

**Somerset Homeowners Association
Board Meeting Minutes
Tuesday, July 12, 2011**

Board Members: Mike Atkins, Dave Edwards, Ajay Sreenivas

Property Manager: Al Orendorff, Legal Mark Biddison

Community: Garret Quackenbush,

ACC: Steve DeWitt

Meeting Started: 6:46 PM

Minutes: June 7, 2011. – Correction to open member discussion, last sentence of report should read: Dave Edwards agreed to provide bullet points to Mike Atkins regarding the S&T Club letter to the members. Mike Atkins offered to review the bullet points and write the response letter to the S&T Club requesting a change in their wording to members to more accurately state or clarify the S&T position regarding a rejoining fee for the S&T Club.

Motion to approve as amended: Mike Atkins, 2nd Dave Edwards - Approved

Property Manager's Report

July 12, 2011

Operating Account bank balance: = **\$ 61,699.55** as of June 30, 2011. - **\$ 65,507.38** as of July 12, 2011.

Accounts receivable: = **\$ 53,335.00** as of June 30, 2011, - **\$ 36,085. 00** as of July 12, 2011.

Defense Account as of June 30, 2011= **\$ 20,123.68**

Reserve Account as of June 30, 2011= **\$ 27,368.29**

The budget used to date is based on the anticipation of securing the necessary votes required to increase the maximum assessment. All anticipated revenue and increased expenses were budgeted in the 2H of the 2011 budget. The invoices for Q3 have been sent out mid June, based on the current approved dues structure. The property manager will adjust the budget for the 2nd half of 2011 based on the lower existing revenue of the current dues structure. These changes will be reflected in the July financials going forward.

Using comparative analysis of expenses and income to the end of June between 2010 and 2011, we have managed to significantly reduce expenditures by \$18,474.41. Further, due to the delay of some scheduled projects, we are \$28,241 under budget; however this figure does not include the estimated \$15K - \$20K for landscape work done in June.

Assessment Vote: Ballot results as of June 12th, - 122 have responded to the assessment ballot. Of the 122 who responded, 84 approved the assessment cap increase and 38 did not approve. This represents a 68.85% approval rate. The number of approvals required is now at 28.

Per board direction we delayed in starting the waterfall until May 23rd in an attempt to save money. Timers have been installed on the main waterfall and it is shut down from 10PM to 6AM in an attempt to reduce electrical usage. As noted in the June monthly report, a severe leak in the supply line has forced us to shut down the waterfall for an indefinite period of time.

The supply line has been scoped and we found a break in the line approximately 4' down from the upper waterfall pond. We have cleaned out the sediment and debris from both the upper and lower waterfall ponds. An initial clearing of the 12" underground pipe from Pond 4 to pond 5 has been completed; however, we will need an under-drain clean out company to completely remove all the rocks and heavy debris. The estimated cost here is \$800 - \$1,000.

We have contacted a Denver company to review the cost of stabilizing the waterfall and filling in any voids that are under the waterfall. The cost for this works is estimated at \$6K - \$8K.

Finally the ponds will need to be re-lined and Garrett is investigating several options, the most promising appears to be using material similar to truck liners at approx. \$12/sq/foot.

We have encountered several issues with the irrigation and waterfall areas in June. Once we started transferring water, it was discovered that pond 4, (south side of Somerset Drive) was leaking and creating a stream in the driveway of a resident on Strawberry. We immediately stopped all water transfer to the Estates while investigating the issue. Pond 4 was allowed to drain to the point where it would hold water. This action allowed us to determine the approximate level of the leak. We were not able to determine an exact location, however this pond will need to be stabilized and re-lined prior to continuing water transfer to the Eagle pond. The Eagle pond supplies water to all of the estates areas as well as the waterfall feature. Failure to repair the pond significantly impacts the irrigation operation of the Estates.

