

Sierra Los Pinos Property Owners' Association
Minutes of the Board of Directors' Meeting, December 13, 2010
Corrected and approved January 11, 2011

Call to order-

The meeting was called to order at 7:15 p.m. by Suzanne Star. Present at the meeting were Star, Studebaker, Lauer, Kilburg, VanRuyckevelt, Shurter, Fredlund, and Administrator Yvonne Dickey-Folks.

Guests-

Many guests were in attendance. A sign-in sheet was passed around, and guests who signed in included: Brett Nichols?, Kirk Thompson, Richard & Ruby O'Rear, Jan Souter, Rick Lauer, Dave Sturm, Joe Brophy, Calob Hinkle, Zech Robinson, and Dane & Jean Knowlton.

Kirk Thompson read a letter written by Sumner Dean. Dean's letter is attached as a .pdf and will be retained in the office. Mrs. Folks will scan and forward copies of the letter to all board members. The board will consider this letter, and discuss/ask questions of Dean at the next meeting. Thompson explained that some members are concerned because customers do not want household meters or a loan, and that the board is not listening to the customers. Customers recognize that the loan is unlikely to default, but that their property might become encumbered by liens if it did, and this is not what they wanted. He asked, "Can an alternative be found?" Ruby O'Rear explained that she was upset about the same issue. Studebaker responded that it is possible that seeking the loan was a mistake. He'd like to speak after the agenda is approved, about a plan that he has for a business model that may resolve this strife. The board must come up with multiple options to take to the membership, and seek their approval, with the health and welfare of the entire community in mind. Jan Souter also read a letter she had prepared, addressed to Peter Nathanson. The purpose of her letter was to explain the issues facing SLPPOA. Ms. Souter feels that there is adversarial relationship between the board and the customers. Her letter mentioned 3 vote-downs on meters/loans, but acknowledged that the water system is in dire need of improvements. She wants the majority of homeowners' wishes to be followed, and does not believe that voting was carried out correctly. Ms. Souter plans to send her letter to RCAC, NMED, OSE, NMFA, USDA, and the board. Studebaker reiterated that his plan includes the possibility of offering a vote to the membership and new procedures to give the membership a voice. We will hear more about Studebaker's proposal later in the meeting. Shurter mentioned that it is hard to evaluate different project ideas. Re-organizing as a Mutual Domestic would entail bylaw changes and lots of work, but this is something Shurter would like to consider. The board would desperately need a committee to help with this type of reorganization, and Star asked for people to help.

Mr. O'Rear feels that the board is "broken" and asked why the customers should help the board when the board members don't even get along with each other. Mr. Thompson asked for all to keep their voices down. Joe Brophy explained that he feels there are 2 issues: First is that a committee is needed to help with the formation of a MDWUA. Secondly, immediate water issues need to be quantified and prioritized. He feels that a water committee would be best

suites to deal with these assessments, but such a committee must operate under a charter that allows the committee to truly represent all members.

Consent Agenda-

Approve Minutes from last meeting (Nov. 2010)-Ms. Kilburg suggested corrections to the minutes as follows: Under the Roads report, the term "Base Course" should be changed to "Fill Dirt", the phrase "widen a corner" should be changed to "widen the corner of Redondo Vista and Los Griegos" and it should be clarified that county grading results in berms at the side of the road. Under Legal, Ms. Kilburg abstained from the vote to go into closed session. Ms. VanRuyckvelt moved that the minutes from November's meeting be approved as corrected. Ms. Star seconded the motion, and the minutes were approved.

Approval of Agenda-

There have been some additions requested. Studebaker would like to add discussion about his idea for a New Business Model idea right after Water Operator YTD Summary. Lauer would like to add a report on our meeting with Jeannette Wallace right after the update on property taxes, and Customer Comments to New Business. It was properly moved and seconded that the agenda be approved with the additions listed above. The motion passed.

Monthly Reports-

Treasurer/Office Manager-

Financial Statement & Water Worksheet-Lauer explained her budget worksheet and we will begin to post this online.

