

**MEADOW LAKES MOUNTAIN ESTATES
PROPERTY OWNERS ASSOCIATION**

**Annual Meeting Minutes - Draft
July 28, 2012**

MEETING MATERIALS HAND DELIVERED BY THE SECRETARY OR MAILED VIA USPS TO ALL 51 MEMBERS AND HOA MANAGER:

- Agenda for 2012 annual meeting
- Proxy
- Minutes from 2011 annual meeting - draft
- 2011-2012 Financial Statement
- 2012-2013 Proposed Budget

CALL TO ORDER: Toby Dunn called the meeting to order at 1:05 p.m. on Saturday, July 28, 2012, in the community room of the Sangre De Cristo Electric Association.

SIGN-IN SHEET & PROXY COUNT: 23 members present and 14 proxies that constitute a quorum of 37 of the 51 members of MLMEPOA as follows:

- **Owners Present:** Lot 3- Rogers, Lot 4-Carpenter, Lot 8-Brammer, Lot 10-Wimmer, Lots 11&12-Ary, Lot 13-Daly, Lot 15-Eccles, Lot 18-Smith, Lot 19-Hogue, Lot 20-Harwell, Lot 24-Shalett & Waters, Lot 26-Jewell, Lot 27-Dunn, Lot 28-Dethmers, Lot 29-Harshberger, Lot 35-Venard, Lot 37-Heinson, Lot 40-Tomanek & Boak, Lot 41-Johnson, Lot 42 & Lot 44-Van L. Maas, Lot 43-McGinnis
- **Proxies:** Lot 1-MacLeod (Dunn), Lot 5-Wheeler (Brammer), Lot 14-Thompson (Daly), Lot 16-Wilder (Carpenter), Lot 17-Walker (Eccles), Lot 25-Gruber (Dunn), Lot 30-Pankow (Dethmer), Lot 31-Hitchcock (Johnson), Lot 32-Hinks (Smith), Lot 33-Massey (Johnson), Lot 34-Bullock (Smith), Lot 38-Winslow (Smith), Lot 39-Craft (McGinnis), Lot 46-Heynis (Johnson)
- **Others Present:** Chris Krocesky, HOA Manager; Dave Kelley, State Water Engineer; Brian Welch, Inspector and Firefighter for the Chaffee County Fire Protection District

RECOGNITIONS:

- Introductions of everyone present
- Board members (Phyllis Ary, Vice President, Paula Wilder, Treasurer, Kay Carpenter, Secretary, and Larry Shalett, Member-at-Large) acknowledged for their service
- Committees (Roads, Building, and Waupaca Reservoir) acknowledged for their service
- Installation of the Waupaca Reservoir staff gauge: Franklin Springer, Milo Johnson and Gerry Venard
- Thanks to Chris Krocesky for her service as MLMEPOA Management Specialist
- Thanks to Hugh Eccles, for his record-keeping and transfer of the records to the new President, Toby Dunn.

WELCOME TO NEW MEMBERS:

- Fred and Lornie Lowry, who were not present and are the new owners of Lot 7, previously owned by Bob Demming.
- Joyce Tomanek and Jay Boak, who were both present and purchased Lot 40 several years ago.

OLD BUSINESS:

1. **Minutes of 2011 Annual Meeting:** A member requested a revision to the draft on Page 9 to update the count of wells as follows: "Lot 50 (1), and MVR (36) for a total of 96 wells." With this correction, a motion was made and seconded to approve the minutes. The motion passed unanimously.
2. **Building Committee Report:** Milo Johnson presented the following report:

***Building Committee Report
MLMEPOA
July 16, 2012***

The Committee has received four applications since the last annual meeting, in the following order:

The Committee approved an application by Hugh and Sue Eccles to add a second-story deck or walkway on the south side of their house. The work has not been started and the Eccles are seeking another contractor. A reapplication may be required.

The Committee approved an application by Gerry and Jean Venard to add a second story deck and stairway on the south and east sides of their house. This work has been completed.

The committee disapproved an application by Leonard and Melissa Smith to add a structure to house their recreational vehicle, due to Covenant set-back requirements and aesthetic considerations. No further proposal has been presented to the Committee.