Fortunately, our irrigation capital improvement plans have been initiated. The master plan was to allow watering of the Estates from both the Eagle pond as well as Pond 2. The plan was to water at night only, therefore reducing the cost of energy as well as lowering the evaporation rate of water on the grass. As a side benefit Garrett designed the system with a redundancy backup. Should one of these pumps fail, we can (by manually switching valves) irrigate the entire Estates from either pump, or pond. Last year the HOA purchased the pump for pond 2, but did not install it due to funding issues. The pond 2 pump was installed in early July providing us the ability to water all Estates areas, however, this method requires significant manual operation and monitoring as we cannot allow pond 2 to start flowing and send water over to pond 4 (which is leaking).

Bottom line is that we must repair pond 4. Until pond 4 is repaired, we will incur extra expense in the manual operation and monitoring of all ponds and pumps.

Further system issues were found in the lower Place and Heights main line system. Three breaks were found in the lower irrigation system that needed to be dug up, repaired and filled in. The lower irrigation system was also off for a period of two weeks while repairs were made.

New leaks were discovered last week on an abandoned line along the path from Sawtooth to the west pond. We discovered two leaking valves that need to be replaced. The leaks were affecting neighbors in Springhill, causing minor flooding of some back yards. The problems have been identified and will be fixed over the next week.

Repairs to the Indian Pond that were delayed late in 2010 due to cash flow issues, were repaired by GTL25 in June.

Landscape:

We have received a few calls and letters regarding the tall grass between the ditches. Neighbors were informed that this was due to funding issues. Since the water was off in the irrigated areas for 2 weeks, the irrigated grass areas did not grow. In an effort to save money and clean up that area, the landscape company mowed the non-irrigated grass in June instead of the irrigated grass.

Dead trees and tree fallen limbs are starting to clog some walking areas between the ditches and will ultimately cost more to clean out at a later date.

An issue was raised regarding Pine Beetle control. Boulder Tree Service monitors all trees in the development on a monthly basis. We have 37 Ponderosa Pine trees that are susceptible, and one tree was removed. All 37 trees were sprayed last year and again this year for Pine Beetle.

The pump for the lower end failed and a new one was ordered. The new pump arrived last week and will be installed later this week. Due to the built in redundancy of valves at the West pond we were able to manually switch between transferring water to irrigation of the Place and Heights. Again this is a manual process.

There is a main line and zone valve running under the sidewalk by the main waterfall which has been leaking for some time; however we can no longer ignore it. We will need to either remove the sidewalk and make the repairs, or move both lines outside the sidewalk. This work was delayed due to the lower end irrigation, waterfall and Pond 4 leak issues. We will attempt to work on this later in the month.

The under-drain in the cement swale by the telephone company is totally blocked with roots and has a possible break. After further study it appears as though we can get the roots cleared out to relieve the water backup however; we will need to excavate the area to repair the under-drain

pipe. This may become a difficult repair due the high water table in the area. Garrett is preparing an estimated cost for the board.

We have put together a significant list of projects and submitted them to the Board for review, and continue to update the list as new projects come to light. We believe there are significant leaks in the Eagle pond as well as pond 8, as these ponds drain more quickly than in previous years.

**Somerset Homeowners Association
Treasurer's Report
June 2010**

July 12, 2011 Meeting

June total income was \$17,103 and expenses \$21,764 with a net income of -\$4,661.

<u>Year-to-date</u> *	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>% of Budget</u>
Income	120,843	139,925	-19,093	86.45
Expenses	58,893	87,134	-28.241	67.6
Net Income	-61,949	52,791	9,158	117.3

*Through June 2011 based on proposed dues increase that has not been approved.

Accounts receivable are -\$375

A/R >90 days total \$9,080

Bank balance is \$61,670

Defense Fund is \$21,124

Reserve Fund \$27,368

Line items that have substantial variance from budget should be reviewed.

David L. Edwards, Treasurer

Irrigation/Landscape:

The property manager provided an overview of the issues facing the association with regard to the waterfall repair, the clogged underground transfer line between ponds 3 & 4, as well as the leaks in pond 4. A guided tour of these areas was provided by the property manager so all could see first hand. At this time the gravity flow system to provide water to the Eagle pond (pond 7) cannot be used. As such the HOA cannot use this system to get water to the irrigation pumps.

The HOA does have a temporary work around, however this solution is more labor intensive and therefore more expensive to the HOA.

