

**Somerset Homeowners Association
Annual Meeting
October 21, 2010**

Board: Debi Williamsen, Mike Atkins, Shalia McPherson, Ajay Sreenivas, Dave Edwards
Property Manager: Al Orendorff, **Legal:** Mark Biddison
ACC: David Knudtson: **Landscape:** Garrett Quackenbush
Homeowner attendees: (either in person or by proxy): Chopra, Cooper, DeWitt, Eggers, Grothus, Kackensky, Lenger, Steve DeWitt Architecture, Waters

Proxies; Alcala, Bucholz, Buck, Dancik, Fitzgerald, Grampp, Kalm, Sander, Smith

Meeting started at 7:10 p.m.

Annual 2009 Minutes: Motion to approve minutes by Mike Atkins and 2nd by Shalia McPherson

Treasurer's Report - January – December 2009

Note: This report is for all of 2009 and encompasses the month of December 2009 in which the net income was - \$1479.

<u>Year-to-date</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>% Budget</u>
Income	217,664	220,320	-2,656	98.8
Expenses	211,798	229,626	-17,828	92.2
Net Income	5,866	-9,306	15,172	-63.0

The income and expenses are close to budget, but the positive variance is largely due to postponed capital expenses (as previously discussed).

Accounts receivable decreased in December to \$11,318, \$9,265 of which due to the Holgorsen lien.

Reserve account is \$27,055.58, essentially unchanged.

Bank balance is \$13,663.

2010 Budget: - David Edwards: - No objections to the 2010 budget, therefore it is approved.

2009 Accomplishments: - Garrett Quackenbush

- Install new head gate on Left Hand Ditch
- Scope under-drain from west pond to Sawtooth - found several breaks - will need significant repairs to make fully functional
- Irrigation Repairs:
 - Cracked mainline tee across from Goldbranch
 - Install new clock @ Niwot Rd & 83rd St
 - Install new scrubber zone valves – (5)
- Added approx. 60 fish to ponds 1, 8, 9, 10, 11, 12, 13, 14
- Trench and install wiring to redirect control of 2 zone valves controlled by a clock at Cherry to the clock at Bellflower south monument - consolidate & eliminate 1 clock
- Excavate and locate the outfall pipe for the under-drain at Dry Creek and clear of 20 feet

of roots

- Disassemble post lamp at Hwy 52 and replace shorted wiring - incorrectly installed
- Locate and repair open wire feeding Cattail east monument lighting
- Replace dumpster and electrical enclosures
- Locate mainline leak, crushed sleeve, shorted 110V wiring and shorted low voltage wiring (all in the same sleeve) under Pawnee - bore and pull new sleeves 1 for water, 1 for low voltage and 1 for 110 volt - install new wiring and water line, backfill and grade
- Repair 3 locations on asphalt paths with concrete

Items for 2010

- ♦ Replace all signage in development
- ♦ Adjust/re-paint pathway bollards
- ♦ Repair Pawnee post lights
- ♦ Re-Seed Pawnee entrance
- ♦ Re-roof pump house
- ♦ Paint pump house
- ♦ Complete re-wiring of Eagle electrical vault
- ♦ Investigate lighting options
- ♦ Hwy 52 entrance Monument lights

Mike Atkins reviewed the upcoming challenges for the association. Somerset faces a severe funds shortage moving forward. The Association has not raised the maximum assessment cap or dues for over 5 years.

HOA Statistics

- Over 19 acres under irrigation
- Over 7 acres non-irrigated
- 6 major storage / feature ponds with over 8 acre feet (approx 2.6 million gallons) capacity
- 7 irrigation pumps
- Over 5 miles of 3 inch irrigation mainline
- 16 irrigation clocks (reduced from 21 original clocks)
- Over 225 irrigation zones
- Over 2,200 heads and micro-sprays
- Use 60+ acre/feet of water annually
- Have shares for approx. 21 acre feet of water
- Therefore; need to acquire more water shares
- 6+ miles of fencing (perimeter & common-shared)
- Approximately 95,000 Sq/Ft of paved pathways
- Over 30 gardens available to be re-claimed
- Under-drain issues
- 35 Monuments - (4 Extra Large, 12 Large, 19 Small)

Financial Challenges

- Significant effort over past 4-5 years to return and maintain Somerset as a premier community
- Many services have been performed at below market rates
- Capital improvement projects have been performed with operating funds, or have been deferred
- Adequate reserves have not been established in anticipation of projects necessary to keep Somerset a premier community
 - Paths
 - Fences
 - Ponds
 - Access to water
- HOA has two major funding mechanisms
 - Dues
 - Special Assessments
- Quarterly Homeowner Dues
 - Ideally established at levels to support ongoing operations and fund reserves
 - Increases require approval of homeowners; 3-yr limit
 - Last increase in 2005
- Special Assessments
 - Ideally used to fund capital improvement projects and other one-time extraordinary expenses when reserves are not available
 - No assessments since at least 1999

Dues – Adjusted for Inflation

- Costs for goods/services have increase 3-4% annually since 2005
- If dues had been adjusted for inflation:
 - 2005 \$325/quarter
 - 2011 \$411/quarter
 - 2014 \$463/quarter

Dues – Other “Premier” Properties

- \$732/quarter Castle Pines Village
- \$617/quarter Heritage Estates
- \$600/quarter Orchard Creek
- \$400/quarter The Preserve at Greenwood Village
- \$390/quarter Southern Exposure (Lafayette)
- \$375/quarter Portico (Longmont)
- **\$325/quarter Somerset**
- \$250/quarter Legend Ridge

Dues – Current/Projected Operating Expenses

- Somerset HOA will run a deficit on operating expenses in 2010
- Projected operating expenses for 2011 will exceed revenues

- **Options for ongoing operating expenses**
 - *Reduce services to align with current dues revenue*
 - *Increase dues to align with projected three-year operating expenses*

Capital Improvement Projects & Reserves

- Capital improvement projects over the next five years are projected to be \$375,000 - \$400,000
 - Irrigation
 - Fences, Paths, Walkways & Gardens
 - Reserves for ponds, water
- Options for Capital Projects
 - Board approve Special Assessment
 - Defer on capital improvement projects

Next Steps

- Board will complete their analysis of projected five-year operating expenses and capital projects
- Board will seek input from, and communicate to, homeowners
- Board will consider a resolution to increase dues to align with projected operating expenses
 - *Dues increase will need to be approved by homeowners*
- Board will consider a resolution to establish a Special Assessment to align with projected capital projects
 - *Special Assessment will only need to be approved by Board*

Milena Smith was nominated for the open board position vacated by Debi Williamsen.

Motion to vote for Milena Smith for the Board was motioned by David Edwards and 2nd by Debi Williamsen.

Member vote for Milena Smith passed unanimously.

Motion to adjourn: Shalia McPherson, 2nd by Debi Williamsen

Meeting was adjourned 8:40 p.m.