



Annual Meeting

Date: October 20th, 2025

Attendees: John Bernazzani, Terra Bumpers, Judy Wachob, Erin Wall, Mark Fuson, Jamie Matthews, Debbie Smith, Jeff & Brenda Nelson

Call to Order: 6:02PM by John

Minutes: Will approve September's minutes over email

(John) Introductions:

- John Bernazzani – President 4 years, VP 4 years, Board Member 3 years
- Judy Wachob – Vice President, 4 years
- Erin Wall – Secretary, 3 months
- Terra Bumpers – Treasurer 7 years, Board Member 2 years
- Mary-Alice Rios - Member at Large, 3 months
- Jamie Matthews and/or Debbie Smith - Bookkeeping & Accounting – 3 years
- Mark Fuson – Water Operator - 9 years

(John) Accomplishments:

Upcoming & Recently Completed Capital & Operational Projects

- Mud Spring Creek Drainage Easement & Clean-up (2024 work with Annual Maintenance)

Discussed drainage clearing requirements and nature of the easement
County put in culverts and required FRE to commit to clearing it as needed unless property owners do
CSI will clear the ditch annually; expect about \$1K cost

- Treatment plant re-pipe completed
- Common area mowing (4 Cuts + MSC Ditch)

Each time cutting around \$300/cut

Discussion ensued around scraping the willows and growth near the beach this next year to take it back several feet from where it is today and keep the area clean and safe.

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- Fish Stocking & Carp for weeds

Annual stocking of trout and grass carp occurred

Noted that the cost of maintaining the annual cutting, fish and porta potty mostly uses up all the rec funds and that we were hoping to discuss with the attendees the idea of putting a floating dock in the pond

Discussion ensued about what the board will and won't do, as there was some confusion about if we need to get a vote for this or not, and whether members used to vote on everything

Yes, the board could do the dock without approval but had wanted to vote on or discuss it during the meeting tonight because this is a more permanent fixture and may not be desired by all, compared to something like cutting back willows that can easily grow back. Since there is not sufficient attendance at this meeting, we discussed providing an opportunity for neighbors to respond with feedback. The board can use any responses to make an informed decision, supported by data, to the extent there are responses.

Will discuss the board functions again later in meeting if time.

- Tank Inspections

Both tanks were inspected in spring '25-very clear

Discussion about the health of the oldest tank, that is past its depreciable life – still OK

- Starlink Installation

Installation of commercial grade Starlink took place this year

Discussion ensued about what that communication allows for, which is complete SCADA and fast communications with the treatment plant and booster station, even remotely.

Reliable compared to CenturyLink.

Unusual Events & Leaks Summary

- Homeowner service line leaks, vacant homes, etc.

8-10 total service line leaks since new system put in – is tapering off

- Locate your shutoff valve, review your water usage, how to identify a leak, etc.

Understanding location of shut-offs is vital

Many times leaks are caught by visual cues and reporting

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- Freezing meters - caution in covering meter pits

Discussed winter preparation – had several meters freeze last winter for the first time in any recollection of current board or those present

Homeowner's can put blankets, straw, etc. in the pit to help avoid this but its best to clear straw back out in the Spring because it gets hard to clean

No need to cover if there is sufficient snow cover given the temperatures

4. (Jamie & Debbie) Financial Review:

- Bank Balances, Remaining Loan Balance, Capital Account Reconciliation
- Balance Sheet
- Profit & Loss

Debbie pointed out the areas where there were some differences, like the cost of gWorks fees and extra time to learn and train on it. Noted that the system had several hiccups, FRE owners were very gracious to her during the issues and transition, that the leadership team at gWorks was replaced and improved her experience, and that this has saved her a lot of time and energy. Over 75% of residents are registered and about 87% pay online. The system can be used to communicate via email and text. All residents are encouraged to sign up for an account because it makes the communications of things like the annual meeting or emergencies smooth and efficient, even if you don't want to pay online or automatically. Please call Debbie and she'll send you a confirmation email. (Note: documents are also on the website fre-water.com)

Discussion ensued about the balance in the reserve. Those in attendance agreed that some people see a growing number and feel like we should reduce rates, but the amount we have in reserve is relatively low. It would not even cover one new tank. The intention of the original rates for Capital & Ready-to-Serve were set in 2017. We need to do a reserve study this year per the USDA. We discussed rates at this time in the meeting and the desire by those in attendance to increase them slowly as appropriate and how the cost of pipe, for example was \$215 per foot of installation during the project and is now over \$300 per foot. The idea of the capital account is that, in general, the money within it should cover a brand-new system at the end of the current system's useful life – which is appx 40 years for accounting purposes, but likely longer in reality. We do/will use some of those capital funds during regular operations and replacements as well throughout the years. The reserve study was discussed more later in the conversation; see below.

