

# Panorama Ranches

## **RECORD OF PROCEEDINGS 2012 ANNUAL MEETING**

January 19, 2013 Missouri Heights Schoolhouse  
Attachment 1 – Roll Call Attachment 2 – Approved Budget

### **CALL TO ORDER**

The 2012 Annual Meeting was called to order at 5:45 p.m., by Board president Jennifer Lassiter. New owners Doug and Brooke Cernonek were recognized, and new owners Flynn, Earthman, and De Pietro acknowledged, though they were not able to attend. Jennifer thanked the owners present for attending, introduced the Board and then introduced Association Manager Keith Edquist, to call the roll.

### **ROLL CALL, NOTICE and QUORUM**

Keith Edquist, Association manager, Edquist Management and Real Estate LLC, stated that Notice of the meeting had been mailed and that a quorum of owners was present, either in person or by proxy. He then called the roll. There were 19 owners present and 17 proxies, making a total of 39 owners' votes represented, of the 56 lots. Those who have more than one vote because of proxies or multiple lots are noted. (see Attachment 1-Roll Call) Jennifer asked for a motion to approve the minutes from the last annual meeting held January 28, 2012. There followed a motion to approve these minutes, which was seconded and passed. These approved minutes of the annual meeting for 2011 will be posted to the website.

### **MANAGER'S REPORT**

Manager Edquist began by saying there were now 41 Panorama owners as users activated for the website, Panoramaranches.org He said he had worked on the website adding the most recent minutes and financial reports, an owners' list and directory of services. He also said the Consumer Confidence Reports (CCRs) on Panorama's water quality were listed and that he had added a Google Earth map of the subdivision. He then passed around copies of Common Ground and Common Interest magazines as examples of the issues faced by homeowners and homeowner associations today. He said there are increasing numbers of associations in America, and more regulation of their operations as time goes on. He said he felt many self-managed associations are falling behind in keeping up with record keeping and legislative changes.

Mr. Edquist recapped legislative changes in Colorado that affect homeowners associations, specifically SB100 from 2006, which required Responsible Governance Policies, which Panorama has in place, and HB 1237, just passed by the legislature. He characterized SB100 as the "Homeowners Bill of Rights" and said it was an attempt to make the workings of an association clear and transparent to its members, and assure their representation and access to records. HB1237 continues this effort, in listing records an association must maintain and have accessible, records it may withhold from production, and records it must withhold from production. He concluded by saying owners may, and should, contact him to address any and all matters for which the HOA has jurisdiction and/or an interest, and for anything in respect of Board/management/budget/information/and HOA organizational documents

**ACA REPORT**-Owner and Architectural Control Authority chairman Janver Derrington presented a brief report on the committee's activities in 2012. He said there had been little activity in the subdivision this past year, but recounted a garage addition, a deck extension, exterior painting and lighting issues. The present members of the ACA are himself, Hans Brucker, Doug Lassiter, Dave Zamansky and Ben DeSugny. The ACA should be notified, in advance of the work, of changes, remodels and upgrades to homes and landscape in the community. He reminded owners that any visual changes to home exteriors need to come to the Architectural Control Authority for review.

### **WATER OFFICER'S REPORT**

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President Lassiter introduced Water Officer Davis Farrar to present the water report, and recap the improvements made to the water system, wells, electrical panels, monitoring equipment etc. over the last 2 years. This was done by means of a PowerPoint presentation, in which Davis reported on his activities in respect of routine maintenance and testing of the wells, pumps, storage, treatment and delivery systems for domestic water in 2012. He said there have been no issues with Panorama's water quality in 2012, and reminded owners that Consumer Confidence Reports (CCRs) on the water system are published each July, and are posted on the website for users review. He reminded owners that there are no springs in Panorama Ranches, and that any surface water is likely indicative of a leak and should be reported and investigated as soon as discovered.

