

Date: November 14, 1009: Special assessment meeting (only board members are named individually)

Meeting starts at 1.05 PM

Introduction of the SLP board, today's agenda, and the three action points on ballot by Jeff Erickson.

PPT presentation (see attachment).

Explanation of the current budget and the association needs.

Conclusion: Not enough money to change the current state of affairs to replace system parts, to improve the system. It is just enough to patch the system.

Stanley: Having problems isolating areas due to isolation valves that won't close. Roots are detecting the water from the leak and grow towards the water from the leakage until the roots sever the line. An originally small leak turns into a major leak.

Another major leak within days broke a service line off the main line.

We have two types of leaks. Ones that are "sleepers"(old small leaks) that will eventually blow and drain the tanks.

Erickson commented on the surfacing of electric and telephone lines and water lines that are coming closer to the surface and may be subject to freezing and vibration from traffic.

Most of our reserve expenses are spent due to major system failures. These expenses are increasing over time as our system is more prone to problems. Maintenance is exceeding expenses: This has drained our reserves which were over 60K in 2006 and now down to 27 K as of today.

Presentation of dues of associations most of which are not very comparable to our specific situation

Member: She describes the example of a subdivision near Santa Fe (Hyde Park near SF ski basin). Home values are at 850 K. Dues are only \$400/year including water and roads, parks. Do they have meters? Member does not know.

Request to investigate other near-by subdivisions such as Hidden Valley, Canon or Ponderosa in terms of their dues (there is a problem of comparability, though).

The loan/grant combination funds that we have applied for and/or inquired about are not available to us because our water costs of \$10/month/ lot is considered too little to prove a revenue stream to pay back the loan.

Discussion of stimulus fund: Star explains program and other previously pursued programs and reasons for SLP being turned down as a recipient. Most programs are

grant/loan combos. She also explains the mutual domestic program which would have been a good choice 5 years ago but there were no volunteers from either the Board or the membership to follow through on the effort. Now different rules apply which make the mutual domestic not a very good choice anymore due to lack of funds for MDs, high level of oversight and cost, and inability to exit the program.

Questions: What is the authority of the Board to enter into debt?

Answer: Legal council advised based on our by-laws that as long as our dues could payback a loan without triggering a special assessment we could move ahead without membership approval.

Question: What is the plan for the increase in dues?

Answer: There is no specific plan however the increase was to cover leak detection limited engineering, roads.

Question: Where is the priority?

Answer: That is what we are asking the membership for input.

Question: What about Ashley Lane?

Answer: The membership was asked and after a 50 member approval to move ahead the Board proceeded with legal action. Other member's comment: It's the Boards responsibility to defend us against certain actions.

Emphasis on long range planning

Shurter stated that we do have a good road engineering study, but no studies on the water system. From a long range planning perspective, it is very difficult to begin a plan without some professional input. It's our number one priority.

Wolford: Board will create separate account that will go towards roads and water. There will be a board appropriation vote on the allocation of the increased dues. As of now, the allocation is dedicated to infrastructures which are both roads and water.

Comment: The problem is that all the dues increase could go to roads and it's the water system that is the top priority.

Wolford: It doesn't do any good to invest \$30,000 for a long range study on water and end up with the same problems when there is no money to follow through on the plan.

Member: \$1000 is a high dues amount. The assessment might never go down but continue to go up. Suggestion: Have special assessments as we go.

Comment: If you don't have a plan we don't know where our money is going.

Problem: Special assessment process is cumbersome. It's always a problem to go through the process of special assessment and reach a quorum which has proven difficult. It's a

lot of futile work for the Board. Solution: Maybe a by-law change could facilitate this process.

Comment: Our current by-laws are very binding.

Member: We have to deal with economic problems and the fact that re-sales may be hurt by increase in dues. Comment: the resale is already hurting because of our failing system.

Possible solution: We are missing out of a lot of “free” money. It’s worth spending a little money now to improve our possibilities of getting financial assistance.

Member: What will happen if the water system collapses? There is a high risk if the system does not get fixed.

Jeff Erickson: At the general meeting this year, all the options were voted on by the general membership.

Member comment: We need to stop trying to get by on the “cheap”. We need to do what needs to be done. We will pay now or later. We’re paying now for mistakes made in the past. Roads need to be passable.

Comment from member: 10% dues increases of the past have not yielded an increase in the quality of life and has the results been worth the expense?.

Answer: The increase has been swallowed by water operator costs, higher electricity costs due to water leaks, etc.

Member: What about leak detection?

Stanley: Non-functioning isolation valves inhibit detection. Leak detection is costly. The cost for inline meters are \$11,000/per inline meter. However, this does not refer to meters but to shut-off valves.

Member: The inline meter project was replaced with a more efficient analysis method that Mark developed but in order to proceed we need to replace the stuck valves.

Member: There will be a 10% dues increase forever. Answer by Jeff: We cannot say.

