

# Lions Head Water Users Association Annual Meeting Minutes

August 7, 2009

6:30 PM

## Roll Call:

Alan Scott and Anne Meininger - Lot 14

Greg Schamaun and Pat Kieffer - Lots 10 and 12

Lots represented by proxy - Lots 13 and 15

## Proof of due notice:

Notice of this meeting was sent out on July 1, 2009.

## Reading and disposal of the previous minutes:

No changes were made to the 2008 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 mentioned that the water system is currently servicing two homes, on lots 12 and 14. We do not know of any hookups planned for the next year.

The water system required a minor electronics repair last spring. We have not yet received the bill for this repair from Clint Brooks, our water master. We expect it to be approximately \$300-\$400.

The next topic which Alan discussed concerned the legal issues between Lion's Head and Elk Springs Ranch. Alan provided some background information about these issues. One of our members is Elk Springs Ranch, lot 8. This is the location of our backup well, which is the lot 8 well. After Lion's Head was created, Ron Trujillo wrote easements for us in and on lot 8. These include an easement for infrastructure above and below the ground, including pipe, the well itself, electrical equipment, etc., and a second easement for travel on lot 8. The third easement he created was an easement that goes down Elk Springs Drive. These easements were never presented by Ron to the Elk Springs DRC for approval, and thus they never did approve or deny them, which is required by their covenants. Through negotiation with Elk Springs, Lion's Head has been trying to get these easements approved by their DRC. Elk Springs is trying to protect their lots that adjoin lot 8, specifically lots 7 and 9, to assure that Lion's Head doesn't over pump and damage the aquifer. We believe that we do have a signed agreement with Elk Springs, although we are waiting for proper notarization of the document. When the document is properly completed, we will post it to the Lion's Head website.

Alan then summarized how we benefit from the agreement with Elk Springs, and what is required of Lion's Head in return. By this agreement, Lion's Head gets approval by Elk Springs for all infrastructure on lot 8, including the well and pipe, in and on lot 8. This pipe is necessary to supply water to lot 8, Elk Springs, and lots 10 and 16, Elk Stream. We also get an approved

easement for travel over lot 8 to access our pipe and well. This assures Lion's Head that we do not need approval of the lot 8 owner to access the pipe and well should this ever become an issue.

In return, by this agreement, Lion's Head will be limited to eight lots. We do not see any problem with this, as the Lion's Head water system was designed for eight lots, and we do not see anywhere we could grow that makes practical sense, either up canyon or down canyon. Secondly, Lion's Head will forever treat the lot 8 well as a backup well. Lion's head sees no problem with this stipulation, as we have not been using the lot 8 well, and the lot 15 well is a much better well. By this agreement, we also have to abide by the well permits, which is not a problem, as Lion's Head is allowed to pump approximately seven million gallons of water a year, which is much more than our eight lots would ever use.

In addition, by this agreement, Lion's Head will provide Elk Springs with readings from the lot 15 well and cumulative use numbers for all our house meters added together, every May and November. Included in this report will be a notarized statement of how many days the lot 8 well has been put into service during the previous six months. It is problematic to read the lot 8 well because the lot 8 meter is in a swampy area, it is an artesian well, and the meter is under approximately six feet of water. So, in order to read this meter, the water and mud must be pumped out. The reading of this meter has been a point of contention between Lion's Head and Elk Springs. It was finally agreed that Elk Springs may, assuming that they give us written permission to access the lot 8 well, and at their cost, request that we have our water master read the lot 8 meter in May and/or November. At this point, they have not made this request. We have agreed to give them a onetime baseline meter reading of the lot 8 well, as well as a baseline reading of the lot 15 well and a combined cumulative reading of the meters on lots 12 and 14.

Lastly, Lion's Head has agreed to vacate the easement down Elk Springs Drive created by Ron in 2004. We don't see this as an issue, because it is a redundant easement with the 1995 easement down Elk Springs Drive given to Elk Stream.

