

Somerset Homeowners Association
Board Meeting Minutes
Tuesday, June 7, 2011

Board Members: Mike Atkins, Dave Edwards, Ajay Sreenivas

Property Manager: Al Orendorff

Community: Garret Quackenbush,

ACC: No representative present

Meeting Started: 6:36:49 pm

Minutes: April 7, 2011. David Edwards: - motion to approve, Ajay Sreenivas 2nd

Property Manager's Report

June 5, 2011

Operating Account bank balance: = **\$66,763.58** as of May 31, 2011. - **\$69,988.58** as of June 5, 2011.

Accounts receivable: = **\$ 15,135.00** as of May 31, 2011. - **\$11,910. 00** as of June 5, 2011.

Defense Account as of May 31, 2011= **\$20,120.37**

Reserve Account as of May 31, 2011= **\$27,363.79**

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. Normally invoices for Q3 are sent out around June 1, however this has been delayed due to the status of the vote. Q3 invoices will be sent out by June 15, 2011. Should the Board fail to secure the necessary votes; the budget will need to be adjusted to reflect the lower revenue number.

Using comparative analysis of expenses and income to the end of May between 2010 and 2011, we have managed to significantly reduce expenditures.

As of the end of May 2011, overall expenses are \$27,260.25 below where we were in 2010, thus increasing net income by \$24,313.70. However, this comes at an expense to the overall aesthetics of the development. Under the direction of the Board, we have delayed operation of the waterfalls, eliminated flowers and trees for 2011 and eliminated mowing for non-irrigated areas. Further, we have delayed repairs in several areas within the development including repairs to the Indian Pond, repairs, painting and a new roof on the pump house, and the ground lights at Hwy 52 monuments.

Ballot results as of May 5th: - 111 have responded to the assessment ballot. Of the 111 who responded, 74 approved the assessment cap increase and 37 did not approve. This represents a 66.07% approval rate.

The property on Daylilly changed hands in March. BB&G LLC and construction activity is present on a daily basis.

As requested by the Board, a lien was filed on the Cranberry property and no response or payment has been received. Further we have a non responsive member on Snowberry as all correspondence mailed is returned "undeliverable". Attempts to contact by phone have not been successful. This account will be turned over to the attorney for collection.

There is another property on Strawberry that is attempting to work with their bank on a short sale. A closing date continues to get pushed out as I believe that bank renegotiates the short sale. The owner is not attempting to hide and calls me back whenever I inquire regarding the status.

The waterfalls were delayed in starting 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. Unfortunately a severe leak in the supply line has forced us to shut down the waterfall for an indefinite period of time. We have scoped the line to determine where the break in the line is and are currently investigating several options to repair the waterfall. This will be a major expense as several yards of soil have eroded underneath the waterfall, filling the ponds and stream with dirt. This dirt will need to be removed from the various ponds and stream. Further detail will be provided at the board meeting

Repairs to the Indian Pond were delayed late 2010 due to cash flow issues. GTL25 will repair the pond over this month. Once repaired, we will start the Indian pond.

Landscape:

Normally, ditch cleaning and tree trimming would be completed by now, however this activity has been placed on hold until funding issues have been resolved. I have received a few calls regarding tall grass areas and waterfall start up concerns. The longer we delay work in areas, the greater the cost will be in the future.

We replaced the motor on the transfer line and several valves in the main line have been repaired. The system is now up and running. 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 will be completed later this month.

The under-drain in the cement swale by the telephone company is totally blocked with mud and 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.

In an effort to reduce both electric usage and water consumption, we will be completing the installation of the pumps at pond 2. This will allow the association to water the Estates area at night, and have the ability to water areas every 2 or 3 days instead of every day as we currently do.

The major equipment has already been purchased. We have the pump and most of the fittings and just need to fabricate the mounting bracket. We plan to water only at night, reducing electrical usage at peak daytime rates.

If we can complete the transfer line, the association will be able to duplicate the savings in system operation in the Place and Heights. Watering at night and skipping watering days will be a significant change from how we currently irrigate. Today, pumps need to run 24/7 watering all areas daily.

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.

Treasurer's Report:

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

June 7, 2011 Meeting

May total income was \$8.33 and expenses \$10,055 with a net income of -\$10,046.

<u>Year-to-date *</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>% of Budget</u>
Income	103,739	107,850	-4,111	96.2
Expenses	37,129	59,044	-21,915	62.9
Net Income	-66,610	-48,806	17,804	136.5

*Based on proposed dues increases that have not been approved.

