

DRAFT

EATON PAGOSA ESTATES PROPERTY OWNERS ASSOCIATION

Annual Meeting Minutes

JUNE 27, 2024, 1pm

PLPOA Conference Room

230 PORT AVENUE

PAGOSA SPRINGS, CO 81147

BOARD MEMBERS PRESENT: Elmer Balvanz, Desi Dundics, Al Gonzales, Glenn Woodruff, Gary Pederson

BOARD MEMBERS ABSENT: None

ADDITIONAL OFFICERS PRESENT: Steve Dayton (Treasurer), Julie Pederson (Secretary)

ADDITIONAL MEMBERS PRESENT: Richard Gonzalez/Kathy Lynch, Curtis & Candace Door, John & Joyce Scahill, Kate & Mike Crawford, Dawn Penning/Mike Russell, Dave & Susan Bates, John Thomas, Kellie Gonzalez, John Hargreaves, Billie Taylor, Hampton, John Demarco, Amber Gill, Glenn Woodruff, Joe Rumsey

MEMBERS ATTENDING REMOTELY: Theresa Lussi, Lucinda Hundley

CALL TO ORDER: The meeting was called to order at 1pm President Desi Dundics and was officiated by Dundics. Meeting minutes were taken by Secretary Julie Pederson.

INTRODUCTION and WELCOME NEW MEMBERS

President Dundics welcomed new residents: Joe and Allison Rumsey at 56 Glen Eaton Dr. and Ray & Amber Gill at 1155 Lakeside Dr. He also expressed the board's interest in have a welcome celebration when we get the new dock.

APPROVAL OF JUNE 28, 2023 MINUTES

We haven't received any emails or responses indicating desired edits to the minutes from last year which are on the website. Kate Crawford made a motion to approve minutes, Joyce Scahill seconded. Motion carried; minutes are approved.

TREASURER'S REPORT (Steve Dayton)

A financial packet was made available to each member. Income Statement shows \$14,000+ budgeted for regular expenses during 2023-2024 fiscal year, and we spent a little over \$11,000 which is less than we collected on the dues; however, we had a surplus from prior years which was anticipated. The only unanticipated expense was due to a water leak which caused a much larger water bill. PAWS worked with us to lower that but still a substantial bill. Most items were under budget with only a few over budget. Just wrapping up the road project with anticipated payment (\$44,000) to be made in the next couple of weeks. The balance sheet shows as expected for end of June after road payment and dock expenses.

Member Joyce Scahill asked where the \$20,000 from insurance company is reflected. Treasurer Dayton answered that it was reflected in last year's statements, not as income but as a reduction to expenses on the road. One lot's construction deposit is still out there and one

recent closing has sent a check for \$950 for dues. Board approved the budget for member's approval. Insurance costs expected to increase this year substantially. HOAs across the country are experiencing large increases. Insurance line might change.

Vice-President Pederson addressed current coverages as well as recommended coverages. We have three basic coverages: property (dock), general liability (\$2 million per occurrence, \$4 million aggregate), and Directors & Officers insurance (\$1 million covering wrongful acts). Going forward we're looking at our risks and exposures. He will be recommending we add coverage for crime and fidelity. Cyber coverage and identity theft will be included. Still getting information from the insurance agent. A question came up asking if our coverages include liability payments in case of litigation. Pederson clarified the different lines of coverage and stated there is a \$1000 deductible. He also mentioned that we should investigate the possibility of umbrella coverage.

Treasurer Dayton asked for any other questions regarding the proposed budget for this year. Question was asked about why there is \$100 in several categories. Treasurer Dayton responded that he does that to anticipate possible costs such as internet, office expenses, licenses and fees, HOA meeting, and other miscellaneous expenses that could arise. Some expenses don't occur every year but could. The maintenance line of \$2000 is mainly in case there are cost overruns for the dock, damaged signs, etc. Most will go to the road fund. Member Crawford asked if the amount for snow removal is based on how many times we need it and are we putting that out for bid or using the same people? Elmer Balvanz answered that Mitch will continue to provide this service at \$325 for each time he comes out for snow removal (6" or more) Another potential expense could be repair the culvert on Hartwell which was damaged due to last year's flooding. Elmer will check with PAWS to see if they will repair.