The Committee approved an application by the new owners of lot 7, Fred and Lornie Lowry. for major renovation work underway on their house and garage. The outwardly visible parts of this work are a new foundation wall, a new deck structure, and stucco covering of the walls.

*Building Committee Members: Rebecca Hitchcock
Jamie Page
Milo Johnson*

The report was approved by the membership.

Discussion and Follow-Up: Mr. Johnson also mentioned that Dan Daly has agreed to replace him on the Building Committee.

3. **Fire Marshall & MLME Community Wildfire Protection Plan (CWPP) Report:** Larry Shalett, who serves in this position, invited Brian Welch, Inspector & Firefighter for the Chaffee County Fire Protection District to talk with the membership at the meeting and address concerns about fire safety at MLMEPOA. Mr. Welch made the following comments:
 - There are no requirements for fire mitigation and there are no guarantees that efforts will be entirely effective in preventing a fire from destroying property.
 - MLMEPOA could begin its fire mitigation efforts by developing a master plan that can be implemented in stages so that each year, more work is done to mitigate the dangers of a forest fire.
 - MLMEPOA is a landscape of trees and sage with steep slopes. Chaffee County does have fuel break guidelines that will help with planning the landscape so that a fire can be contained. It helps to know the mitigation status of MLMEPOA so that it can be defended from a fire.
 - MLMEPOA is not in a forest, but new construction should be done with mitigation materials to reduce the danger of a forest fire destroying property.

Discussion and Follow-Up: Larry said he would be glad to meet with homeowners to review their property and suggest mitigation measures that could be implemented for

them. The membership thanked Larry and Mr. Welch for their presentation. Members will call Larry as necessary to discuss fire prevention measures with him.

4. **Dumpster / Recycling Update:** Toby reported the following:
- In March, MLMEPOA contracted with a new company for trash services that also provides recycling services. The previous company did not provide recycling.
 - In summer, the dumpsters will be emptied twice a week with service once a week the rest of the year.
 - The recycling guidelines are posted on the MLMEPOA website. In general, the company does not recycle cardboard boxes or plastic bags. These items should be taken to the Buena Vista recycling center.
 - There is a concrete pad behind the dumpsters that will be cleared of dirt so the containers can be moved farther back onto the shoulder of Mountain View Drive and out of the way of traffic.

Discussion and Follow-Up: Members discussed that plastic bags can clog recycling machines and should not be put into the dumpster. Other items that should be put in the trash and not the recycling dumpster are Styrofoam balls and cigarette butts. After the meeting, Paula Wilder called the service provider and clarified that the company wants all recycling materials put into a large plastic bag that can then be emptied into the recycling equipment. The company cannot recycle plastic bags such as those given out at the grocery and other retailers.

5. **Road Committee Report:** Milo Johnson provided the following report:

**Road Committee Report
MLMEPOA
July 16, 2012**

The 2011-2012 winter was milder than usual, with minimal snowplowing required. Unfortunately, the equipment suffered major breakdowns. First, the plow frame broke, severing the brake fluid line and the power steering line. Gerry Venard and I replaced the plow frame and repaired the fluid lines. Marv Cordova performed some welding repairs on the truck frame at the attach points for the plow frame. Second, the transmission failed. A replacement transmission and cooler were installed by Ed Swisher. The truck and plow are now operating normally.

No contractor work has been carried out on our roads since the last annual meeting, and I have not contacted our usual contractor, Marv Cordova, to plan this year's work. I informed the Board during the winter that I would no longer be involved in road work. I don't know any full time resident who is willing to take over the maintenance, troubleshooting, repair, and operation of this equipment. Driving the vehicle is a small part of the overall job. I recommended to the Board that we sell the truck and all associated equipment, as it has become a money-losing proposition. We can better control our costs by employing a contractor to perform both the summer and winter road maintenance. The Board is now making arrangements to carry out these recommendations.

The membership unanimously approved the report and thanked Milo Johnson and Gerry Venard for their many years of service.

