

Red Creek Ranch POA Annual Meeting

August 24, 2013

Held at the Red Creek Volunteer Fire and Rescue

Meeting called to order at 10:10am

Board: Gary Kuzniar, President, Chani Owen, Secretary, Frank Lilley, Treasurer, Calvin Smith and Bob DeMarrais, Member at Large.

Website: <http://redcreekranch.org/>

Gary Kuzniar opened the meeting with a reminder that those wishing to speak please introduce themselves. There will be no shouting or talking over others and to keep questions and comments brief and to the point.

Ingrid Mass asked about the video cameras. Gary replied that the meeting is being videotaped to help the Board comply with State regulations that require accurate minutes of the meeting and was approved by our attorney (Banner and Bower, 115 Riverwalk, Pueblo, CO – the attorney who worked with the Ranch since its inception in 1994 and did the division of the Ranch in 2004).

Gary introduced Pueblo County Sheriff's Department Deputy Burgos as security for the meeting.

Gary addressed the Concerned Property Owner's Letter. He explained that our attorney advised the Board not to respond to any anonymous emails or letters. If the group would like to identify themselves he would gladly answer any questions in the letter during the open discussion period at the end of the meeting. Ingrid Mass indicated that she and Gabe Trapani were the authors of the letter. Gary noted that the Board has not had any requests to attend a prior Board meeting from any property owner.

At this time the meeting was turned over to Fire Chief Jesse Stewart who discussed fire mitigation.

There was discussion from the floor about voluntary compliance.

Gary thanked the Fire Chief and then recognized the Board Secretary for the membership vote count.

Chani Owen reported 42 total votes comprised of 25 lot votes present and 17 proxy votes, so there was a quorum. Ingrid questioned the voting of the previous year. Gary reviewed the statistics for the voting in 2012 with discussion from the floor. Alan Lucas gave an explanation on how the voting was done last year. Gary also noted that everyone that was on last year's ballot is currently serving on the Board.

Gary reminded everyone that this Board is not responsible for the actions of past Boards. Numerous times throughout the meeting past Board issues were brought up and the current Board had to remind everyone that this Board cannot answer for past Boards.

The road report was made by Bob DeMarrais. Please see the website for the report.

Calvin took issue with the statement in the Concerned Property Owner's Letter indicating that the roads are "in deplorable condition." Many members complimented the Board on the condition of the sections reworked in January and April.

Discussion:

Alan Lucas expressed the need to address the culverts. Most of the culverts are property owner issues, but some are ranch issues. There is a line item in the budget for culverts. Kathy Primer suggested that there be a special request in the minutes asking property owners to attend to their culverts to make sure that they are clean and in good repair.

Ingrid asked if it is cheaper to use Seifert Excavating or do the roads ourselves by renting equipment from Wagner. She insisted that Wagner will provide workman's comp for drivers we provide.

Note: After the meeting the Board checked with Wagner Rents who stated that they do not and never have offered Workman's Comp. to a renter nor the renter's operators.

Gary explained that no one on the Board is a road expert and that is why we hired road experts who are licensed and insured.

Frank presented the Financial Report. Please see the website for the report.

At the end of 2012 we went from an accrual method to a cash method of accounting. This was recommended by our CPA and our attorney who felt that since we are such a small association and the Board Members change every year, cash accounting is much simpler. We also moved what funds that was in the Reserve Fund into the General Fund. The Reserve Fund was money set aside primarily to finishing the east side of the front entrance. That work was cancelled in 2012. We wanted to make sure that all excess funds were applied to the roads.

Alan Lucas observed that we show only three property owners that have not paid their dues and one reason past Boards used accrual accounting was to track delinquent property owners. Alan felt that there might be more delinquent property owners from past years. There was discussion from the floor about how best to track delinquent property owners. Frank will review past Association records to see if there are any more delinquent property owners.

We anticipate paying approximately \$4,500 in road repair costs from recent storm damage. We rented a track hoe to fix all the crossings on Bronquist Road, which Alan graciously volunteered to operate for us at no charge. That will give us about \$6,500 going into the winter. Of that, we would like to set aside \$2,300 as a contingency fund for snow removal or anything else that comes up while we wait to collect dues for 2014. That will leave us roughly \$4,200 to use on the roads for the remainder of this year.

2014 Budget. Please see the website.

The Budget is based on 100 lots at \$239 each which includes a 1.7% cost of living increase of \$4 per lot.

Janna Webster proposed a \$61 special assessment to go specifically to roads and culverts.

Frank pointed out that unless we have more than 50% of the votes present, we cannot pass that, however we can vote to make a recommendation to the Board. The recommendation was passed by a raise of hands.

Alan made a motion to accept the 2014 Budget. It was seconded by Janna and passed by voice.

Frank noted that the website is easy to maintain. Any funds allocated for maintaining the website have been returned to the road fund.

Gary announced that we need three new Board Members and asked for nominations. Frank Lilley, Chani Owen and Larry Gilgallon were nominated. As there were no other nominees, all nominees were voted in by voice vote.

Gary quoted a section of Gabe and Ingrid's letter concerning the POA controversy. He then read from the Director's book which was handed to the Association when it was formed in 2004. In it is the application for an EIN number filled out by our attorney on October 6, 2004. There are several choices to describe the corporation and the attorney chose HOA to describe our Association. On October 16, 2004 the Association received a letter from the IRS stating that we must file form 1120H. As far as the IRS is concerned we are a HOA. These documents are posted on our Web site.

Frank stated that we are a non-profit corporation. According to our CPA and our attorney, we have to file taxes. The question becomes which form you file. If you file 1120H, which is the HOA form, there are some advantages. All the dues that we collect are exempt. The only thing we pay taxes on is revenue that does not pertain to our activities, like the cattle grazing and it is taxed at 30%. If we were to file the straight 1120 form for non-profit corporations all revenue including dues are taxable at 15%, less expenses. Our CPA felt that 1120H was the proper form for us to file as it gave us the best advantage. If the Association wants to, we can have a CPA attend a Special meeting to discuss this.

Ingrid made a motion to hire a tax attorney to come to a special meeting to go over our tax options. There was discussion on the cost and need. The motion was not seconded so no vote was taken.

Gary made a motion to adjourn the meeting. Frank seconded the motion.
Meeting adjourned at 12:29pm