President Dundics asked if a member wanted to make a motion to approve the budget with proposed dues \$950, same as last year. Joe Rumsey made a motion and John Thomas seconded to pass the budget. All are in favor, motion carries.

ROAD COMMITTEE REPORT (Al Gonzales)

Saturday 6/29, the roadwork should be complete. Strohecker said the roads are in great condition. We should check annually for cracks. He anticipates no need for slurry for another five years. Looks like a nice job and no complaints. President Dundics agreed that the job was well done and he thanked Elmer Balvanz and Al Gonzales for their work on this project. Question was asked about some driveways which only got slurry on half of road by driveways and mailbox area not finished. Rain slows things down. They will be sure that road in front of every driveway as well as mailbox area gets two coats.

Member Crawford said sign by the mailbox area keeps getting bent and could it be taken out. Board member Balvanz said he will take it out and be sure to put the no parking sign on the existing sign. Should make things easier for snow removal as well as cars turning around.

LANDSCAPE COMMITTEE REPORT (Elmer Balvanz)

Will try to get a volunteer group for cleanup around the entry The Berndts already did a bunch of work there in the spring. Need to do something about the trails. Mac sprays the edges for the road for weeds a couple of times a year to keep weeds down on sides of road. We have a landscaper lined up to do mowing on the common spaces. Homeowners can contact directly for their own lots. \$130/hour. Secretary Pederson previously sent out an email with the contact information for the mowing. If members still need that information, they can contact Desi Dundics. R. Gonzales asked to know which areas are getting mowed. Balvanz has a map for

anyone that wants to see it. Areas include the open space at the entry around mailboxes and turnaround; down by the bridge there is open space on both sides of the bridge. Hartwell Ct. to the left and to the right, across from the Crawfords. Also, the lot on the right coming in on Glen Eaton. Will not be mowing the wetlands. President Dundics asked if the path by R. Gozales' house needed mowing. Richard and his neighbor try to mow it to keep it down. If the Ebersoles contact Leonard to mow their lot, he could go ahead and clean up the space around the dock and by the path at the same time.

Regarding the dock, Larry Lynch, in charge of environmental issues for the PLPOA, said they will start installing the dock the week of July 14. Take components to boat ramp on other side, put it together, and then tow it over. Need volunteers to take out the old dock. Should come in under budget. Don't know yet what they will charge to get rid of the current dock. Not a specific date right now to remove the current dock but will need to be before they bring in the new dock, by July 12-13. Member Joyce Scahill asked where things stand on cost for the dock given that we received \$20,000. Balvanz stated that we've spent about \$17,000-18,000 on the components to restore the dock to what it was before. It will be the same size. We will reuse the handrails. We will still have \$7000-8000 in the budget for dock. PLPOA will charge us \$1500 to assemble it, and we will need to spend \$1000-3500 for hardware. Accrued but not in this year's budget.

Explanation for new people. Dock was damaged by muskrats and had a policy for it. Insurance paid \$20,000 for the loss. A question was asked about materials taken off the old dock and if any existing aluminum could be recycled. It was determined that there are no aluminum parts.

VP Pederson brought up the idea of removing the weeds by the dock. R. Gonzales has done that around his dock. He got a permit for a backhoe to clean it up, fabric, and then rocks and has had no problems. He did warn that the more you open it up, the more the geese use the area. The aquatic recommended by the PLPOA didn't work. Mowing didn't work. Geese cause issues with lawn. Fencing helps keep them out. R. Gonzales said they didn't clean out very far, but it's done very well.

ARCHITECTURAL REVIEW COMMITTEE REPORT (Richard Gonzales, ARC Chair)

R. Gonzales passed out the formal report package. Reported that ARC met twice and once with the board. Went over applications and status the past year as well as current. There were no major applications last year, no request for a pre-application meeting, and no minor applications. There was one landscape application for the Pederson residence, which was approved, and the work finished well and in a timely manner. There was application for tree removal on the Dundics' residence which was approved and the work completed. There are only two outstanding applications that ARC is aware of. One is a solar application for the Thomas/Lilly residence. It was approved, but the status is unknown. The second is a major application for Al & Kellie Gonzales' residence at 1281 Lakeside Dr., lot 16. It was approved on or about April 2021, and one extension was given by the previous ARC. Board member Balvanz stated that there is now a certificate of occupancy for Al & Kellie's house. Working on driveway completion which is at a standstill waiting for excavating. Anticipating work to begin 2nd week of July. The path next to Al's property will also be excavated when the driveway is done. Suggestion to survey the paths to know what land for paths is owned by the association. R. Gonzales said there is a checklist that ARC can use for what they are supposed to do and check for and that ARC must do an inspection before refund of the deposit can be made. He also indicated that the land for paths has already been surveyed and staked; we just need to take note of where those areas are.