Discussion and Follow-Up: A member asked that the requirements for the contractor include grading so that the roads drain properly, grading services in the summer, snow plowing in the winter, and the application of road base as needed. In response, it was noted that the Road Committee has previously developed a charter that addresses how to provide services for MLMEPOA roads and that it should be used in preparing the contract.

A member requested that the contractor be supervised so that property is not damaged. The homeowner is currently having drainage problems because some grading work was not done properly. Toby said that the Board would develop the new Road Services contract to include these suggestions, and it would develop a plan to repair the damage from recent grading to the homeowner's property.

A member said it is important to drive slowly on MLMEPOA roads to reduce the need for grading and for the safety of those who walk along the roads.

6. **Waupaca Reservoir Committee Report:** Rob Wimmer, Committee Chair, provided the following report:

Report of Meadow Lakes Mountain Estates Dam Committee 2011-2012

Committee Members: Phyllis Ary (Board representative); Dan Daly; Susan Dunn; Rob Wimmer

At the 2011 annual meeting of the Meadow Lakes Mountain Estates Property Owners Association (MLMEPOA), members in attendance agreed to allow the established and chartered Dam Committee to continue in its role to determine the best and most appropriate means of handling our association's responsibility to the State of Colorado in regard to our augmentation plan (Colorado Water Decree W-4527) providing for storage of water in our Waupaca #2 Reservoir as compensation to the Arkansas River for our use of wells.

During the past year, the Dam Committee, so named not in irritation, but because its original purpose was to determine the extent to which the association should be concerned about financial costs to update the Waupaca #2 Dam, sought and employed a professional in the field of water law and management. Acting on that advice and based on continuing contact with Colorado Water Resource Department officials, the committee met regularly, seeking agreement for its recommendations to the Meadow Lakes Board of Directors (BOD). The BOD accepted the committee's request for sufficient money to pay for expert advice, as well as a capacity survey and staff gauge for Waupaca #2, to enable an accurate measure to release stored water to the Arkansas, as required by the state. Additionally, the committee considered other water-related matters which came to its attention, contacting such diverse parties as Sangre De Cristo Electric Association and neighbors of our association, in an effort to determine common interests and avoid conflict when possible in considering our recommendations to the BOD. Through Dan Daly's good auspices as a retired attorney and member of the committee, written agreements were produced to provide what we believed were reasonable means of assuring a continued good relationship with our developer and neighbor, Mountain View Ranch, (MVR) and its BOD. Some of those agreements have been signed by MVR, and efforts continue to find mutual acceptance of the other proposed agreements.

The membership will be asked at this year's annual meeting (2012) to approve another product of the committee's consideration and Dan's pen: a Water Fund Plan. We have determined there is a continuing cost to the responsibility for Waupaca #2. We won't need an annual capacity survey or staff gauge replacement but there are maintenance and safety requirements which simply won't go away. The state has mandated that Waupaca #2 be maintained at a constant water storage capacity. To do so will cost the association several thousand dollars. We must determine if the Water Resource Board's stated requirement for our maintaining a constant, level surface on the reservoir which presently varies in storage capacity with the irrigation and power usage by MVR, can be modified to our mutual satisfaction (State of Colorado, MVR and MLMEPOA). Recognizing the continuing reservoir related expenses, the committee will recommend to the BOD that a bank account, separate and independent of the present MLMEPOA account, be established to fund all water and reservoir expenses. We believe each well right provided for by our augmentation water decree (W-4527) in 1977, and which is augmented by Waupaca #2; a total of 96 well rights, should share equally in the cost of maintaining the reservoir. Since 50 of the well rights were issued to MLMEPOA lot holders, it seems reasonable that our annual dues should contain the amount necessary to provide our share of the cost. Others who presently hold well rights which are augmented by Waupaca #2 but whose well rights are not provided by ownership of a lot in MLMEPOA : Franklin Springer (36); Ted Palpant (3); Mssrs. Pittman and Osowski (6) and Mr. Huntze (1).

We believe whatever amount the BOD determines reasonable should be assessed each well right; taken from the annual dues of MLMEPOA lot-owning members or billed directly to those holding well rights not utilized on our lots. We hope you'll agree there is no fairer way to pay for our Waupaca #2 Reservoir expenses.

