

Homestead Owners Association will be holding its annual meeting and election on February 17, 2014 at the Homestead Court Club. The agenda and a proxy form are on the back of this page. Minutes from last year's meeting and the 2014 budget are posted on the Association website.

Here at Homestead we look at 2014 as an opportunity to accomplish new and exciting things and to take what we have learned in the past to create and maintain a continually improving future. Last year was a busy and trying one in many respects, including two items that were consistently discussed at the 2013 Board meetings: Homestead Court Club remodel and the ongoing legal cases regarding the Allen easement.

The following segments outline the 2014 budget including an explanation of Homestead Court Club remodel items, information from the nominating committee regarding the Board election, and an explanation of the status of the Allen legal case. These are provided in an effort to clarify some points for the general meeting. If you have any questions please call 970-926-1067 or attend the upcoming Board meeting on February 14.

The full pro forma operating budget for 2014 and a CPA reviewed financial statement is available at the general meeting and the Association office. Copies will be sent at Association expense, by first class mail to be delivered within five days of receipt of request. Call (970) 926-1067

Budget 2014 & Court Club Remodel

For 2014, the Board of Directors approved the budget with a \$15 monthly increase to the Homeowners assessments. This is the first increase in the past seven years. The Board took this measure to provide financing for nearly a complete remodel of our club and its amenities. The design is complete and the Board feels confident all of us will be proud of this long overdue project, which will certainly enhance the value of our neighborhood and homes. The budget for 2014 still meets the funding obligation of the 2013 reserve study update.

The 2014 Homestead Court Club remodel is estimated to cost \$2.6 million dollars to complete. To pay for this project the Board analyzed our financial picture including existing reserve and capital account balances, 2014 operating budget, and the reserve study. Funding the project will come from 3 sources: capital improvements fund, reserve fund and a bank loan.

Research found that the remodel will replace many items on the reserve study and move back their estimated replacement dates. This will free up \$750 thousand dollars from the reserve fund for use on the remodel.

The existing capital improvements fund will be used in its entirety to fund the project. We anticipate additional money will be available for this fund to use once the Allen legal fees are refunded (see right column).

While we have enough cash to complete the project, the Board felt that keeping the reserves properly funded would continue to keep the Association financially healthy for the future. This meant obtaining proposals from 4 area banks and a few national lenders for a \$1.5 million dollar financing package to complete the remodel. The increase in dues for 2014 will cover the cost of the loan. The expected terms will be for a 20 year payback schedule. Homestead will work to shorten that schedule with future operating fund excesses.

Nominating Committee—Board Candidates

There are two open positions on the Board of Directors up for election at the 2014 general meeting. The nominating committee asked the two candidates to answer the following four questions: 1. What is the most important issue facing Homestead today? How will you deal with it as a Board member? 2. What skills and strengths do you bring to the Board? 3. What would you do as a Board member to improve our community, with the understanding that there is a limited budget available? 4. What is your motivation to serve on the Board? Their answers are listed below.

Katie DeMore: I believe Homestead is unique in the valley as it is one of the few neighborhoods where there is a true sense of community. We must continue to support and enhance our neighborhood and facilities to increase both property values and the quality of life for all of our homeowners while balancing responsible fiscal spending. I am a CPA and am currently the Treasurer for the HOA. This will be my second term on the HOA board and I am looking forward to following through with the initiatives and projects that began during my first term.

Glenn Wible: 1. I believe the most important issues are maintaining and upgrading the aesthetics of the neighborhood in order to increase home values. The best way to deal with this is balancing costs with board member and homeowner input. 2. As a business owner who deals in the housing industry, my experience comes from matching the perfect product with homeowners and property associations to satisfy both parties' needs. I also serve as the accountant for my company, balancing payroll, account receivables/payables, and all other financial transactions for the past 12 years. 3. Keep an open mind and explore every option to solve a problem. 4. To be involved with the improvement of our neighborhood and get to know my neighbors better.