Garrett reviewed one of several options we are looking at to repair the lining in the ponds. The board has authorized the property manager and Garrett to continue the investigative work to find the best solution. To date, we have spent under \$10K on these projects, by removing the layer of debris, rocks and silt from pond 3, pond 4 and the upper waterfall pond.

The SHOA had an opportunity to bid on 8 more shares of Boulder and White Rock Ditch water, however due to budget constraints we did not place a bid on any of these shares. Last year, we purchased 1.5 shares at \$4,500 per share. David Edwards stated that we should purchase shares as they add value to the HOA for years to come and are really an asset of the HOA. Mike Atkins asked if we can show these shares on a balance sheet, then if the board did purchase shares for cash, we are really trading a cash asset for a water share asset. The property manager will check with the accountant to see if we can/should show our existing shares on a balance sheet.

We discussed the blocked under-drain at Niwot road. Further investigative work identified the location of a large root ball clogging the drain. This particular location continues to be a problem for the SHOA as we need to clean this out several times each year. We have seen evidence of a section of collapsed pipe, and the ultimate solution is to dig up approximately 40 feet of under-drain and replace it. Given the current budget situation, the property manager suggested to roter the root ball this year and plan to do a full repair and replacement of the damaged section in 2012. Garrett is working to finalize an estimate of the cost to repair the under-drain.

LHWD Agreement Discussion: Mike Atkins reviewed the language in the proposed contract with the Left Hand Water District regarding the water tank area.

Mike Atkins is concerned about paragraph 9 *“Accordingly, the Association agrees to not oppose any District application to Boulder County Land Use Department with respect to the District’s need for such maintenance, repair or replacement; provided, however, that the Association reserves the right to provide comment and its input to Boulder County on the design or configuration of such improvements or replacements.”*

The Board does not want to limit this board or future boards in acting on behalf of the members of the association. The suggestion was made to eliminate this wording in the proposed agreement. Mike Atkins will contact the LHWD for a change to the wording.

ACC:

Several roof projects have been started in the development; unfortunately not all have secured ACC approval prior to starting work. The ACC is attempting to work quickly with those who did not get ACC approval to complete the documentation so that we have approvals on file.

Open Member Discussion:

Steve DeWitt voiced concern regarding the proposed dues increase and suggested that perhaps the Board should look into further cutting back on services such as mowing a major area of the Hwy 52 entrance, areas along Somerset Drive and along Niwot Road and allowing the native grasses to grow, thus providing a similar look to what they have in Legend Ridge. Steve suggested that perhaps we could save \$80K in mowing costs if these areas were allowed to go native. Garrett expressed some concern regarding the irrigation of some areas and not others as any changes would require a re-work of our irrigation system to align coverage to only those areas where water is required.

The board has asked Steve DeWitt chair a committee to review the options and provide recommendations.

Swim & Tennis Club letter: David Edwards restated his concern regarding the letter the S&T club has sent Estates members regarding the joining or re-joining of the S&T Club. Steve DeWitt stated that the purpose of the letter was to gain more members to the Club and that their methods have added a few more members to the facility. David stated that there is NO WAY the S&T Club has any right or ability to impose a lien on a member who refuses to join the S&T. Steve DeWitt agreed with that statement and went on to confirm that the S&T Club can assess a re-joining fee at whatever the current board decides.

Dave Edwards requested that the S&T amend their message to the membership clarifying their position, instead of providing a misleading or threatening message. Steve DeWitt suggested that notification to the S&T needs to be sent to the S&T president, Steve Lehan

Dave Edwards agreed to provide bullet points to Mike Atkins regarding the S&T Club letter to the members. Mike Atkins offered to review the bullet points and write the response letter to the S&T Club requesting a change in their wording to members to more accurately state or clarify the S&T position regarding a rejoining fee for the S&T Club.

Since the S&T Club is on SHOA property, the president requested proof of insurance with the SHOA as "named insured". The property manager will request this proof from the S&T president.

Next board meeting scheduled not yet scheduled.

Meeting Adjourn: 8:20 pm

David Edwards motioned; Mike Atkins: 2nd.