

Board Meeting January 8, 2026

Board President Chuck Hogue brought meeting to order at 5:35 pm

Board Member's present : Chuck Hogue, Nate Nelson, Robert Gochee, Kevin McCarthy and Hal West.

Absent: None

Present: Kristen Nelson

Agenda:

- Review and approval of 9 Policies and Procedures
- Board will review budget and any new dues requirements from the budget projections.
- Vote on recommendations for Management Company. Any required budget increase required by the above reference issues.
- Proposed start date of Management Company
- Discuss request from 619 Shadowbrook Dr, Ellen and Ron Bradley. They want to paint there trim and need to have the color approved.

Chuck stated that in the previous meeting the Board committed to looking into hiring a management company. We committed to discussing it and getting a proposal together for the Board to review. Kristen and Nate put together a list of three companies.

Nate stated that Kristen created the Polices and Procedures following the Colorado State site. She sent them out by email to each Board Member. Hopefully you all reviewed them.

Nate stated that the Polices and Procedures are tied to hiring a management company. They work like our bylaws, which cover the way the board acts. It gives a little more teeth behind collecting past dues and going after things like that, the procedures to follow and the guidelines on how the board should proceed with those type of things.

Nate stated they're intended for HOA's that have paid management. That's why they're required when we go with the management company. If we do not have these in place, we would have been charged \$900 to create them.

Kristen provided a comparison of three companies, HOA Services, Red Leaf Management and CIC HOA. She broke out what services each company provides. HOA Services came to the top of the list and has been highly recommended. Board came to an agreement that HOA Services had the best price point and very good recommendations.

Chuck stated if I remember in one conversation I had with you two, you said they couldn't start till second quarter. Kristen stated that is correct, they can't start till April 5th.

Chuck stated does that affect when we start the dues increase? When you invoice for the dues increase? Are we going to do that? Nate stated what I was looking at is basically we need to give 30 days notice for a dues increase? For the annual meeting.

Chuck stated no, the board of directors can increase the dues 5%. Right. But it's going to be more than 5%, Nate stated.

Chuck stated but we can increase it 5%. Nate stated what I suggest is given this is a transition, and it's a major transition to go to a paid management that requires all this stuff, we need to let the whole HOA vote on it, but we need to recommend it.

Nate stated we've got to do it the right way because of the timing issues. If they can't start till second quarter, then that should work.

Nate stated we're fine on that. That's just when HOA Services can start. If we've got to back it up some to coincide, because technically we can't increase the dues.

Nate stated in order to increase the dues there has to be a notice for at least 30 days. To get the notice in place, we've got to have the annual meeting to get the vote of the majority to prove going ahead with the management company.

Nate stated that it would become effective second quarter. When we have the annual meeting and it gets voted on and approved, then that would be the notice.

Nate stated what he is going with is our recommendations are this. And it's got to require dues increases. Long overdue. We have members that think we can take things out of the budget to make it work? The way they need to look at it is, if you're sitting there wanting to knock something out, so you got money in the budget without increasing the dues, it doesn't make any sense because eventually, you will have none of the amenities that the covenants require us to have, because we've had to cut out a little here, a little here, a little here without doing any dues increases. It's basically come to the point where dues increases are pretty much mandatory.

Nate stated if you review the budgets, last year's budget, and then I have 24 and 23, you can see that we have a deficit every year. So the deficit is catching up and depleting the funds. Now that the HOA is responsible for the irrigation repairs, that's going to make it worse. They think they can cut something out to increase the... By cutting something out, you're increasing the budget. Basically, you're increasing the revenue because you're cutting expenses. Well, you can only do that so long before you completely cut everything out because you're not adjusting for the increases and inflation... No matter what we do, costs are going up.

Nate stated counter to that, in my opinion, is we're \$200 to \$300 under any other HOA period because of the efforts of the volunteers which are now... Well, you know, and we brought that up in the last meeting too where we said, you know, you guys have been living under pretty good circumstances where you had residents here that were filling in good, bad, or indifferent. They were taking care of the issues on irrigation and stuff like that with no charges, but then they also weren't increasing dues. The dues increases, that should have been happening. Services and repairs need to be done by a professional.

Nate stated lets talk about the budget – HOA Services is going to be \$6,000 a year. Chuck stated all the input we've heard from people that do use this company, they're all satisfied

with them. And it's with Bray Real Estate, it's just a division of theirs that broke off and go operate under a different name.

Nate stated the \$6,000, yearly fee for HOA Services works out to \$35.72 a home. And basically, the way we're going to approach it is, it's \$40 a quarter. Because that gives a little extra to cover it.

Maybe additional expense the HOA might have, the management company, or it goes to help off set the shortages. Also \$500 onboarding fee to bring on HOA Services. So it would be \$6,500 for the first year.

That's why the timing of all of this is, we make the recommendation as the board, as I understand it, after the discussion we've had. We're going to make the recommendation that we hire HOA services company for the management. They do the majority of the subdivisions in town, large and small.