Rob Wimmer, Chair

The membership unanimously approved the report.

Discussion & Follow-Up: The discussion that followed included the topics below:

- Mr. Wimmer stated that the focus for the Waupaca Committee for 2012-13 would be to work with the Board to identify an on-going revenue source to fund on-going expenses of the reservoir. He proposed that the fund should be created by assessing an amount to each of the 96 well permit holders. These monies could then be put into a bank account separate from the main MLMEPOA account so that the surplus automatically flows over from year to year and is held only for Waupaca Reservoir expenses. If the current budget permits, the assessment to the 51 MLMEPOA members could be carved out of the current annual dues each member pays. If not, the Board should consider other ways to fund an on-going operating line item for the Waupaca Reservoir. Toby said that the Board would meet to discuss this issue and develop a plan to fund the Waupaca line item.
- Mr. Wimmer also stated that the State is requiring MLMEPOA to maintain the water level at capacity in the reservoir. The reservoir is 11 feet deep and it has a measured capacity of 19.2 acre feet. Without an agri-drain, we can't control the water level in the reservoir. The special assessment in 2011-12 will fund the purchase and installation of the agri-drain, and the committee is working to complete this project. Currently, the water level of Waupaca is controlled by Mr. Springer at his power plant between the cattle guards on Mountain View Drive. A member asked if the 19.2 acre feet capacity uses both sections of the reservoir that are separated by the coffer dam. Mr. Wimmer replied that capacity is measured for the entire reservoir, including its two separate sections.
- A member asked if the seepage from the reservoir is an issue. Mr. Wimmer replied that Mark Perry, State Water Engineer, does not think the seepage is a safety hazard requiring remediation; however, MLMEPOA does need to monitor the seepage. Mike Wilder currently does this on a monthly basis.
- Mr. Wimmer said the State has hired Bill Ritchie to review and update MLMEPOA's augmentation procedures. In a letter from the State to MLMEPOA in February, 2011, MLMEPOA is in compliance with State requirements and needs to implement the following:
 - a. Conduct a capacity survey
 - b. Install a staff gauge to measure capacity
 - c. Conduct an annual release of water into the Arkansas River
 - d. Conduct annual well readings
- Mr. Wimmer emphasized that our issues now concerning Waupaca Reservoir are not with the State, but rather installing an agri-drain to allow MLMEPOA to control the water level in the reservoir.

7. **Mountain View Ranch Operating & FESCO Agreements:** Toby explained that the operating agreements with Mountain View Ranch have been completed and that the membership can now fish in Early Dawn Lake and access the forest through MVR property. Due to the late completion of the agreement, MLMEPOA did not purchase fish to stock either Early Dawn Lake or Waupaca Reservoir. The agreement also requires MVR to repair any damage it may cause to MLMEPOA roads.

In a change from previous years, MLMEPOA won't continue the water management agreement with MVR because the Waupaca Committee manages these responsibilities including the annual release of water into the Arkansas River required by the State.

The FESCO agreement is required by the federal government between Mr. Springer and MLMEPOA, and it allows Mr. Franklin to run water through Waupaca Reservoir and into Mr. Franklin's power plant located between the cattle guards on Mountain View Drive. Energy from the power plant is sold to Sangre de Cristo Electric Association and the plant is governed by federal regulations. Mr. Franklin has another power plant located in his barn. The agreement was drafted by Dan Daley and it allows non-consumptive water from Pine Creek that is owned by Mr. Springer to flow through Waupaca Reservoir and into Mr. Springer's power plant.

Discussion & Follow-Up: A member asked about the water from McFadden Creek and Morrison Creek which also flow through Waupaca Reservoir. Toby explained that the water from Morrison Creek is consumptive and Mr. Franklin says he owns 100% of these water rights. Mr. Springer controls the water flow from McFadden Creek which is also consumptive water. MLMEPOA owns a portion of these water rights. The State has determined that MLMEPOA owns all the water in Waupaca Reservoir.