Mr. Farrar's report gave the following as his 2012 activities

- Monthly H2O Coliform Testing
- Maintenance of and weekly testing of Cl Levels in System
- Annual State mandated testing
- New well on-line, electrical controls and panel rebuild, new tank control probes, drain & inspect Cl contact chamber, replace booster pump, install dbl wall Cl mixing tank
- Responded to 6 water system outages, 2 service line leaks & 1 water main break
- Consumer Confidence Reports
- Analysis of water rates
- Attendance at Pan. Board Mtgs.
- Routine System Maintenance– flushing hydrants, exercise valves, inspect water tank

The 4<sup>th</sup> and 5<sup>th</sup> bullet points above addressed the 2012 Water System Improvements and some of the operational repair and maintenance expenses incurred in 2012.

The presentation also included photos of the new well, pumphouse improvements (tank control probes and booster pump), electrical panel and cabinets, and the chlorine contact chamber. This was followed by a graph of capital income and reserves versus actual by year capital expenses, showing projected expenses and actual expenses against the reserve fund balance. This was followed by a graph of system water use over the course of several years, showing a peak water use of over one million gallons per month in both July and October of 2012. The October reading was related to a significant water line break on Sunlight Drive, which was promptly repaired but not without significant water loss.

Water Officer Farrar also included a slide of the Panorama Water System, showing its main lines, hydrants, water valves and their relation to the conservation and equestrian easements and open space.

Davis said there are close to 9 miles of main line water pipe in Panorama, and failures can and do occur over time. Mr. Farrar recapped the expense of 2011 and 2012, and noted that some expenses originally anticipated for 2013 may not be necessary until a later date. While a moving target, overall the capital expense of the 5 year plan remains at just over \$104,000 in expenditures. The Board has consulted with Davis in respect of capital improvements needed through 2017, and those costs have been taken into consideration in the preparation of the proposed 2013 budget. Capital expense forecasts have not matched in-the-field realities, but the 2011-2012 improvements completed are not beyond the original scope of the funding proposed in the original 2009 5-year plan. 2013 is the final year of that original proposal in regard to capital funding for the association's commonly owned assets. It is anticipated that capital funding for the water system will need to continue beyond the 2013 fiscal year.

As in 2011, as this year's capital improvements were undertaken, changes in the order, necessity and costs of the various pieces have changed. There were unanticipated failures in the old system electrical panels this year, as well as the October main line break. This concluded Davis' presentation, and President Lassiter asked Manager Edquist to present the 2013 budget and actual 2012 expenses through December.

## **BUDGET REVIEW**

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Manager Edquist then reviewed the proposed 2013 budget for Panorama Ranches, noting that assessments will increase by \$25 per quarter, though the capital expense contributions will remain the same this year as last. This is proposed as a method for re-building funds in the capital reserve account, which has been drawn down over the past 2 years as improvements were made to the water system.

Keith presented the year to date actual expenses of the 2012 budget and the proposed 2013 budget by means of a spreadsheet previously mailed to all owners. The big picture shows Panorama over budget this year in operations by \$17,603, and over budget in the capital reserve section (the well and water system work addressed above) by \$9,704, for a net over budget amount of \$27,307. This drawdown in association equity ultimately generated a long and heated discussion in regard to the 5-year capital expenditure plan, the condition of the buried water lines, and the level of funding present or desired in the capital reserve account.

The over budget situation in operations stemmed from a significant water line break on Sunlight Drive in October of 2012, combined with a series of electrical problems at the pump house which threatened the water supply. The line break was repaired quickly by excavation and replacement of a cracked length of water line, and then (per Garfield County requirements) paved over with asphalt. The overall cost of this repair was in the neighborhood of \$7,500. Electrical problems with the old pump and control panel this past fall also were placed into the "repairs" category of expenses, and totaled \$13,550. These repairs were made, and necessary, simply to have the water system function to provide well water to the tank and thence to the homes. Suggestion was made to allow for periodic line breaks in the budgeting process, which the Board may consider after the history of prior main line failures and costs can be reviewed.