November Accounts Receivable, Balance Sheet & P&L-SLPPOA has been approved for ACH transfers-She will be attending a training session this week for the process. Two customers have asked for ACH transfer, and it is available to any other customer who would like to pay with this method. This method is especially suited for customers who need a payment plan. Mrs. Folks has received two requests for payment plans, one from Margaret Grove (who would like to pay in 3 installments) and one from Richard Brown, who has sent in a written request for a monthly payment plan. Mrs. Folks will set up the plans pending board approval. An additional \$10,000+ has been received from customers for their 2011 dues so far, so the cash balance is actually closer to \$29,000 as of today.

Delinquencies/Disconnect Notices-Mrs. Folks reported there are \$1,002.06 in overdue amounts, \$357.02 of which is attributed to one customer who is in foreclosure. Three others are more than 60 days late. Another 6 are 30-60 days late, but one of these has an ACH plan pending. Mrs. Folks will send letters to the three customers who are over 60 days late, and apply late fees to those accounts pending board approval.

Property Taxes-Mrs. Folks spoke with Leroy Lovato of the Sandoval County Assessor's Office. Mr. Lovato has processed the correction of the property taxes and they will be the same as last year. Mr. Lovato

explained to Mrs. Folks that the new tax bills will arrive in the mail in late December, and there will be no penalties. Property taxes back down to \$50 from \$1,800

Update on Meeting with Jeannette Wallace-Ms. Lauer and Mrs. Folks met with Jeannette Wallace in Santa Fe on Monday, December 6th. Ms. Wallace explained that there are no capital outlay funds right now, but there are other sources of water funding that may be available. Ms. Wallace asked SLPPOA to complete the Capital Outlay Application, (Mrs. Folks is familiar with this process.) so that SLPPOA can secure a place in line for funding if it should become available. Mrs. Folks and Ms. Lauer will follow up.

Architectural Report-

Ms. VanRuyckevelt reported that Unit 2 Lot 23 was sent an approval letter for his greenhouse. Inspection was done on Unit 1 Lot 1, and it is as shown.

Firewise Report-

Ms. Fredlund reported that in order to keep our firewise status we had to provide documentation of \$4,000 worth of work (fire suppression and thinning) at \$20 per hour and hold a chipper day. \$15260 worth of fire suppression & thinning was done and the chipper day resulted in 4 truck loads of slash being hauled off. This allows us to keep our firewise status. Firewise status helps the community in that it can be touted to grant administrators for grant funding. Ann Cook has sent a copy of our completed firewise application to Karen Lightfoot of State Forestry. The next chipper day will be advertised ahead of time for better turnout. The chief still has not heard back from the County regarding the 25,000 gallon tank, but it is still being pursued. The fire department is using their grant to disassemble, move, and reinstall it. SLPPOA would need to find out how to connect it to the system. Perhaps this can be added to the engineer's work to determine the best place for the tank. Thompson asked if we should consider leasing forest service land for the placement of the tank. Fredlund emphasized that for fire protection, it should be placed in a spot that allows the fire department to load up quickly. Fredlund will keep the board informed as the situation develops. There are several other services the fire department can offer to the community, such as chainsaw safety classes. There are folks in the community who know about xeriscaping and the use of beneficial plants for fire suppression, etc. Fire department news includes a lightning-strike fire that was contained in Area 3. Also, the prescribed burn on San Juan Mesa, southwest of SLP has been postponed until next year.

Water System-

New Business Model Idea and discussion-Studebaker has thought about how to manage the system. He would like to see some changes including more open policies. Studebaker believes that we should investigate multiple options for fixing the water system so that we can break free of quagmire and start some kind of improvement. Nothing should be done

behind the backs of the customers. The board needs the opportunity to thoroughly research options before presenting them, but then commits to present the options to customers before simply deciding. Letting the people speak first will help the board obtain approval and community buy-in. Voting for the options by well-informed customers will enhance community participation and trust. Open communication and providing options is pivotal to Studebaker's plan.

Shurter revisited the plans for the engineer to come for an on-site visit. She reiterated that the engineer's visit will give the board more information about possible choices to be presented to the membership. Shurter also mentioned that creating a fair rate structure that allowed for generating reserves and operating & maintenance funds is important to any plan.