A member asked who is responsible for maintaining the landscaping around Waupaca Reservoir and clearing dead trees. Toby replied this was the responsibility of MLMEPOA.

A member asked for an update about selling Mountain View Ranch. Toby replied that the ranch is still owned by Mr. Springer and his family and is still on the market.

8. **HOA Manager's Report:** Chris Krocesky, MLMEPOA HOA Manager, provided the following report:
- Chris is the MLMEPOA contact for communications with the Colorado Department of Real Estate.
 - The State requires a report of covenant violations. She will work with the Board to develop a central list for MLMEPOA.
 - The State is now requiring that managers for home owner associations be certified by the State. Chris explained that she has the required certifications.

NEW BUSINESS:

1. **Financial Report for 2011-2012:** Paula Wilder, Treasurer, could not be present at the meeting so Toby and Kay presented the following report:

2011-2012 Financial Statement: Results of Operations					
Description	Budget	YTD Actual 6-30-12	Anticipated Other	Anticipated 6-30-12	Over (Under) Budget
Income					
On-Going Resources:					
Annual Fees	20,757.00	20,757.00		20,757.00	- [1]
Bugling Bull Fees	440.00	440.00		440.00	- [1]
Palpant/Wise Fees	462.00	462.00		462.00	- [1]
Interest	15.00	9.84		9.84	(5.16)
Subtotal	21,674.00	21,668.84	-	21,668.84	(5.16)
One-Time Resources:					
Special Assessment	11,475.00	11,250.00		11,250.00	(225.00) [5,6]
Loan		5,000.00		5,000.00	5,000.00 [4]
Total Income	33,149.00	37,918.84	-	37,918.84	4,769.84
Expenses					
Insurance - General Liability	1,800.00	1,935.00		1,935.00	135.00
Legal	500.00	-		-	(500.00)
Miscellaneous	120.00	125.25		125.25	5.25
Office	300.00	477.17	150.00	627.17	327.17 [2]
Operating Agreement with MVR	2,900.00	950.00	950.00	1,900.00	(1,000.00) [3]
Fish Stocking & Water Share Purchase	354.00	54.90	-	54.90	(299.10) [3]
Trash	3,200.00	2,996.27		2,996.27	(203.73)
Waupaca Reservoir	9,500.00	6,676.60		6,676.60	(2,823.40) [5,6]
Road Services:					
Truck Insurance	1,100.00	1,100.00		1,100.00	- [7]
Grading & Other Road Maintenance	7,000.00	7,005.90		7,005.90	5.90
Snow Plowing	1,500.00	945.60		945.60	(554.40)
Truck Maintenance, Fuel	2,900.00	9,208.28		9,208.28	6,308.28 [4]
Loan Payment - Transmission Repair		1,295.31		1,295.31	1,295.31 [4]
Subtotal Roads	12,500.00	19,555.09	-	19,555.09	7,055.09
Prior Year Deficit	1,670.56	1,670.56		1,670.56	-
Total Expenses	32,844.56	34,440.84	1,100.00	35,540.84	2,696.28
Surplus (Deficit)	304.44	3,478.00	(1,100.00)	2,378.00	
[1] Fees:					
Member dues \$407.00 x 51 lot owners = \$20,757.00					
Bugling Bull dues \$110.00 x 4 = \$440.00					
Wise/Palpant dues \$231.00 x 2 = \$462.00					
[2] \$150 - Anticipated expenses for Homeowner's Management - Chris Krocesky.					
[3] \$950 - 2nd half of the current Operational Agreement with Mountain View Ranch that has not yet been paid. Under budget for line item because Early Dawn and Waupaca were not stocked with fish pending the resolution of operating agreements with Mountain View Ranch.					
[4] Line item is over budget because of the new transmission & other maintenance required for the truck. To fund the transmission repair, the Board approved a loan for \$5,000.					
[5] Waupaca Reservoir expenses were funded by a special assessment approved by the membership for:					
\$3,500 Legal cost for discussions with water attorney					
\$3,000 Reservoir capacity survey					
\$3,000 Installation of a reservoir staff gauge					
\$9,500 Budget and Special Assessment					
\$6,676.60 was the actual cost for these items with the rest of the special assessment creating a surplus for the year					
[6] The special assessment approved by the membership was \$225 per lot for each of the 51 members. The special assessment for one member was waived in consideration of work he provided with his backhoe.					
[7] The proposed contract for Road Services will replace the work previously done by the MLMEPOA Road Committee. The \$12,000 estimate is the cost incurred previously for these services. Three contractors were contacted for bids for the service: two were not interested and the other one is preparing their bid. It is anticipated that the bid will be lower than the \$12,000 estimate.					