The over budget condition in the capital reserve section of actual 2012 expenses resulted from the need to address actual conditions of the capital improvements to the water system as they arose last year in consequence of the work to be performed. Over the 5 years of the originally approved capital expenditures plan, realities in the field have not necessarily mirrored the anticipated yearly expenses forecast in 2009. The 5-year plan was a forecast of expected expenses and needed improvements for the water system over time. It proposed overall expense from 2010 to 2014 of \$104,034. The expenditures to date through the end of 2012 are \$87,441. Despite, therefore, forecasts not matching in-the-field realities, the improvements completed are not beyond the original scope of the funding.

Regardless, there was considerable discussion on the level of present reserves, the need to re-build the reserves and to what levels, and the overall need to account for unexpected failures of the aging water lines, which must be repaired when they fail, but at some unknowable cost. In relation to the proposed budget, there was controversy as to how to go about re-building capital reserves, and to what level they should be funded, given the aging water lines (some 9 miles of line, according to Water Officer Farrar). Some felt there should be an allowance made in the budget for leaks such as occurred this fall in every budget, which would increase the operations section of the budget and those assessments. Others saw the need for a study of assets and their expected usefulness over time, in order to have funds to replace these when they fail. This amounts to a reserve study to project future capital funding needs of Panorama, which would impact the capital reserve side of the budget and the quarterly assessments from owners needed there.

The Board had discussed these matters in coming to the proposed 2013 budget, as ultimately the funds for operations and for capital improvements come from owner assessments, either one pocket or the other. This being the case they presented a budget which in 2013 will increase operations assessments and leave capital contributions the same as originally proposed in the 5-year plan. The proposed budget will generate, if all goes according to plans, income of \$9,460 on the operations side, and \$10,450 on the capital reserve side. This should replenish the capital fund overall by \$19,910, leaving the capital reserve balance at the end of 2013 close to \$40,000.

At length there was a general determination that these matters had been thrashed out, and the Board given direction to address capital expenditures and their expected costs over time. Manager Edquist

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said he agreed a summary of the work on the water system the past 3 years was due to owners and that it would be produced and distributed. After review of the budget and its overall changes, there was a motion by Ed Brown, a second by Jack O'Neill, and unanimous approval to adopt the 2013 budget as proposed. Owners and Board members holding proxies were polled and voted those proxies as directed.

## **OLD BUSINESS**

There was again discussion regarding utilizing a single trash service, and a request to obtain bids for this. It was noted that weed control on vacant lots and in the common space continues to be a concern. (Garfield County offers a weed cost share program for property owners, see <http://www.garfield-county.com/vegetation-management/index.aspx>, or Google Garfield County weed cost share).

## **NEW BUSINESS**

Owner Lance Quint suggested the Board look into the Clean Energy Collective in regard to the electric use by the water pumps. Janver Derrington addressed his concerns regarding the Mountain Meadows Ditch Company and possible plans to pipe sections of the ditch running through Panorama. Dale Ahrens wants to get a group of owners together this spring to take down a disused fence lines posts and barbed wire in the open space. There was wide support for doing so. Wayne Hall wanted to look into alternative providers for internet services in Panorama, saying those available now are inadequate.

## **BOARD OF DIRECTORS**

President Jennifer Lassiter thanked Director Tim Moore for his service to the Association on behalf of the Board, the Owners and Management. Tim's term is at an end and he will leave the Board after five years and serving as Director at Large this past year. The Board meets about every two months, Directors serve a minimum two year term, and generally graduate to more responsible Board offices over time.

Jennifer called for nominations for the Board to replace Director Moore. There were no nominations from the floor, until owner Wayne Hall rose to volunteer to serve on the Board. The nominations were closed, and Davis Farrar spoke in favor of Wayne's participation. The owners accepted Mr. Hall to the Board by acclamation. The new Board consists of Patty Heydenberk, Susan Burr, Tony Merkel, Wayne Hall, and Jennifer Lassiter. The Board elects its officers and will do so at the next meeting.

## **ADJOURNMENT**

The Annual Meeting was adjourned at approximately 8:00 p.m.

Respectfully submitted

Keith Edquist, EMRE LLC, Association Manager

PANORAMA RANCHES OWNERS ASSOCIATION, INC.

Jennifer Lassiter, President