Accounts receivable are -\$770

A/R >90 days total \$8,780

Bank balance is \$66.764

Defense Fund is \$20,120

Reserve Fund \$27,364

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

David L. Edwards, Treasurer

Discussion was held regarding the status of the approval for increasing the assessment cap. At this time, only 38 approvals are needed for the assessment to pass. The property manager was

requested to forward the list of those who voted no, or have yet to vote to all board members. Mike committed to contact at least 6 members and AI committed to contact another 5. Mike also committed to prepare a letter to those who voted no, or did not vote which will be included in the Q3 dues mailing. The property manager will hold off billing until mid June.

Irrigation/Landscape:

Discussion regarding the waterfall repair included a detailed overview of the issue from Garret and AI. Garret estimated that between 100 and 200 gallons per minute are leaking out the side of the waterfall. There is an estimated 5-10 yards of sand that has eroded from under the lining and is now in the various pond levels, the stream between ponds 3 & 4 as well as almost filling pond 4. Concern was expressed by the property manager that the sand could get into the line going under the road. This line is essential to the operation of the Estates irrigation as water flows through all ponds, to the Eagle pond where it is pumped to all zones in the Estates.

Concern was expressed regarding any voids caused by erosion that could weaken then structure or bedding of the water path within the waterway paths. We will need to evaluate the erosion and possibly have a company come in to determine erosion locations and add grout to stabilize. We have contacted two different companies for evaluation. Hayward Baker from Denver appears to be the most knowledgeable with this type of situation and is currently doing something similar at the Denver Zoo. We will meet them within the next 7-10 days to get an estimated cost for stabilization.

Estimated cost to get the basic operation of the waterfall going, (without stabilization) is approximately \$10K - \$12K, however; total cost could be upwards of \$25K depending on the stabilization costs. The final costs will not be known as we do not know the extent of damage until the areas are opened up.

It is critical that the sand be removed and it is estimated that the cost for cleaning out the soil in the waterfall ponds and stream is around \$5K. We will need to camera scope the return line going under the road to determine the amount of sand that has traveled in the pipes. The line break for the main waterfall is approximately 3-4 feet below the inlet at the upper waterfall pond. Cost to repair the pipe with a slip line repair is between \$4,500 and \$5,000.

The overall expense involved to completely repair the waterfall is prohibitive at this time given the current budget situation. The board requested options based on cost, even if it meant shutting down the waterfall. Garrett advised the Board that the waterfalls also act as a mechanism to aerate the water thus preventing water in the ponds from becoming stagnant.

Options are as follows:

Repair stream and collection pond at bottom of waterfall – Estimate: \$5K

Add slip-line repair to above: additional \$5K

Stabilization and filling in of voids: estimated \$5K to \$20K depending on damage found.

Based on the current funding, the Board decided to do the basic minimum of getting the stream and ponds cleared of sand to protect the operation of the Estates irrigation system. Motion by Mike Atkins, David Edwards 2nd.

The collapsed under-drain at the swale on Niwot road will require the HOA to dig up the area and replace the under-drain pipe. Garrett was unable to determine a cost estimate without further evaluation. The cement in the swale will need to be cut open and we will need to pump the water around the excavation area. It is estimated that the pipe is no deeper than 3 feet. The overall excavation length is approximately 30-40 feet. Garrett will provide a cost estimate to the board.

There is either a main line or valve leak in the line which goes under the sidewalk at the base of the waterfall. We have known about this for a few years, however the leak has gotten worse and it needs to be repaired. The property manager stated that the repair is accounted for in the 2011 budget and it was estimated to cost approximately \$2.5K to repair. The plan is to reroute the line from under the sidewalk to beside the sidewalk to allow access in the future.

ACC: No ACC representative present.

Open Member Discussion:

David Edwards was concerned about the S&T notice he received where the S&T intimate that they can carry forward unpaid S&T dues to the any new homeowner. Based on previous discussion with the attorney, the S&T does NOT have the ability to place a lien on any member's property who decides not to join the S&T in any year. The S&T can establish any re-join fee they like, however the S&T's wording has caused concern with several members in the Estates. The property manager has received 4-5 calls from upset homeowners. Per David Edwards, he feels as though their wording represents the threat of a false lien and that as realtor will need to disclose this to any prospective buyer, which could affect a homeowner sale.

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.

Next board meeting scheduled for July 12, 2011 – location TBD.

Meeting Adjourn: 7:40 pm

David Edwards motioned; Mike Atkins: 2nd.