The report was approved by the membership.

2. **Proposed Budget for 2012-2013:** In Paula Wilder's absence, Toby and Kay presented the following budget:

2012-2013 Proposed Budget		
Description	Annual Meeting	
	Proposed Budget	
Income		
On-Going Resources:		
Annual Fees	20,757.00	[1]
Bugling Bull Fees	440.00	[1]
Palpant/Wise Fees	462.00	[1]
FESCO Lease for Waupaca	18.00	[3]
Interest	10.00	
Subtotal	21,687.00	
One-Time Resources:		
Sale of Truck - Estimate	8,000.00	
Surplus Carry-Over	2,378.00	
Total Income	32,065.00	
Expenses		
Insurance - General Liability	2,040.00	
Legal	500.00	
Miscellaneous	150.00	
Office	700.00	
Operating Agreement with MVR	1,900.00	
Fish Stocking & Water Share Purchase	500.00	
Trash	3,540.00	
Waupaca Reservoir	5,000.00	[2]
Road Services:		
Road Contract - Estimate	12,000.00	[4]
Loan Payment Balance - Truck	3,885.93	
Subtotal Roads	15,885.93	
Total Expenses	30,215.93	
Surplus (Deficit)	1,849.07	
[1] Fees:		
Member dues \$407.00 x 51 lot owners = \$20,757.00		
Bugling Bull dues \$110.00 x 4 = \$440.00		
Wise/Palpant dues \$231.00 x 2 = \$462.00		
[2] The Waupaca Committee has requested \$5,000 to install an agri-drain at the south end of the reservoir to enable MLMEPOA to control the level of water in its reservoir.		
[3] The FESCO lease for Waupaca is with Mr. Franklin Springer to allow MVR water to flow through MLMEPOA's Waupaca Reservoir to his power plant between the cattle guards on Mountain View Drive.		
[4] The proposed contract for Road Services will replace the work previously done by the MLMEPOA Road Committee. The \$12,000 estimate is the cost incurred previously for these services. Three contractors were contacted for bids for the service: two were not interested and the other one is preparing their bid. It is anticipated that the bid will be lower than the \$12,000 estimate.		

Discussion & Follow-Up: The ensuing discussion included the following points:

- A member asked if any monies have yet been spent for 2012-13 planned expenses, and the response was no.
- A member suggested that MLMEPOA should charge non-members (i.e. Bugling Bull, Palpant, and Wise) higher fees than its members pay. There was little support for this suggestion, and it was noted by another member that these neighbors help MLMEPOA with projects such as road maintenance.

