

Elk Springs Homeowners Association, Inc.

Minutes of the Water Facilities Management Committee Meeting

June 21, 2017

The Water Facilities Management Committee (the “Committee”) of the Elk Springs Homeowners Association, Inc. (the “Association”) held its organizational meeting on June 21, 2017 at 217 Monarch Road. The Agenda, that was distributed in advance of the meeting, is attached to and made a part of these meeting minutes.

In attendance were Mike McDill, Jonathan Kelly, Bob Sweikert and Evelyn Cole, comprising all of the members of the Committee appointed to serve by the Association’s Board of Directors (the “Board”). Also in attendance were Georgia Boyd and Bruce Cole.

Evelyn Cole discussed the roles and responsibilities of the Committee and discussed the Board Resolution to establish the Committee which is attached to and made a part of these meeting minutes. The Association’s Conflict of Interest Policy was circulated to all Committee members who were asked to sign the Policy. The Committee decided that Mike McDill would serve as the chair of the Committee and Evelyn Cole would prepare and maintain the minutes of all Committee meetings.

The Committee discussed the operations of the water business since the Association assumed responsibility of the operations, maintenance, repair and replacement of operations on December 31, 2015.

Georgia Boyd, Treasurer of the Board, indicated that financial results are not available due to issues encountered with the Association’s property management company. However, Georgia is tracking results on a cash basis and the water operations are generating an income and that the reserve for future water facilities repairs and replacement should approximate \$400,000 by the end of the year.

Environmental Process Control (“EPC”) is performing the services of water facilities operator as an independent contractor. The Committee reviewed EPCs annual water testing and facilities maintenance plan. Jonathan Kelly agreed to contact EPC to explore the impact of the water quality on the infrastructure.

The Committee discussed the following matters and developed the following actions steps:

- The Committee discussed the adequacy of the reserve and determined that a reserve study would be conducted in 2018 to assess the amount and timing of future repairs and replacement of the facilities. At that time, the Committee would update the Water Business Model and assess whether additional assessments or rate increases would need to be made.
- Evelyn Cole monitors the monthly meter readings to ensure that billings are being processed for supplemental water usage. Bob Sweikert indicated that he would notify Unit Owners whose meters have not been able to be read or are not

functioning properly. The Committee will research the cost of having all Unit Owners install remote readers and standardizing the meters used in Elk Springs.

- Bob Sweikert and Evelyn Cole will work with the Association's legal counsel to finalize a new agreement with Auburn Ridge Apartments.
- The Committee will research the pros and cons of a metro district concept for Elk Springs.

At 7:35 pm, a motion was made, seconded and unanimously approved to adjourn the Committee meeting.

I certify that the foregoing is a true and current copy of the minutes approved by the Committee.

/s/ Evelyn Cole

December 6, 2017

Evelyn Cole

Date

Elk Springs Homeowners Association, Inc.
Water Facilities Management Committee
June 21, 2017
217 Monarch Road
6:00 pm

AGENDA

- A. Call to Order
- B. Discuss roles and responsibilities as a Board Committee Member
 - i. Conflict of Interest Policy
 - ii. Maintenance of meeting minutes
- C. Appoint chairman of committee and minutes taker
- D. Overview of water operations at Elk Springs
- E. Financial overview
 - i. Water Business Model
 - ii. Financial Results for 2016 and through May 2017
 - iii. Billings and water usage
- F. Meter readings
- G. Water delivery agreements
 - i. Pinyon Mesa
 - ii. Auburn Ridge
- G. New Business
 - i. Water softener
 - ii. Other

**Resolution of the Board of Directors of
Elk Springs Homeowners Association, Inc.
Establishing a Water Facilities Management Committee**

In August 1997, Elk Springs LLC, a Colorado limited liability company, f/k/a Los Amigos Ranch Partnership, a Colorado general partnership (“Elk Springs, LLC”) conveyed to the Association the water rights necessary to provide water service to the Los Amigos Ranch Planned Unit Development, now commonly known as Elk Springs (the “Elk Springs PUD”) and Red Canyon Water Company, Colorado corporation (“RCWC”) conveyed to the Association certain water facilities used to provide water service within the Elk Springs PUD. In November 1997, the Association and RCWC entered into a Water Facilities Management Agreement (the “Agreement”) whereby RCWC would operate, maintain, repair and replace the water facilities in such a manner as to provide potable water to all users within the Elk Springs PUD. On December 31, 2015, the Agreement was terminated. On November 28, 2015, the Association entered into an agreement with Environmental Process Control Inc. (“EPC”) (the “EPC Agreement”) whereby EPC will perform the services of the water facilities operator as an independent contractor.

Pursuant to Article 9.1 of the Second Amended and Restated Bylaws of Elk Springs Homeowners Association, Inc. (the “Association”) (the “Bylaws”), the Board of Directors of the Association (the “Board”) may appoint committees and committee members. as appropriate, in carrying out its purposes. The Board desires to establish a Water Facilities Management Committee to assist the Board in the oversight of the Association’s water rights and water facilities necessary to provide water service within the Elk Springs PUD. Initially capitalized or terms defined in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Elk Springs, Garfield County, Colorado (the “Declaration”) and the Bylaws, shall have the same meaning herein.

The duties of the Water Facilities Management Committee (“WFMC”) are as follows:

1. Review the performance of EPC against the terms of the EPC Agreement and provide a report to the Board annually as to the results.
2. Review the completeness and accuracy of semi-annual billings to Elk Springs HOA users on a semi-annual basis and, on a quarterly basis, review the completeness and accuracy of monthly billings to other users. Any discrepancies are to be directed to the Managing Agent for resolution.
3. Review and update the Water Operations Financial Model on a biennial basis and provide recommendations to the Board for the following:
 - a. Adequacy of Water Reserve Fund balance; and

- b. Need for rate increases.
- 4. Develop Plan for the repair and maintenance of the Water Facility Assets in order to determine the adequacy of the Water Reserve Fund balance.
- 5. Review operating results of the Association's water operations on a quarterly basis and report to Board.
- 6. Review all water delivery agreements on an annual basis and determine compliance with the terms of the agreements; report findings to Board.
- 7. Review these duties on an annual basis and make recommendations to the Board for updating and/or revision.

The WFMC shall have authority to act only to the extent designated in the Declaration, Articles, these Bylaws, Policies, the Rules and Regulations or as delegated by the Board. The Board shall also have the power to remove any and all committee members with or without cause and to terminate any such committee unless stipulated by the Declaration. Vacancies in such committees shall be filled by the Board.

PRESIDENTS CERTIFICATION:

The undersigned, being the President of the Elk Springs Homeowners Association, Inc. Board of Directors certifies that the foregoing Board Resolution for the establishment of a Water Facilities Management Committee was adopted by the Board of Directors at a duly called and noticed meeting of the Board of Directors held on June 12, 2017 and in witness thereof the undersigned has subscribed her name.

President, Elk Springs Homeowners Association,
Inc. Board of Directors

Date Adopted