

Silver Spurs Ranch
Property Owners Association
P. O. Box 293
Walsenburg, CO 81089
“A Covenant Restricted Community”

12th Annual Meeting Minutes
July 18, 2009

President Jim Morine called the 12th annual membership meeting to order at 1:00 PM, July 18, 2009 at the United Church of Walsenburg, Colorado.

The first item on the agenda was the reading of the minutes from the previous annual membership meeting. Copies of the minutes were given to all attendees and Elmo Brown made a motion that we dispense with the reading of the minutes and accept them as presented. The motion was seconded and the vote carried the motion.

The next agenda item was the Treasurer’s report. Gary opened his presentation with required information concerning the Property Owners Association. The POA did not have any tax liability, paid no federal or state taxes. No member of the board received a salary or any compensation. Gary indicated that he would give the treasurer’s report and go right into the road report. He then presented the Silver Spurs Ranch financial information as follows. First was the Profit/Loss and Reconciliation statement for the calendar year 2008:

SILVER SPURS RANCH
PROFIT/LOSS AND RECONCILIATION STATEMENT
(JAN 1 – DEC 31) 2008

INCOME	DUES	\$50,633.00
	GRAZINE LEASE	7,500.00
	INTEREST INCOME	6,162.22
	SAN ISABEL REFUND	4,358.51
	TOTAL	\$68,653.73
EXPENSE	ROAD MAINTENANCE	44,839.29
	SNOW REMOVAL	1,430.00
	INSURANCE	2,735.00
	OFFICE SUPPLIES	107.29
	INCOME TAX PREP	290.00
	POSTAGE	232.58

LIEN FILING FEES	24.00	
WEED SPRAYING	440.53	
PICNIC GIFTS	708.80	
ANNUAL PICNIC	602.81	
MISC EXPENSE	287.58	
LEGAL EXPENSE	345.00	
PERIODIC REPORT		
P.O. BOX RENTAL	42.00	
WEB PAGE	165.40	
CROSSING REPAIR	1,056.78	
TOTAL		\$53,307.06

NET INCOME \$15,346.67

RECONCILIATION

RETAINED EARNINGS (JAN 1, 2008)	\$183,704.66
NET INCOME	15,346.67
TOTAL	\$199,051.33

CD BALANCE (DEC 31, 2008)	\$150,000.00
CD BALANCE (DEC 31, 2008)	35,400.86
CHECKING BALANCE (DEC 31, 2008)	13,650.47
TOTAL	\$199,051.33

President Jim Morine asked if there was a motion to accept the 2008 Profit/Loss and Reconciliation Statement as presented. Elmo Brown made the motion, it was seconded and carried by vote of the membership. Next was the partial current year Profit/Loss and Reconciliation Statement for the period January 1, 2008 through June 30, 2008:

SILVER SPURS RANCH

PROFIT/LOSS AND RECONCILIATION STATEMENT (JAN 1 – JUN 30) 2009

INCOME	DUES	\$48,589.17
	GRAZING LEASE	2,500.00
	INTEREST INCOME	5,488.99
	SAN ISABEL REFUND	
	TOTAL	\$56,578.16
EXPENSE	ROAD MAINTENANCE	\$10,769.68
	SNOW REMOVAL	250.00
	INSURANCE	

OFFICE SUPPLIES	112.90
INCOME TAX PREP	304.50
POSTAGE	190.75
LIEN FILING FEES	54.00
WEED SPRAYING	328.10
PICNIC GIFTS	
ANNUAL PICNIC	
MISC EXPENSE	40.60
LEGAL EXPENSE	172.50
PERIODIC REPORT	
P.O. BOX RENTAL	
WEB PAGE	120.40
TOTAL	\$12,343.43

NET INCOME \$44,234.73

RECONCILIATION

RETAINED EARNINGS (JAN 1, 2009)	\$199,051.33
NET INCOME	44,234.73
TOTAL	\$243,286.06

CD BALANCE (JUN 30, 2009)	\$155,246.56
CD BALANCE (JUN 30, 2009)	35,643.29
CHECKING BALANCE (JUN 30, 2009)	52,396.21
TOTAL	\$243,286.06

The next item on the Treasurer's report is the proposed budget for fiscal year 2010, which was presented as follows:

SILVER SPURS RANCH
PROPOSED BUDGET
FISCAL YEAR 2010

INCOME	P.O.A. DUES	\$49,560
	GRAZING LEASE	5,000
	INTEREST INCOME	5,000
	GROSS INCOME	\$59,560
EXPENSE	ROAD MAINTENANCE	\$45,000
	SNOW REMOVAL	2,500
	INSURANCE	3,000
	LEGAL EXPENSE	500
	ANNUAL PICNIC	600
	PICNIC GIFTS	700

OFFICE SUPPLIES	600
NEWSLETTER	550
WEED CONTROL	500
POSTAGE	350
LIEN FILINGS	100
WEB PAGE	150
MISC EXPENSE	350
P.O. BOX RENTAL	40
INCOME TAX PREP	300
TOTAL EXPENSE	\$55,240
NET INCOME	\$ 4,320

Mary Fisher asked a question concerning the San Isabel Refund item on the financials. She asked if there was a contract indicating the refund would go to the POA, or should it be passed on to the individual property owners. Gary indicated that as he understands the situation, the Property Owners Association paid for running the electrical lines on the ranch, the contract allowed the association to share in the profits that San Isabel makes through the sale of electricity. The contract term is for approximately 7 – 8 years. Elmo Brown pointed out that as a little history, the POA, in it's second year in existence, voted to incorporate the electrical refunds into the general fund.

President Jim Morine asked if there was a motion to accept the financials as presented. Preston Roberts made the motion, it was seconded and carried by vote of the membership.

Gary Geiselbrecht next presented the road report. He first made a comment that as one of the residents who has lived in the ranch the longest, he feels that the ranch roads are in better shape now than they were when he moved here in 1997. Jim White commented that they are not as good as they were in 2000/2001. Gary pointed out that our road maintenance had suffered for several years due to the fact that road gravel was hard to come by. The gas companies in Trinidad were buying up as much gravel as could be produced and were paying top dollar for the material. The situation has improved lately and hopefully the material will now be more readily available. One more comment that Gary had was that we have more residents on the ranch now than ever before, we see more UPS, FedEx deliveries every day, some folks have trash dumpsters that are emptied regularly, some haul their own water, Weber water hauls water. He suggested that if everyone could try their best to avoid driving on the ranch roads when they are wet, it would prevent the ruts that make our trips so eventful.

Relative to the road budget for 2008, we budgeted \$42,000 for road maintenance and spent \$44,839. Part of the reason for the budget overrun was the damage from one large rainstorm, which washed over roads and eroded the low water crossings. Approximately \$8,000 was spent on gravel for Cherokee Lane for new resident Evenden, \$11,000 for gravel on Silver Spur Road from Ideal Road up to the bottom of the hill by Ed Lyon's property. \$6,700 was spent for gravel for Legend Lane for new resident Fishinghawk. The work done on Legend was just to improve the worst of the areas. \$4,200 was spent on surfacing Chaps Court for new resident Garb. In December there was room in the budget for more gravel work, so \$10,000 was spent and allocated to three areas. One was on Rope Court for new resident Matherne; a short stretch of Boot Court was surfaced since it was missed in 2007; the rest of the gravel was placed on Silver Spur Road from the top of the hill by Ed Lyon's to Rowell Road. New road signs were installed at a cost of \$2,000, \$1,800 was spent grading the roads after the damaging rainstorm and repair to the damaged low water crossing on Silver Spur Road cost \$1,000. That concludes the roadwork performed in 2008.

In 2009, due to severe erosion on Rowell Road and also Sunrise Road, which had been neglected for several years, the roads were graded and ditches reopened. Large rocks were strategically placed to properly divert water into 6 newly installed culverts to prevent washing over the road. One culvert was installed on Rowell and the rest on Sunrise. The low water crossing on Silver Spur Road was dug out as well as a buried culvert near Rich Wyland's property on Silver Spur Road. New gravel was placed on .6 mile of Silver Spur Road heading south from Rowell and there is still 1.2 miles to resurface. Gary pointed out that a new cattle guard was purchased for the south entrance to the ranch.

The priorities for 2010 are to get some gravel placed on Sunrise Road. Approximately half of Sunrise Road needs work. Also, as those who will attend the picnic later will witness, Rowell Road from the low water crossing going up the hill needs work. Gary is hopeful that our budget will permit us to do a spring and fall grading on the roads as well. Gary presented a proposal that out of our retained earnings, we spend an additional \$50,000 for road work on a one-time basis. In 2009, part of that amount will be spent on resurfacing approximately ½ mile of Sunrise Road where the culvert work was done. That will cost approximately \$11,000. The remainder of the money will be spent on Rowell Road to firm up the soft spots with new gravel. The remainder of that money will be added to the budget for 2010 and spent on finishing Rowell Road. This should leave approximately \$160,000 in retained earnings. Gary pointed out that several years ago, the board passed a resolution that we would keep 2 years worth of dues in a reserve for emergencies, such as a major wash-out of a low water crossing, a lawsuit, etc.