- As a follow-up to the Waupaca Reservoir Committee report, there was a lot of discussion about creating a separate bank account for Waupaca Reservoir so that its funding cannot be spent on other line items and its surpluses remain specifically directed to future Waupaca Reservoir costs. Toby said that the Board will follow-up to identify an annual budget for this line item and create a separate checking account for it.
- There was also some discussion about the specific amount for the line item, and a member suggested \$50 per 96 well permits for a total of \$4,800. Toby responded that MLMEPOA does not yet have agreements or talked with all the holders of the permits to collect fees for their well permits. Toby said that the Board will talk with those who have the additional well permits about the new fees. In addition to the 51 MLMEPOA members (50 lots plus Mr. Springer), the additional well permits are held by Mountain View Ranch (35), the Palpants (3), Osowski/Pittman (6), and the Huntzes (1).
- As a follow-up to the report that MLMEPOA will begin contracting for Road Services, there was a lot of discussion about the amount of funding that should be budgeted for the service. A member said he thought MLMEPOA had spent too much for road services in the past and he wants to develop an approach that more closely monitors the expenditures for this cost since it is the biggest cost for the association and it drives our member dues. He suggested reducing the current budget for the last several years from a total of \$12,000 for \$7,000 grading and \$5,000 snow plowing to a budget of no more \$8,000 total for \$3,000 grading and \$5,000 snow plowing. He also suggested that MLMEPOA should create a separate bank account for Roads services. The membership discussed these proposals and did not find general support for them as follows:
 - a. The actual cost for Roads Services is driven by the severity of the winter at MLMEPOA and it is difficult to determine how much snow plowing will be required. The summer road grading is driven to a large extent by the severity of the winter and the requirements to maintain the dirt roads so that they are in good driving condition and drain as well as possible.
 - b. Toby and Kay explained that the Road Services budget is an estimate until MLMEPOA receives the financial proposal from the new contractor. After this is received, the Board can finalize the budget for this line item. Toby also explained that the Board carefully monitors all expenses of the association and does not approve expenditures without careful consideration of what is required.
 - c. The HOA manager pointed out that the MLMEPOA budget would lose any flexibility to absorb unusual costs if a separate bank account were also created for Roads Services. This line item is more than half of the budget for on-going expenses of the association. Kay noted that in the past, legal expenses have been much higher than the \$500 budget. Without some flexibility from other line items to absorb this expense, the Board will have to create a special assessment to fund the cost. Also, this approach would prevent the association from creating a general surplus to help with unplanned expenses that were not Roads related.
- The same member made a motion for the Board to create the budget for Roads Services based on the financial proposal when it is received from the contractor and to separate the budget for Roads Services into Grading Services and Snow Plowing Services so that actual costs can be better managed. This motion was seconded and passed unanimously.
- A member noted that the current budget is not sustainable – that on-going revenues do not fund on-going expenses. Kay explained that the approach for the last few years has been to keep annual dues low and use special

assessments to fund costs that exceed the budget. She asked the membership how they would like to fund the association. The highlights of the following discussion are:

- a. There was general consensus that the on-going resources of MLMEPOA should fund its on-going expenses, and that the Board should refine the budget to specifically identify on-going versus one-time resources and expenses so that the on-going needs of the association could be clearly identified.
 - b. MLMEPOA needs to develop a budget that will create a surplus.
 - c. The membership does not want to use special assessments as a means to fund on-going costs of the association. It wants a sustainable budget so that members can plan for the annual costs they will pay to support MLMEPOA, and it wants to keep special assessments to a minimum.
 - d. The membership will support an increase in annual dues to create a sustainable budget and minimize the need for special assessments.
 - e. Toby said the Board would meet to revise the budget to identify on-going versus one-time resources and expenses and to determine the annual dues required to support the on-going expenses of the association including the new Waupaca Reservoir line item.
- A member noted that the budget is in draft form pending the financial proposal from the contractor for Roads Services and the actual amount MLMEPOA receives when it sells the truck. She asked that the Board take these items into consideration when it reviews the amount of annual dues members pay. Toby said this would be a part of the discussion for the Board when it finalizes the budget.
 - A member noted that MLMEPOA needs an approved budget for 2012-13 to guide its operations. Another member made a motion to approve the budget for 2012-13 pending the Board finalizing the budget for Roads Services, Waupaca Reservoir, and Sale of the Truck per the discussion above. This motion was seconded and it passed with four members opposed.
3. **Water Management – Guest Speaker from State Water Commissioners:** Dave Kelley, State Water Engineer, was invited at the beginning of the meeting to talk with the membership about water issues and its responsibilities for Waupaca Reservoir. The discussion included the following points:
- Mr. Kelley said that our responsibilities to the State under the augmentation plan include recording meter readings for each well. The Upper Arkansas Water Conservancy District has arbitrarily created a “blue line” that delineates property owners who can purchase augmented water rights allowing outside watering versus property owners who cannot purchase these rights and are restricted to an in-house well and in-house water rights. The State is requiring that all new wells be augmented.
 - Mr. Kelley would like MLMEPOA to develop a process for smooth transitions between changes in Board and Committee members so that well readings and water releases into the Arkansas continue to occur on a regular basis.
 - A member asked Mr. Kelley to talk about the current drought. Mr. Kelley said this drought is worse now than the 2002 drought. There is not enough water for senior water rights on Cottonwood Creek, and all subordinate rights have been called. These rights have only been called three times in the last sixty years, and two times in the last ten years in 2002 and 2012.
 - A member asked if MLMEPOA could be required to release more than its share under the augmentation plan. Mr. Kelley said this could happen but that