Member: If meters were installed and we start paying for water could this reduce the dues? Answer: A couple of years down the road most likely no more increases and maybe we can even reverse the increase.

Member: So what are the membership guarantees that the next Board will follow through on these priorities? Most people want to upgrade the system but are afraid of throwing out money w/o results. We need a plan.

Erickson: As we are not professional, and do not have the money for a professional plan we would need to add some special assessments to fund a \$35,000 engineering report.

Member: We need to set priorities. We need an engineering report.

Member: Has ever a valve been dug up to look at its condition?

Mark: No.

Member: How much does a mailing for a special assessment cost?

Answer: About \$200.

Member: If we had a plan, shouldn't it be based on the money we have?

Our problem is that we even after indentifying problem, we do not have any money to get things done.

Assumption of assessment passing:

Meters are meant for helping maintaining the water system. Capital improvements would be special assessments. Metering will require a by-law-change (it is a long-term special assessment). Billing will be done by the management company.

Member: How expensive would that be? Star: Not much more than we already pay.

Why meters? Households should be responsible for leaks on household side. We also need backflow valves.

Meter installation would start in 2011. Then would need a by-law change before billing could commence which is anticipated by 2012. We would like to give residents a chance to fix leaks that are detected from the meter readings. We need to bill through a full year before we would have the necessary funds to install meters. The meters would be on association easement. They are proposed to put the responsibility of household water management on the homeowner.

Member: What are the \$1000 (dues) for?

Kilburg: Roads still need improvements. Many roads need to be built up by one foot before even applying base course. If we don't build the roads up the water line will keep freezing.

Member: Cost of meter is part of costs of building a house. We have managed to cheap it out without installing meters. Q: No public monies because of our dues structure? Why?

Star: Meters are a requirement for mutual domestic systems. Mentioning of Green Reserve Program.

Q: Are there any other programs? Answer: All programs look at capability to pay back loan.

Q: What does it take to set up a mutual domestic?

A: By-law change, observation of all responsibilities and reporting requirements (or be fined), then we can apply for loans.

There were no public monies at the beginning of the year. Stimulus fund came as a surprise and we were not ready to apply.

Q: Compliance issues due to lack of back-flow valves.

A: We are supposed to have backflow valves but there will be no enforcement as long there are no sanitary issues. Insurance company could void our policy if it can be proved that we did not use due diligence in protecting our association. If there is a contamination, it likely will become an EPA issues and it could be a difficult and costly process to remedy.

Q: What about opting out of association if we want to drill our own well?

Kilburg: The member will stay a member and will have to pay dues as we do not have separate water billing.

Member: What about by-law change to introduce an associate member status?

Member: There was a legal action for units 1 and 2 to bind the land to the association not the owner. Did this carry forward to future units? He does not know.

Comment: Possibly change of by-laws to accommodate private wells.

Q: Just do away with association and give roads to county

Problem: Each owner needs to give up his property in easement as property lines go to middle of the road. Some owners may not like that. We are stuck in that situation.

Jeff Erickson: How the additional dues will be spent. Explanation of PPT slide.

Shurter reviewed some input from Bockemeier, an engineer who gave us a bid for a limited water system study. She suggested that a hard system design would cost additional monies.

Bockemeier also suggested that part of our problems may be the high pressure on our system.

Look at engineering study and pressure reducing valves. There needs to be a dedicated income stream strictly for our water system that may help us qualify for funding.

Member: There has been no engineering of the water systems.

Member: Actually, unit 2 was engineered by a professional. Still did not work out that great.

Comment: Dues increase represents a big jump and financial hardship for some members. Did the Board feel that much of a jump was warranted?

Comment: But what are the consequences of no action?

Q: How will a monthly payment scheme impact the finances of the association? What oversight will there be if we have a catastrophic event?

Kilburg: We have some reserves to deal with catastrophic events.

Explanation of bids and estimates: All are placed on web page.

Stanley's PPT presentation: Why should we get a new well? (See slide)

New well would pump 25 gal/min instead of only 9 gal/min at the same costs. Wells can pump around the clock. Better is pumping only during times of reduced electricity rates. System 1 well pumps 80% of the time. A 40% drop in electricity costs is possible. Old well is 230 ft deep while new well will be around 400 ft deep.

Comment: Are we going to fix leaks first before drilling a new well?

PPT presentation on household meters (see slide).

Q: Breakdown of meter costs?

A: \$700 for hardware and \$500-\$1000 is installation depending on situation at each location.

Discussion between Member and Star:

Q: Is there an engineering design plan for meters?

A: Yes, through NMED, but not available at the meeting. Could send to him

Q: Why are meters on ballot despite not being recommended by water board?

A: Our priorities have changed.

Ballot count yields that quorum has been reached. Ballots will be taken by Ed Tatum to CRA which will count the votes and take a tally/verify the eligibility of the voters. Results will be posted in SLP web page.

Meeting adjourned at 3.30 PM.