President Dundics reported the box with all the documentation for the association was lost when Bob Sparks died. This is one of our major issues. John Scahill said he has electronic plans. Dundics asked that he get that to the secretary. In many ways, we are starting from scratch with documentation. We need to gather any documents people have, paper or electronic. Steve thinks the biggest void is in the ARC area – ARC documents. We need a plan as to where things will be stored so it's not lost.

Joyce Scahill asked about money for paths. Steve said about \$2000 is budgeted every year for overall general maintenance. The paths need to be cleaned up and gravel replaced. Upkeep on the paths provides for a safe and functional path that's attractive for guests and potential homeowners. Board member Al Gonzales recommends that the Board gets information about what's needed for the paths and what it will cost and put together a description. Need the dock fixed before we address the path.

Billie Taylor brought up that people have been driving on the gravel shoulders adjacent to properties with the road construction being done. Sometimes the placement of the cones necessitated that. She asked if property owners are liable for that and need to fix those areas. Desi, Al, and Elmer will drive around and look at the shoulders also check with road people. Joyce wants to know if we have someone to clean up the dead weeds on the shoulders once they are killed. We do need volunteers for a landscape committee.

NEW BUSINESS

Member David Bates presented his proposal for investments of road funds. He believes we missed a big opportunity to increase our road funds by a large amount by not investing in the stock market. Our biggest risk is that we would have insufficient funds for a major road expense. He made a motion that the Board and Treasurer invest 25% of our road fund in a balanced fund or index fund. R. Gonzales seconded the motion. Discussion followed with members expressing concern about the potential of losing money if it is invested more aggressively. John Scahill reminded the members that the HOA invested in bonds several years ago and lost money. He recommended that we do a reserve study to determine what we should be paying in each year to ensure that we have sufficient funds for future road maintenance or replacement. Treasurer Dayton said that we do have a current document projecting funds needed for the future but may not be useful since we don't know what costs 12-15 years in the future might be. Dayton reached out to the PLPOA and their controller and received a copy of their investment policy. The number one goal of that is safety and they only invest in Treasuries and CDs. VP Pederson also pointed out that investing in riskier funds could create insurance issues since board members could be held liable for losses. President Dundics expressed that he would not support investing other people's money without a policy in place. He proposed that our association comes up with a policy before any investing. Other members expressed their disapproval of any riskier investing. President Dundics asked for a show of hands if members are interested in developing a fiscal policy in line with the PLPOA policy, investing in CDs and Treasuries. Nearly all hands were raised. Then a show of hand for those interested in a policy investing in mutual funds that are riskier than CDs. Only Bates voted yes. Member Bates withdrew his motion. Based on this, President Dundics has asked that the new board develops or drafts a fiscal policy along with the treasurer that is communicated to the membership and will be decided whether it needs a membership vote since the declarations does give the board certain powers of governance. Consensus is that we adopt the same policy that the PLPOA has in place.

President Dundics introduced the proposal to make a change to the declarations to clear up wording, bringing the declarations in line with the wording in the construction guidelines. This

