

Huajatolla Valley Estates, Inc.
Profit & Loss
 January through December 2013

	Jan - Dec 13
Ordinary Income/Expense	
Income	
Interest Earned - water	4.72
Late Fee - Water	14.70
Membership Fee	1,025.00
Water fees	
Water Service Fee	61,560.00
Total Water fees	61,560.00
Total Income	62,604.42
Expense	
Analytical Services	3,676.00
Augmentation water	12,000.00
Chemicals - water	2,922.61
Dues & Subscriptions - Water	200.00
Electric - Water	3,160.38
Insurance & Bonds - Water	2,221.00
Interest Expense - Water	500.00
Legal Fees - Water	1,240.00
Misc - Water Expense	
Lagoon Lease	500.00
Total Misc - Water Expense	500.00
Misc. - Water (Labor/Equipment)	
Prof. Serv. - Temporary Sys. Op	582.50
Prof. Services-Consulting	14,484.18
Professional Services-Ed Rollma	750.00
Professional Services-Sys. Oper	3,197.50
Misc. - Water (Labor/Equipment) - Other	971.00
Total Misc. - Water (Labor/Equipment)	19,985.18
Office - Water	
misc. office	25.23
Postage, Mailing Service	334.01
Printing and Copying	14.55
Total Office - Water	373.79
Office Supplies & Expense	269.87
Permits & Fees	565.00
Professional Serv.-Accountant	175.00
Property Taxes	101.60
R & M - water	1,009.42
Supplies - Water	3.14
Telephone - Water	1,072.77
Training & Education	0.00
Travel	1,684.50
Total Expense	51,660.26
Net Ordinary Income	10,944.16
Net Income	10,944.16

Huajatolla Valley Estates
Annual Meeting
August 17, 2014

Board Member Present: Lonnie Brown, Michelle Joyce, Donna Martin, Will Barlow, Jim Fowler and Steve Channel.

President Lonnie Brown called the meeting to order at 2:00 P.M. The first order of business was the project update;

Lonnie reiterated the reason we're required to install the new system is the Colorado Department of Health and Environment deemed our spring to be ground water under a surface water influence. The meters are all installed with the exception of one which should be completed Monday. He went on to explain the meters and how the readers attached to the posts will work.

Next Lonnie introduced the Resident Project Inspector, Jay Davis. Jay showed several photos of the meter replacement and explained the technical aspect of the installation. He also noted that shut off valves were replaced when found to be defective. He talked to the problem we're having with our building design. He described the congestion of the equipment in the building, coining the term "Hair Trigger Design" and related it to the amount of equipment that needs to go inside of a submarine. Therefore, we can't just add ex-bracing or additional columns or they will get in the way of the equipment, which is what the building manufacturer did in the first design so the engineer rejected it, causing approximately a month delay. We received a second drawing which still had additional columns so the design was rejected again. The third design was accepted with a handful of conditions. The building is now in the production stream, but will not be delivered until September 15, which places the project about 12 weeks behind. We're still waiting for the Certified Professional Engineered Design from the building manufacturer so the project engineer can complete his foundation design.

A question was asked if the meters already existing would be replaced? They were informed the plan was to eventually replace the existing meters due to the new law that went into place last April that requires equipment to be lead free. Lonnie stipulated the change would not happen until after the rest of the project was completed.

Lonnie then explained the service line from the meter to the home is the responsibility of the homeowner with the exception of a few where the meters were not set on their property line, in which case an agreement will be made to make the property line the point of responsible charge.

Last May a letter was sent to property owners summarizing the USDA loan / grant, without what our monthly payments were going to be. Recapping we received \$895,000, \$400,000 was the loan amount and the rest was in grants. Our monthly payment will be \$1592 per month, plus we're required to place \$162 into a reserve account until we have a fund balance large enough to make payments for one year. The question was asked if there would be a cost increase for people that use more than the average amount of water? Lonnie explained there would be additional charges, but we have not calculated what the equal quantity ration should be yet. He noted we will have the Rural Water Association help us determine the value once the system upgrade is complete.

Next, the discussion turned to Spring #3, it was noted that the development has been completed as voted for at the annual meeting two years ago. We're still paying the contractor for the work, and need to have the legal designation of use changed from agricultural to residential. Also noted, was the status on augmentation water, at this time we have 8.2 ac/ft of Snowy Range Water that is direct flow.

To meet our present requirements we need about 12 ac/ft. In the past we have been leasing 10 ac/ft of additional water from Navajo to meet our present requirement and to repay a 29 ac/ft debt. The debt was payed in full last year so we have dropped the lease to 5 ac/ft per year which is costing us \$1,500 per ac/ft. We found water for sale at \$15,000 ac/ft, then before we could purchase it the owner was advised by the courts that he only had half the amount he thought he had. So he has increased his price to around \$30,000 because he is the only one that is willing to sell water in the Cucharas River. At this time we hope to be able to purchase 4.625 ac/ft, which should take care of our present needs. We believe it will require about 6 ac/ft for total build-out.

Will Barlow announced he would be retiring as a board member and plant operator. All in the room thanked him for his service. At this time John Davis nominated Patty Davis as a candidate for the board, and Elaine Tully nominated Jessica Newton. Lonnie noted Steve Channel's name was already on the ballot.

After some discussion a motion was made by Donna Martin to amend the bylaws section 3.2 (a) to read: "Number of Directors" The number of directors of the corporation shall be a minimum of five (5) and a maxium of nine (9). Steve Channel seconded the motion, the motion passed unanimously.

Next, John Davis made a motion to elect Jessica ^{Newton} ~~Newman~~, Patti Davis and Steve Channel to the Board of Directors, Donna Martin was the second, the vote of all present members was unanimous. Therefore, be it known the Board of Directors has been increased to seven (7).

Lonnie announce that meeting we be held at the Donna Martin's home, they're public meetings and everyone is encouraged to attend.

Donna noted she had a list for people to volunteer to help with the system. Lonnie ask for anyone that was willing to help to please step forward.

The meeting was ajound at: 3:20 P.M.

Present were:

John & Patti Davis	Jay Davis
Burt Rosen	Jessica Newton
Will & ^{JUDY} Marie Barlow	Joe & Michelle Joyce
Morris & Elsie Snider	Lonnie and Kathy Brown
Elaine and Bob Tully	Charlie & Sandy Hackbarth
Joan Hanley	Vern and Marge Porter
Bill & Clarice Fowler	Donna Martin
Steve Channel	

The next meeting of the Board of Director was set for Thursday, August 21, 2014, at 6:30 PM at Donna Martin's home.

Minutes by: Steve Channel
Secretary of the board of Directors