MLMEPOA is in a good position because it owns a reservoir. Not all subdivisions have a reservoir they can use to meet their augmentation requirements.

- Mr. Kelley explained that all well owners are required to annually release 10% of their actual use. If the actual use is not monitored or reported, the owner is required to release 10% of their allowed use or maximum amount of water allowed for the owner each year.
- A member asked the value of a well's water rights. Mr. Kelley said the current cost is about \$3,800 to purchase an augmented well. The Upper Arkansas Water Conservancy District charges each well owner \$150 per year for the permit. MLMEPOA could use this amount as a measure to determine how much it will charge each of the 96 well permit holders to maintain Waupaca Reservoir.
- A member asked about the 96 well permit holders and the management of their permits. Mr. Kelley explained that all 96 permits are under the MLMEPOA augmentation plan and that the owners of the permits must coordinate the drilling of the wells with MLMEPOA. They must also report their water usage to the State. Currently, MLMEPOA coordinates this reporting for its 51 members. The other 45 permit holders could coordinate their readings with MLMEPOA or report separately to the State.

4. **Water Meter Readings:** Toby reminded everyone to read the water meters on their wells and record the usage on MLMEPOA's website at www.mlmepona.com.

5. **Items From Membership:**

- A member noted that Board meetings are open to the membership and he asked that the Board do a better job of publicizing the meetings so that members can attend and if they desire, present items to the Board. Toby responded that the Board would do this.
- A member asked who has the responsibility for maintaining culverts that direct drainage. Is this the responsibility of MLMEPOA or the property owner? The response was that this is addressed in MLMEPOA's Architectural Guidelines. The culverts are required on property so that water from driveways doesn't flow onto the roads.
- A member inquired about fishing in Early Dawn Lake and Waupaca Reservoir:
 - a. Are fishing permits required? Response: No, this is private property.
 - b. Is fishing catch and release only? Response: No, members and their guests can keep the fish they catch. MLMEPOA usually stocks the ponds with fish on a regular basis: Early Dawn Lake – every spring and Waupaca Reservoir – every other spring.
 - c. Is fishing restricted to artificial flies only? Response: Yes.
- A member noted that there is a great deal of algae in Early Dawn Lake that is impacting the health of the reservoir. It was noted that the lake is owned by MVR and that MLMEPOA is granted fishing rights under the operating agreement with MVR. Any remedial work to remove the algae needs to be coordinated with MVR. The Board will discuss how to begin this process.

6. **E-mail Address & Web Site:** The MLMEPOA website address is www.mlmepona.com. The website is available to post documents, newsletters, and general information about MLMEPOA. Toby maintains the website for MLMEPOA, and members should send comments and postings to him. Please send updates for member contact information to Kay so that she can keep the MLMEPOA Member Address List current. This listing includes MLMEPOA phone and addresses as well as information for non-MLMEPOA homes.

7. **Date for 2013 Annual Meeting**: The meeting is scheduled for Saturday, July 27, 2013, depending on the availability of the community room of the Sangre de Cristo Electric Association.

8. **Picnic**: Phyllis Ary is hosting the picnic at her house after the meeting.

ADJOURNMENT: Toby adjourned the meeting at 5:15 p.m.

Board Follow-Up Meeting: The Board held its organizational meeting via e-mail and agreed to serve in the same positions as held for 2011-12:

- President: Toby Dunn
- Vice-President: Phyllis Ary
- Secretary: Kay Carpenter
- Treasurer: Paula Wilder
- Member-at-Large: Larry Shalett

Kay Carpenter

MLMEPOA Secretary
(December 20, 2012)