information, the explanation, and ballot were previously mailed out to members. He passed out the explanation and ballot and stated the need for 67% of the owners to approve to make this change. In 2020, changes were made because Colorado statutes came out that required changes to the declarations. An attorney drafted the changes, and we missed the fact that part of the declarations had been omitted. The board proposes a wording change in the declarations to correct an error in Article 4, Section 2, regarding the submission of plans. This change in wording would make the Declaration consistent with the wording in the Construction Guidelines document." The original Declaration said that plans must be approved by a licensed architect. Construction guidelines state that submitted plans must be approved by a registered architect OR a professional engineer. Construction guidelines would be overridden by Declarations which would be overridden by bylaws. The board is proposing that the wording in the Declarations to say that either an architect or a professional engineer licensed and registered in Colorado must approve plans. The proposed change would make the language the same as in the construction guidelines which is what was used when most of the people in EPE built homes. PLPOA requires neither. The plans just have to "look" professional. Alan Roth also indicated that the county also doesn't require an architect or engineer for homes. The argument against this proposal is that we should require approval by an architect. The board argues that we have many homes already built with the approval of a professional engineer. We only have six more lots left to be built. The question is whether we want to make the guidelines stricter with so few left. R. Gonzales said this issue has been on the table for a long time. He challenges the basis of the proposed amendment today. He suggests that this board establish a committee to look at the proper amendment, if there is to be an amendment. He stated his opposition to the proposal because he built here because of the value and built his home under the criteria of the CC&Rs. He is open to an amendment properly put forward and agreed by the membership. He opposes how this proposal has been brought forward. He brought up possible conflict of interest in the board that is representing this proposal. He stated that the majority rules but he wants members to understand the issue. G. Pederson went over our insurance policy coverages for the Association related to litigation brought against the Association.

B. Taylor asked for clarification as to whether the proposal is that an architect must draw the plans or just approve the plans. President Dundics stated that the proposal is that an authorized person (architect or engineer) has looked at the plans and approves them and puts their name to it.

This issue has been present for about 6 years and this Board decided to try to get this resolved. At the last Board meeting, they decided to investigate the issue. They did investigate and it was unanimously agreed to present the current proposal. This is not being proposed by a single member, but by the Board as a whole. We're moving forward with this ballot, and members can approve or disapprove.

R. Gonzales asked for the Board to be polled and each member disclose any potential conflict of interest. He believes that this would be better served by having a committee evaluate this proposal and issue. He asks that the Board be very clear as to which part of the Declaration is getting changed and which parts are unchanged. President Dundics asked for a general show of hands from the members if they feel that the Board is not following proper procedure in what they are proposing. Only one member indicated that they feel the Board is not following proper procedure. President Dundics then polled the board to see if each person is for or against the ballot proposal. Board member G. Pederson withdrew his for vote and abstains wondering if we needed to have R. Gonzales' viewpoint be part of the explanation. He expressed his concern that we may need a legal opinion as to if we can legally make these changes. Al-for, Desi-for, Glenn-for, Elmer-for, Gary-Abstain. Then President Dundics removed A. Gonzales from the vote

because of potential conflict of interest. But the Board vote for the proposal is still a majority. Based on that, Dundics moved forward with an official ballot vote. The proposal is asking for a modification, not an amendment. Needs approval by 26 members (lots). Once approved will have to be taken to the County and ratified and signed by President and Secretary.

President Dundics asked that members take the ballot and turn it in or keep it and ask questions and decide within the next 30 days.

OPEN – EXPRESSING HOMEOWNER CONCERNS

Request for information on how long it might be before major road expense. Board member A. Gonzales said the contractor thinks nothing major would happen in the next 16 years,

John Scahill stated that according to our documents & covenants, we're not enforcing those, especially regarding storage on their property. He said that in the past Kate Crawford sent out a survey and most members do want enforcement of those rules. PLPOA would enforce any PLPOA covenants but not ours. The issue is that no one want to be on a rules enforcement committee. Best thing is to bring up your issue with your neighbor and if you can't get resolution, then come to the Board.

ELECTION OF NEW BOARD MEMBERS

We appreciate and thank the service of board members Al Gonzales, Glenn Woodruff, and Elmer Balvanz whose terms as Director are expiring. The Association is looking for three volunteers to step up and fill those Board positions starting at the conclusion of the annual meeting. Two of these positions carry a term of two years, and one position carries a term of one year.

We have **John Thomas**, **Al Gonzalez**, and **Bobby Phillips** who have stated they would serve. Richard nominated, **Joe Rumsey**. **Richard Gonzales** and **John Hargreaves** both stepped forward to be considered. Desi asked each nominee to introduce themselves and their qualifications.

Each person was asked to vote for the three candidates. One vote per lot. If you have a proxy for someone, put that down on your vote. Sign your name and lot number.

Votes were counted. New board members are John Thomas, Bobby Phillips, and John Hargreaves.

ADJOURNMENT

Meeting adjourned at 3:30 pm. After a 15-minute break, the New Board of Directors will hold an Open Board Meeting for the purpose of selecting officers and ARC members. All property owners are invited to attend.