MDWA documentation, Proposal, and Vote-Shurter explained that in terms of oversight, SLPPOA is already complying with many of the same requirements in terms of monitoring. An engineer has been found, who will come to do a walk-through or on-site visit. With this information and lots of documentation about the system history, he will hopefully be able to provide the board with some information about the projects needed and how they should be prioritized. The cost for this report is \$1,500. This is preferable to a PER (Preliminary Engineering Report) which is expensive and may not provide as much information. (It seems like a document that is more suited for potential lenders to use to assess a system.) Shurter noted that Nathanson's report was sought and obtained at no cost. The membership did not like what was in the report, so a new report is being sought. The new report will hopefully help to provide a cost estimate and prioritize projects, and it will include a comparison of costs if the water portion of the Association became a MDWCA. Dave Sturm asked Shurter to describe the scope of work that we are requesting of the engineer. Shurter explained that he will work with the data available, the results of the system tour, and other documentation provided to come up with this assessment, which ideally will include a cost estimate for repair and update, as well as household shutoffs. Joe Brophy mentioned that a report completed in 2008 exists, which identifies well replacement, storage capacity, isolation valves, and distribution. The committee that created the 2008 report suggested that an assessment of \$500+ extra for each member for 2 years could provide the necessary funding to achieve these goals. The well improvement was voted down. Shurter explained that one of the suggestions in the 2008 report was complete replacement of one of the wells, which would have cost approximately \$50,000. Shurter was able to obtain rehabilitation for the well instead, at a cost of only \$8,000. This is one example of approaching problems differently to achieve savings. The \$1,500 is within the water budget, and the results can be reported as soon as the engineer actually does the work. Ms. VanRuyckevelt noted that Shurter has been doing a fantastic job, investing lots of time and effort towards the improvement of the water system, and that the harsh criticisms Shurter has received lately are unfair.

Roads-

2010 accomplishments- Ms. Kilburg explained that millings were delivered for some road work- specifically, 8 “belly dumps” were delivered and put on several strategic places on Los Griegos. (Millings were used because they are less likely to wash away.) The ground was too frozen for work on Redondo Vista, and will be continued next spring. Fill of this type can create an ideal crown before base course is laid. Some water bars were created, and more work will be done in the spring. Ms. O’Rear expressed her appreciation for the recent road work. The plan for road work in the spring is to order in conjunction with Thompson ridge for a discount on materials, so the timing will be important. Ms. Kilburg also reported that the County will plow to the Hovenweep well, but other people will have to be hired to plow snow from the other well sites.

Old Business-

NMFA legal action update-

The explanation for the closed session was posted on the website, and made available for our guests. The explanation on closed sessions reads as follows:

Legitimate reasons for closing a session generally concern issues that if discussed in public could violate privacy laws, harm the association, or cause embarrassment to a party. Discussing litigation or prospective litigation by or against the association is a valid reason for going into closed session. The Open Meetings Act Compliance Guide provided by the State Attorney General’s Office “permits a public body to close a session to discuss legal advice about pending or threatening litigation that is given by letter or other written memorandum.” “Public bodies to litigation are entitled to effective representation of counsel, including the opportunity to confer without disclosing the substance of the discussion.”

For public clarification, Ms. Star explained that a SLPPOA board member and some community members have initiated a legal threat by letter against the SLPPOA Board of Directors regarding a NMFA loan for water system improvements. This pending litigation is being responded to by the association attorney. Until further clarification regarding the implications has been thoroughly reviewed by legal counsel, discussions between legal counsel and the board will remain confidential. As one of the board members is a party to the legal action, and could compromise a resolution he is excluded from participation about this issue during the closed board session. There is no further information to share, so this item will be tabled until next time. The board member in question has since resigned. Thompson believes that there is a trust issue and asked whether the contents of the closed session could be disclosed. Material from closed sessions cannot be disclosed until the sensitive issue is resolved. Mrs. O’Rear wondered how there could be more transparency about the issues that require closed sessions without compromising the sensitive nature of the problem. This might cut down on the rumors that circulate. The explanation is included so that the membership would understand reasons for using a closed session.