Alan then explained why this agreement took so long to negotiate, and why the cost was so high. Elk Springs has taken a very adversarial position concerning the lot 8 well, and were very demanding with their requests. These demands included significant penalties for overdrawing the well, not allowing us to use the lot 8 well unless the lot 15 well went dry, a requirement that the lot 8 meter was to be read four times a year, two of which Elk Springs could decide the timing, and refusal to give access to the lot 8 well. The back and forth negotiations took more time with our lawyer than we had hoped (and at \$200 an hour, this becomes very expensive). As Elk Springs was becoming more and more demanding, and also using our lawyer's time themselves, the directorship took a step back and decided that we would make one final offer, removing many of the harsh conditions and penalties, and presented a document that we felt was more equitable to both parties. Elk Springs was not at all happy with the situation, but did finally agree to sign the document.

Even though we have a signed document, there are still points of contention between Lion's Head and Elk Springs. There is still disagreement about our access to the lot 8 well by utilizing the common driveway between lots 7 and 9. On the Elk Springs plat, along that driveway, there is an easement which states: 30 foot access and utility easement. Elk Springs does not acknowledge this easement. There is also disagreement whether we can utilize the pipeline scar as a means of access. but our lawyer feels that this is a legal means of access.

Alan then mentioned that he installed a candy cane type pipe on the upper vault last September to prevent moisture buildup in the electronics vault. He also installed T-posts around the manhole covers, as requested by our water master. This will make it easier to locate them when

they are covered by snow. Alan is still trying to find a way to put a map of our pipes on our website.

### Report of the Secretary:

Copies of the 2008 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, 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 1, 2008 was \$1,265.77. Our expenses include a total of \$815.35 for electric bills. The addendum to the financial summary shows the electric 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 \$17.50 per meter per month, whether we use electricity or not. This is a monthly total of \$52.50 just for the meters alone. The previous year the cost for electricity was \$963.64, and so our cost of \$815.35 is actually a decrease of about \$148. One reason for this decrease is a milder winter this past year. It's clear from the numbers that the two users on the system are paying for the incremental costs of pumping water with their monthly base fee of \$40 for the first 10,000 gallons of water. We'll continue to monitor this to be certain that the users are paying for any increased costs due to the pumping of the water. In addition to the base cost for the three meters, heating the transfer station continues to be our primary cost for electricity.

The next expense item is to the Craig Law Firm, the lawyer working on the Elk Springs agreement. Lawyer fees this past year were \$2,627.50. We still have remaining bills of \$1,310.00 to pay. This includes a \$700 bill because Ron Trujillo is no longer paying half of the legal expenses. Explanation of that and more about these bills will be discussed in new business. Fortunately, Geoff Craig is letting us pay in installments due to our very low reserves. The last expense is \$27 to stop payment on a check. The postal service lost a \$700 check that was sent to the Craig Law Firm, so we felt it was prudent to stop payment on that check.

Our total expenses for the year are \$3,469.85. Our total deposits were \$2,710.00, leaving us with an ending balance of \$505.92.

As mentioned previously, we have not received a bill from Clint Brooks for the repair last spring, which we anticipate will be in the range of \$300-\$400. Also, we had a delinquent member who had not paid their annual assessment, and we received this payment after August 1st, so this \$260, including a \$10 late fee, is not included in our deposits for this past year.

### Unfinished business:

There was no unfinished business.

### New business:

The topic of discussion in new business was our financial status. Alan explained that in the past two years Lion's Head has had two significant one-time financial events. Last year we had the \$4,500 mechanical repair, and this year we had large legal bills as we negotiated the Elk Springs agreement. As mentioned in the Treasurer's report, we presently don't have the funds to pay all of our outstanding bills. Our financial situation would be even worse if Ron Trujillo hadn't been

paying half of our legal bills up until now. Ron is having some difficult financial situations, and Lion's Head and Ron have mutually agreed that Ron is no longer responsible for half of our legal bills. \$700 of our outstanding \$1,300 to the Craig Law Firm is an amount that previously Ron would have paid. We do want to express our appreciation for Ron helping financially through this process, as without his contributions, our financial situation would be much more dire.

Because of this financial situation, the Lion's Head directors have decided that a special assessment of \$300 per lot is needed. The first half of this assessment (\$150) will be due September 15th, and the second half will be due by November 1st.

Alan then acknowledged the efforts of Allen Bejda in helping the directorship through the negotiations with Elk Springs.

#### 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 7:25 PM.