Allen Easement—Litigation Update

In 2011, the Association initiated litigation against Ms. Barbara Allen and the other co-owners of the Allen Upper 80 parcel after they commenced bulldozing an unauthorized road through the open space. The Association was able to secure an injunction to halt the road construction activity. Nevertheless, the Allen Upper 80 parcel owners resisted efforts to restore the open space during 2011 and 2012.

The Board is pleased to report that it succeeded through the lawsuit process to obtain Court orders requiring Ms. Allen and the other co-owners to follow the terms and conditions of the existing easement, and to seek Homestead Owners Association approval prior to any further construction within the easement area.

The Board also succeeded through the lawsuit process in obtaining court orders requiring Ms. Allen and the other co-owners to repair and restore the damage to the common area at their sole expense. This was all accomplished in 2011, 2012 and 2013.

While the damage has been mitigated, the Association continues to work on a final resolution to this litigation. 2013 trials awarded Homestead its legal fees spent enforcing the Allen Upper 80 easement. To date, the Association continues to strive to recover all costs expended, including the awarded attorney fees.

In addition, the Association, while attempting to enforce its easement rights, was sued in a separate lawsuit by Ms. Allen. This second law suit involved issues related to the conservation easement executed by the Association to preserve the open space. The District Court for Eagle County dismissed that law suit for a second time in 2013, prior to a trial. Ms. Allen has appealed that decision again to the Colorado Court of Appeals. No date for resolution of this appeal has been determined.

The Association is very confident that it will continue to prevail and recover the legal fees in both legal matters, but the lawsuits have been delayed and complicated by the actions of the Allen Upper 80 co-owners.

**HOMESTEAD OWNERS ASSOCIATION INC.
GENERAL MEMBERSHIP MEETING
FEBRUARY 17, 2014
7PM**

Notice is hereby given that a general meeting and election of the Homestead Owners Association will be held at the Homestead Court Club located at 400 Homestead Drive on Monday, February 17, 2014 beginning at 7:00PM. The meeting will be held for the following agenda, election of Directors, and other matters that may come before the Board.

- I Roll Call
 - II Proof of Notice or Waiver of Notice
 - III Consideration of Minutes from 2013 - Posted Online
 - IV Officers' Reports
 - V Election of Directors
 - VI Matters Pending
Allen Lawsuits - Litigation Update
 - VII New Business
A. Homestead Court Club Remodel – Question and Answer Session with Architect and General Contractor
 - VIII Adjournment
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**PROXY FOR GENERAL MEMBERSHIP MEETING
HOMESTEAD OWNERS ASSOCIATION
February 17, 2014**

The undersigned, being a recorded owner of property at the Homestead, Eagle County, Colorado, does hereby constitute and appoint _____ to act as their proxy and attorney, with full power of substitution, to vote for the undersigned at the General Membership Meeting to be held at Homestead Court Club located at 400 Homestead Drive on Monday, February 17, 2014 at 7PM, hereby granting the person mentioned above full power and authority to vote as they might desire, or in the event the undersigned has given written instructions below, then such person shall instead carry out the instructions. For a list of candidates, check the back side of this form or call the club. Written instructions of the undersigned to my proxy are as follows:

In the alternative, I hereby instruct my proxy to vote for the following candidates:

1. _____ 2. _____

If no candidate is indicated above this proxy shall be general proxy.

Witness whereof, I have hereunto set my hand this _____ day of _____, 2014.

Signature: _____
Name: _____
Street Address: _____
Member # _____

Recorded owner of Unit # _____, _____ (Association), OR

Lot # _____, Block # _____, Filing # _____, The Homestead

This form must be completely filled out and signed by the RECORDED owner. This proxy will be considered void if illegible, incomplete, owner name does not match our records, or owner account is past due. Homestead is not responsible for distributing mailed/faxed in proxies to proxy holders. Please do not send in your proxy. Thank you.