And they charge extra for doing under 50 homes, which is us with 42. And you put the dues in there, so that means logistically, we need to have them onboarded shortly after the annual meeting pending approval. We're going to recommend that we do these things.

Chuck state there was discussion also of contingency fund. What do we have in our contingency? That hasn't changed, right? Are we having to dip into it? Nate said Well, yeah, because you have shortages. Anytime we have been shorted in revenue it has dipped into the contingency funds.

How much are we dipping in? Well, you'd have dipped in \$2,000 this last year. \$1,000? Okay. Well, we had \$20,000 in there.

Kristen stated there is about \$15,000 right now. Down from \$20,000.

Nate said that's what I'm saying. The dues can not go down and then next year, it's going to go up another 5% in 2027.

Nate stated insurance will go up and... Electricity, you can count on going up. Luckily, Liquid Green has been pretty flat, but one day they're going to go up. So we got to be realistic and we got to make the case and the facts make the case. Nate stated that's what I wanted to get at today and make sure the board understands when we go into the annual meeting that we've got timing issues that have to click in a sequential order.

Kristen stated we have one past due house. It is 601 Shadowbrook Dr, Will Martinez Kristen has been emailing with him and he stated he will get the balance paid.

Chuck stated, we're going to have a whole bunch of work for the management company right away because the games started long ago on trying to change this, change that. They're just doing it. They're not running it by the Board and they know it.

And we've got to make it right. Or we're not taking care of the rest of them. It's kind of like I told them in the last meeting.

Nate – I told the community at the last meeting , You guys can go ahead and change something, but then we hire lawyers and it's going to take money out of your pocket of the HOA because that comes out of the reserves. Chuck -Right. And our covenants, bylaws and declarations, the real valid ones clearly say just because it wasn't enforced once doesn't mean we can't make you repaint.

So we're going to be probably making some people repaint. Well, but then it's going to come back to how far back do you want to go? It doesn't matter. It doesn't have a time limit on any of it.

That's good to know. We've got that mechanically known house. We've got 90 days to file mechanics.

Chuck -This is work for the management company. Nate -No, that comes back to the Board.

Chuck said Well, they will do an architectural monthly review? Nate stated HOA Services will if the HOA requests them to and it will be for additional cost.

Chuck - Well, if they're not going to do the architectural stuff, why are we hiring them? Nate - To do the financials, to do the... The notices, the meetings. The notices, the website, the collection of dues...

Well, we better... The collection of dues. We better put more in there and hire them to do this architectural stuff because that's the work that's not going to get done. But then all they're going to do is come back and notify us and then we have to do the enforcement.

They'll look for direction from us. Well, the way I read their manifesto, whatever you want to call it, is they'll do that, but it's got to be part of the process. Yeah, but then you can't really... We're not paid to do it.

That's why it's not getting done. But in the same respect, then it's all dependent on how far they litigate is where the expense is going to be. So they will not bill it in.

Nate- What they'll do is tell you it's an hourly. It's like a T&M cost. If I read those correctly, it says, the legal costs will be borne by the owner that didn't follow the code.

Nate -Well, it would be, yes. But we've got to cover it up front and then collect. Well, that's in our contingency.

But anyway, see, we've got to understand this. That's what I'm saying. Yes, legal fees paid by HOA.

How bad. Because there are a couple of people that voted no on the meeting that the flat couldn't afford it, so... A couple of people are not the majority. I understand.

But then you're going to just start increasing management costs to... If we don't... Go after me. The only thing the management company does is if somebody's doing what he did, we'll go through the management company, and then it would come to the architectural review board, which is basically the board. Right.

And then they present it to the board, and the board has to make the decision, and then they go back. That's fine, but we don't have to deal with the correspondence. So they do the correspondence with... HOA Services does the correspondence.

That's what I'm talking about. No, we do the groundwork, and then they do the correspondence. They bring it to us.

They bring it to you. We tell them what direction we want them to go. And then they go after them.

Kristen presented the proposed budget for 2026. Budget with income of \$42,460 (including proposed increase). Expenses proposed of \$44,222.

Bob brought up that Excel and GVP will probably go up. I'll bet you they increase at least five percent. Nate stated we can call State Farm Insurance and see if they can tell us the new cost. Also get in touch with Liqui Green and find out if they will raising there contract. Kristen will update budget with this guidance.

Chuck brought up that we need to now review the request from Ellen and Ron Bradley to paint their trim. They are requesting to paint it the color of Fine Wine. Fine wine does not fit the color pallet in the Covenants. Board approval has been denied for the color of Fine Wine. Board stated the Stucco color is approved due to no change . Trim color is not approved due to direct violation of covenants approved colors. Refer to covenants considered approved on purchase of residence. The request will be returned to the Bradleys with this message and asked to pick another color for approval.

Chuck stated now we need to pick the date for the Annual meeting. The date picked is February 26,2026. Kevin stated that he will contact Cross Roads Church and find out if the room is available. He will then let the Board know and we can put the notice out to the Members.

Meeting adjourned at 6:35 pm.

Kristen Nelson