Judy Dexter asked for clarification of the road maintenance expenditures for 2009 and 2010. Gary indicated that for 2009 it would be the \$45,000 already budgeted plus \$20,000 additional from this proposal for a total in 2009 of \$65,000. In 2010, it would be the normal \$45,000 budgeted plus an additional \$30,000 for a total of \$75,000. Gary was asked about resurfacing of the south end of Silver Spur Road. He indicated that it is not in the budget for at least until 2011. Gary pointed out that to gravel 1 mile of road costs approximately \$19,000 plus grading. With an annual budget of only \$45,000 for road maintenance, that does not get much work done each year. Concern was expressed that the north end of the ranch gets more attention due to the more dense population, but the south end still has issues with washed out spots and slippery roads. Mary Fisher asked why Silver Spur Road gets continuously resurfaced. Gary pointed out the high traffic volume on the north end of Silver Spur Road. It was suggested that the board look at Silver Spur Road at the south end when it is wet. Gary promised to look at the road while the work is done on the cattle guard. A suggestion was made to try to obtain roto-mill to surface the road. While it has its pros and cons, Gary doesn't think that it is presently available.

A question was asked about road maintenance priorities. Specifically, it seems that Gary's work on Sunrise could save the POA a significant amount of money if it prevents a total washout of the road. Gary indicated that the \$11,000 went to re-doing the ditches new culverts and re-direct the water flow coming off the top of the hill to prevent washouts. Another question concerns the amount of traffic on Rowell. Gary referred to the large number of residents on Rowell and Sunrise who have water hauled. He felt that Rowell did have more traffic than the south end of the ranch. Gary also pointed out that there are a significant number of contractors building in the ranch causing more traffic.

Spencer Snow asked if there was a reason that a road grader was parked along Silver Spur Road near the low water crossing for 8 months. Mike Ferraro left that grader while awaiting repair parts. Gary said that he would make sure that Mike removes the grader once resurfacing was completed. Carole Snow indicated that there were some serious concerns expressed by members living on the south end of the ranch. Carole suggested that before we consider working on Rowell and Sunrise Roads, we should consider the concerns expressed at the meeting with respect to Silver Spurs Road at the south end. Gary indicated that Rowell and Sunrise were in the most need of repairs and if there were any money left after they were repaired, it would be added to the 2010 maintenance budget.

Mary Fisher suggested that we consider a different contractor to complete the work at a faster pace, for the safety of the residents. Jim White asked

why we couldn't get the road base from Leone's rather than from Ferraro. Gary said that the material from Ferraro contains more rock than Leone's. Jim complained that before road base was placed on Silver Spur Road was put down without grading the road first to eliminate the washboarding. Gary explained the application process and assured that final grading will improve the road surface.

Concerning the improper storage of the road grader, a question was asked about a parcel of land on the ranch that had been set aside for storage of heavy equipment. Neither Gary, nor any of the board members had any recollection of that being done, but Gary pointed out that Mike Ferraro had 600 acres of land available to store equipment at Blackhawk Ranch and there was no need for him to store anything on Silver Spurs.

Finally, the motion to accept Gary's proposal was brought to a vote and it carried.

Next on the agenda was the ARC report from secretary Bud Palmer. Since the last meeting there have been 4 applications for ARC approval for buildings on the ranch. All 4 have been approved. They are as follows; a barn/storage building on lot 138; combination residence/storage building on lot 29; addition to garage for storage, lot 88; Morton building on lot 26. A member asked how many houses are presently on Silver Spurs. Gary guesstimated about 35 or 36 if you count barns. A question was asked concerning the time limit to complete a structure. While the POA has no time limitations, the county building permits are only valid for a period of 1 year.

OLD BUSINESS:

Noxious weed control – the POA has chemicals available along with sprayers for use by residents to aid in controlling the invasive weeds.