Financial Oversight Budget Spending Proposal-

Star's proposal states that any project expected to exceed \$3,000 be approved by the board beforehand unless it's an emergency. This policy would protect the board and provide greater transparency for members. It would also increase accountability. Ms. Kilburg feels that since the budget has already been approved, requiring an additional approval process would hinder work. After some discussion, the board came to the general consensus that this policy is not necessary, since the budget has already been approved.

Code of Conduct/Ethics Policy (tabled action item)-

Fredlund wanted to discuss and clarify ethics policy regarding dismissal of a board member. Dismissal of a board member is already provided for in the by-laws. Consensus is that this is clear enough in the by-laws, and an additional policy is not necessary.

Liability Issues and Independent Contractor Guideline-

This item will be tabled until next meeting.

NMFA loan update-

Ms. Star received a letter from NMFA. The letter explained that NMFA will place SLPPOA's project on next year's list of possible projects. Since the loan may not be pursued anyway, no action is required at this time. Ms. Star sent a copy of the letter to the other board members to keep them in the loop.

New Business

Membership list distribution proposal letter-

Kirk Thompson would like the mailing list. For his purposes, no names would be required, just "box holder" and addresses is what he would like to obtain. He feels that not using names would mitigate the possibility of identity theft. Thompson will submit a written request to the board. At this point, the guests left and the board carried on with the additional items on the agenda. The address list was discussed, and the board concurred that the addresses could be given to Thompson pending receipt of his written request.

Bootzin's letter-Ms. Star received an e-mail letter from Bootzin, who volunteered to meet with the board if necessary about his proposal to sell 6 lots in SLPPOA. Ms. Star suggested that Bootzin has indicated that he is developing Unit 9 and that it could be withdrawn from association responsibility. These lots should be considered as we attempt the long range plans. Ms. Star will do more research, and will forward the letter to the whole board. This will be discussed more in January by the board, then Bootzin can be invited to a future meeting (perhaps in February) for further discussion.

Customer Comments-Many customer comments were addressed during the course of the meeting. (There were more guests at this meeting than ever.) Ms. Lauer has received a two letters from customers who are concerned about the loan. Comments included in the letters explain that the customers who wrote the letters wonder why meters are still being pursued despite being voted down. One customer also asked whether the minutes could be

published sooner. The minutes from one meeting must be approved at the following meeting, and often need refinement, so this is a concern that cannot realistically be addressed. Additional comments from the letter/s indicate that customers were curious to know more about the legal issue, and a feeling that the full membership should get to vote on the loan. Ms. Lauer will respond to the customers' concerns, first by sending responses to the board for approval, then by forwarding the responses to the customers.

----- Original Message -----

From: [S Dean](#)

To: board@slppoa.org ; admin@slppoa.org

Sent: Wednesday, December 15, 2010 8:11 PM

Subject: RE: e copy of my proposal

December 13, 2010

Proposal to the SLPPOA Board

We all want a reliable water system that is robust and has ample capacity. Robustness is resistance to failure and capacity is the combination of the well's pumping rate, the storage tank's volume, and the distribution line's flow characteristics.

To achieve a more reliable water system, we propose:

- 1) Vigorously pursue the additional 25,000 gallon storage tank to be jointly used by SLPPOA and the Fire Department.
- 2) Install combination meters and shut-off valves at fifteen main water line branches. These will enable water operations to determine exactly what segment of our main lines is leaking (household meters can not do this!).
- 3) Replace approximately 800 feet of main water line.
- 4) Perform preventive maintenance of both Aspen and System 2's wells.

The cost estimate for these four items is \$89,000.

We propose and fully support a special assessment to pay for these four items, where the funds raised will be spent exclusively on the four projects. The cost per lot will be slightly less than our annual dues.

If passed through an Association vote, we would not be going into debt. In contrast, the household meter plan not only puts us in debt, but appears to use up all of our borrowing capacity, leaving us without that financial resource to use in case of an Association catastrophe. Finally, if household meters were installed, they would not improve system reliability.