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Discussed the timing of the purchase of filters – we budgeted for it and intended to spend in FY24 but spent at the beginning of FY25 instead. We also budgeted for them appropriately in FY26. Because of the hassle and administrative cost of putting inventory on the balance sheet and spending it down, FRE chooses to expense all filters at purchase. This non-standard accounting (cash basis vs. accrual) but works for FRE and the Water Operator.

- Annual Budget Review & Comparison

Nothing major noted, except the filters. Website was converted this year and both the domain and website locked in for about 3 years, so no cost expected in FY26. Discussed that website isn't as used by residents to our knowledge but is used for Realtors/Buyers and does reduce calls allowing people to self-serve.

Discussed the HOA fees are often listed improperly in real estate listings and our bookkeeper will not sign one with an HOA fee listed, but instead has them list as Utility.

- Current Fee Structure

Discussed that some in attendance feel we should increase the rates for the higher tiered users more significantly and encouraged us to review raising the rates alongside the reserve study. FRE charges mostly for operating, capital and loan – very little for usage itself. Discussion ensued around it being better to raise a few dollars each year vs. having to do another huge increase down the road.

Discussion again came up about the rec fee needing to go up to cover anything beyond what we do annually, as above. Noted that one lot owner did want to use the pond and opted into the rec fee. Most lot owners do not pay or have pond access.

5. (Mark) Water System Review:

- Summary of the Year
- Current State, Future Needs

Used 738, 000 gallons of water in September

This is not significantly out of bounds with any other September and we saw the typical summer usage and tapering off now in the Fall

No filter changes so far in September

Filters were impacted slightly by big rains

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Transducer failed and needed to be repaired

VFD-controls and well-pump replacement-two new ones going in

Three year inspection went pretty well, except that the report was filed late and required posted notice to all members. It will be due again in three years.

One note from inspector was that he wanted to be prepared for upcoming expenses, so Mark again stresses that the reserve study will help us in this endeavor.

Mark noted that there is a program from Colorado Rural Water that was designed/used by Florida and shared out to help conduct living reserve studies.

Terra will contact Mark for more details. Debbie also helps on another client and has contact info for who and how they conducted their reserve study.

6. (Terra) Community Property Discussion:

- gWorks Billing System
 - Reduced A/R and Late Overall, but still have 60, 90 and Shutoff Letters
Mostly discussed gWorks through the meeting but have noted that it reduced overall AR but there are more people getting past 90 days than we've seen in previous years and we're trying to be consistent and issuing late notices and shutoff letters as appropriate when a discussion with the resident is not fruitful. No actual shutoffs have had to take place. Our regulations do require a specific process. Mark noted that in other neighborhoods you get 10 days and then a notice on our door, then are shutoff the next day.
 - Tough transition to the new system, but good adoption overall as noted above
- New Pond Passes for 2025-2027 (Blue) - additional/replacement \$20
- Added Trespassing Sign by CR240, Adding No Motorized Vehicles Signs by Ponds, Increased Patrolling
- Recreation Fee – Upgrades desired and discussed above; floating dock and shade, primarily, but shade creates a permanent structure and may cause permits, etc – so it's why we haven't pursued in the past and may not pursue
- May need to pull Operations funding – again wanted to discuss it with the members today, but those in attendance were in favor of using some operations funding and the board will likely do so, as well as raise the rec fee
- Discussion ensued about the HOA vs. Water Company. We clarified that the Water Company became a dba but was never an HOA in terms of its right to enforce the CC&Rs and nothing has changed over the years. However, we do understand that many on the board in the past have performed many functions and that at some point in time there was a Benevolent and Protective Society created and later dissolved. We also understand that the HOA in name does insinuate that

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this was its original intention, but again, we sought legal council in 2021 and this board does not want to be held liable for trying to impose authority it does not legally have. We don't want anyone to sue FRE (which would include all the members) or any of us personally, but also want people to understand that the CC&Rs are valid and can be pursued in court civilly by anyone. The CC&Rs also call for the formation of an architectural review committee with vote by all members of the neighborhood. They don't specifically call for an HOA, but that doesn't mean someone couldn't attempt to form one or attempt to abolish the CC&Rs. Doing so would require legal advice and would be on individuals or groups of individuals to fund. We may issue a modified version of the 2021 letter to remind people and inform new residents.

Adjourned: 7:20

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