proposed changes to the document to the Board of Directors of Elk Springs Ranch, and we have received a reply. The Elk Springs President and Alan have agreed that our next course of action should be to have our respective lawyers talk to each other and clarify issues. Obviously, we do not know the results of this exchange, but hopefully with a few more less costly revisions, we can come to an amicable conclusion with Elk Springs. Tru-Worth, the original developer of Elk Stream and Lions Head, has agreed to split the legal fees with us.

Alan then mentioned that Clint Brooks, our water master, had asked that Lions Head mark the manhole covers up on the upper cistern because they get buried under heavy snow. Alan intends to install T-posts around the manhole covers in the next few weeks to mark these manhole covers.

Alan then mentioned that lot 14 had a need to test the water to determine if a water softener is needed for the house on lot 14, and also to test for the presence of coliforms. Alan and Anne will donate that information to Lions Head. Anne mentioned that when the water was originally tested by Clint, it was very hard water, and there is a very good likelihood that any homes on our water system will most likely need a water softening system.

Alan then mentioned that he has not yet determined how to produce a map of where our pipes are located which he can post to the website. He will continue to work on this task, and post the map on the website when it is available.

### Report of the Secretary:

Copies of the 2007 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 10th of 2007 was \$3,589.39. Our expenses include a total of \$963.64 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 \$17.05 per meter per month, whether we use electricity or not. This is a monthly total of about \$51 just for the meters alone. The previous year our cost for electricity was \$837.60, and this past year our cost was \$963.64, which is an increase of \$126. This was primarily due to the very cold winter conditions, but we also had a slight increase due to pumping costs. It is obvious that at the present time, these users are definitely paying for the incremental increase in

electricity due to pumping costs. We'll continue to monitor this as lots 12 and 14 are living in the homes to assure that the users are paying any increase in the cost of electricity due to pumping of water.

The next expense item is to the Craig Law Firm, our lawyer who is working on the Elk Springs situation. This expense was \$1,065.50, which was half of the total amount billed. This amount includes only the amount paid for the first revision to the Elk Springs document. The lawyer is presently working on the second revision, and about five days ago we received another bill for \$880, of which we are required to pay \$440. Unfortunately, that process is not yet complete, and at this time we are not certain of the future cost of lawyer fees. We will keep the membership informed as we know more.

The next expense is our biggest one for the year, which was \$4,834.48 to Brooks Well Services for replacement of the submersible pump, replacement of the solenoid, and replacement of the pump controller. The remaining \$248.98 factored into this total include the \$190 that Clint finally billed us for his work last summer, and an expense of \$58.98 for a valve key. A valve key is needed by the association to shut off water if needed to any individual lot or house.

The total expenses for the year were \$6,863.62. Our total deposits were \$4,540. These include the annual assessment of \$250 per lot for a total of \$2000, a special assessment of \$250 per lot for a total of \$2000, and income of \$540 from the users of lots 12 and 14. Because we have now raised the users fees to \$40 per month for the first 10,000 gallons of water used, our minimum income from the users in the next twelve months will be \$960. Our ending balance is \$1,265.77.

#### Unfinished business:

There was no unfinished business.

#### New business:

Finances and insurance were the two main topics of discussion in new business. Concerning the finances, as mentioned in the Treasurer's report, our reserves are down to \$1265. As also mentioned, we have just received a large bill for \$440, so our reserves after paying this bill are approximately \$820. As mentioned in the Treasurer's report, we are currently collecting \$80 a month in income, or \$960 over the next year, which hopefully should cover the electric bills. If and when we have additional repair costs or significant lawyer bills, we will need another special assessment. We might also need a special assessment in order to build up our financial reserves, as our very large repair bill this past year depleted most of our reserves. Alan stated that we will try to give the membership as much notice as possible if there is a need for a special assessment.

The second topic which Alan discussed was insurance. Alan stated that due to our current financial position, the small number of users on the system, and the fact that almost all of our infrastructure is in the ground where no one can get hurt on it, the directors are not recommending obtaining insurance at this time. There was a brief discussion concerning how insurance would protect us. Alan explained that there are three exposures to the association, of which we are aware. The first is for "trips and falls", which would be someone getting injured working on the system. Since most of the system is underground, this exposure is very low. Alan did mention the lid over the large vertical access pipe near the Lot 8 well which the Alexanders have requested that we secure, and which the association plans to do by designing some type of lock or securing mechanism. The second exposure is damage to the system, but since they won't insure anything in the ground, this excludes protection for breakage of pipes, which is our greatest risk. The third exposure is the directors being sued. The indemnification clause which was instituted last year

protects the directors from being sued as individuals. The association can still be sued, but the association as a whole would bear the cost. If we did obtain insurance, directors insurance would be the most beneficial, but at a cost of \$1000 or more per year. At this time we don't feel that it is prudent to purchase it until our financial situation is more stable, and it would require at least \$125-\$150 more in dues per year per lot to cover this additional cost. It is definitely an issue that needs to be decided by the entire membership rather than the directors alone. Insurance needs will continue to be a topic of discussion for our association.

There was then a brief discussion concerning fire hydrants and the possible future need for dry hydrants for fire suppression. Our fire hydrants on top of the ridge can't be used by the fire department due to the potential for damage to the pipes from pulling water so hard that vacuums are created. A dry hydrant is a cistern down in the ground with a pipe above ground for attachment, and could be used effectively for fire suppression. This is another future project which the association needs to consider.

#### 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 7:00 PM.