Alane Wilson made a presentation concerning the weed issue on the ranch. She has taken classes through the CSU Extension office in their Native Plant Master Class. She said that there were a lot of really wonderful native plants on the ranch, but there were also a lot of really bad plants on the ranch. While the ranch does not currently have a problem with tamarisk, we should be vigilant in removing it should we see evidence of tamarisk in the arroyos. Our biggest problem is the thistle. We should continue efforts aggressively to eliminate the thistle. Proliferation of this plant could adversely affect the property values on the ranch. She also mentioned that we are seeing more of a reddish brown grass along the ditches at the side of the roads. It is called cheat grass. It blooms very early in the spring and by the time the animals are foraging, the grass is already of no use. It inhibits growth of good grass and cheats the animals

out of good forage. She indicated that we should work hard to control this plant. Alane provided reference material to assist residents in their efforts. Alane asked property owners to do research before planting to prevent problems with invasive species. She planted an attractive plant only to discover that it was called "bind weed". It has a 20-foot deep taproot and if you try to pull it out, it will break and send out runners creating new plants. It is very hard to control. Jim Morine added that when cheat grass dries out, it is very susceptible to fire. Larry Waltz mentioned that on the thistle plants, once the plant flowers, and the only way that you can stop the seeds is to cut and destroy the head. At that point, even spraying is of no use as the seeds will still germinate. Jim Morine reminded all present of the no open fire request. Conditions are dry and fire easily spread. Gary also cautioned to watch for rattlesnakes. One property owner was bitten recently and had a serious reaction.

Bud Palmer next addressed the POA website. He has received much feedback concerning the website and indicated that he is working with our web designer on a new site that will be more user friendly. It will allow for quicker updates and will have the features that the property owners have requested. He said that the website should be online within just a few months. The web address will remain the same, www.silverspurspoa.com. Carole Snow questioned the dissemination of information to those property owners who do not have web access. Bud indicated that would be addressed along with the web site changes. Gary pointed out that one of his neighbors, Diane Matherne, has agreed to assist with the Newsletter.

New Business

There had been a request made by Jim and Judy Dexter for an audit of the books. Jim Morine pointed out that CPA audits are extremely expensive, often several thousand dollars. He mentioned that our books could be inspected at any time. One of the members asked if there was an arrangement of any kind for an independent review of our books. Gary responded that there was not. Back in 2006, a board member requested an audit. Gary explored the procedure of having an audit done and found that one firm required a \$4,000 retainer, which, he was told, would probably not cover the entire cost of the audit. Due to the cost, Gary sought an alternative source. He obtained the services of a CPA in Walsenburg, who performed a financial review. The result of this was a letter stating that there was nothing wrong with the books, everything balances, but the CPA could not issue an official opinion, due to the fact that the POA had not supplied disclosure statements. This financial review cost \$600 to complete.

Gary volunteered information concerning how the board conducts its' business. The board does not handle any cash whatsoever. We don't have

a petty cash fund. To spend any money, all checks, according to our by-laws, must be signed by two board members. To put money into the CD's requires two signatures. Every dues check is logged in with lot number and name, also, all expenditures are put into a ledger. There are approximately 15 deposits made each year, primarily from January through the first part of April when the dues payments are received. During the course of the year approximately 25-30 checks are written. Gary offered to make all of the records available to whomever would like to inspect them. A suggestion was made to form a committee to do the inspection. This led to a motion for formation of a committee to do the inspection of the POA's financial records. The motion was carried. The following members volunteered to perform the financial review: Judy Dexter, Carole Snow, Andrea Manning and Jan Farrell.

The next item under new business involves the cattle guard at the south end of the ranch. After numerous complaints relative to the bad condition of the cattle guard, the board purchased a new one and is working on a method to install it making it easier to keep clean.

There had been some concern expressed relative to dogs running loose on the ranch. Dogs have been harassing horses and cattle. Bud pointed out that there is a cattle lease on the ranch and the wranglers who handle the cattle have indicated that if there are dogs chasing cattle, the dog will be shot. Larry Waltz mentioned the value of our grazing lease, which keeps our taxes low. If Silver Spurs loses the grazing lease, our taxes will be increased significantly. This has happened on another ranch in the county.

The next item on the agenda is the election of officers. Two officers are up for re-election, Jim Morine and Larry Waltz. Larry was appointed to the board this past spring and is seeking a full term. There is one open position on the board and Vern Evenden has expressed a desire to join the board. By vote of the membership, both Jim Morine and Larry Waltz were elected to 3-year terms on the board. The last nominee for the vacant board position is Vern Evenden. He introduced himself to the membership and was elected to the board for a term of 2 years.

The meeting was adjourned at approximately 2:15 PM