

**Somerset Homeowners Association  
Board Meeting Minutes  
October 13, 2011**

**Board Members:** Mike Atkins, Dave Edwards, Milena A. Smith; Ajay Sreenivas; Shalia McPherson

**Property Manager:** Al Orendorff

**Community:** Garrett Quackenbush, Mike Stears

**ACC:** Steve DeWitt

**Meeting Started:** 6:31 PM

**Minutes:** September 22, 2011.

Motion to Approve September Minutes: David Edwards, Ajay Sreenivas 2<sup>nd</sup> – Approved at the Dec. 8, 2011 Board Mtg. with changes made.

**Discussion:** Minutes were contested due to content and wording by several Board Members. The Minutes were re-submitted by the Secretary and sent to all Board Members on 10/14/11, based on changes agreed upon by the Board. Subsequent changes were made by Mike Atkins on Dec. 8<sup>th</sup>, 2011. Secretary so noted.

**Treasurer's Report  
September 2011**

August total income was \$22,209 and expenses \$35,291 with a net income of -\$13,082.

<b>Year-to-date</b>	<b>Actual</b>	<b>Budget*</b>	<b>Variance</b>	<b>%of Budget</b>
Income	187,045	196,725	-9,680	95.1
Expenses	140,784	191,569	-50,785	73.5
Net Income	46,261	5,156	41,105	897.2

\*Based on proposed dues increase that has not been approved

Accounts receivable are -\$350

A/R (HOA dues) >90 days total \$9,480

The largest Outstanding:

8532 Strawberry Land, LLC	: \$3,955
Hauk	: \$2,425
Ross	: \$3,825
Stull	: \$1,350

Bank balance is \$45,971

Defense Fund is \$20,130

Reserve Fund \$27,377

Expenses are substantially less than budgeted. The major variances are Landscape Maintenance, Maintenance and Utilities. Line items that have substantial variance from budget

should be reviewed. The Manager's report includes a comparison of 2010 vs. 2011 financials that details significant changes. David L. Edwards, Treasurer

Motion to Approve: Milena A. Smith; Ajay Sreenivas 2<sup>nd</sup> - Approved

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**The Property Manager's Report is included in its entirety below:**

**Property Manager's Report**

**October 11, 2011**

*Operating Account* bank balance: = **\$45,970.83** as of September 30, 2011, - **\$50,476.43** as of October 11, 2011.

*Accounts receivable*: = **\$ 42,453.00** as of September 30, 2011, - **\$29,480. 00** as of October 11, 2011

*Defense Account* as of September 30, 2011= **\$20,130.35**

*Reserve Account* as of September 30, 2011= **\$27,377.36**

Using comparative analysis of expenses and income to the end of August between 2010 and 2011, we managed to reduce expenditures by \$46,515.08. When compared to the revised budget, we are \$50,785.31 under budget in expenses for the year. (\*Note: this figure does not include the bill from Firethorn for landscaping in September, estimated at \$13,000.)

*Assessment Vote*: Ballot results as of September 30th, - 126 have responded to the assessment ballot. Of the 126 who responded, 88 approved the assessment cap increase and 38 did not approve. This represents a 69.84% approval rate. The number of approvals required is now at 24.

**Irrigation/Landscape:**

*Ponds & Waterfalls*: - Pond 8 and the Eagle pond have been repaired and are filled. Both appear to be holding water at the overflow pipe. The repairs in the Eagle pond were significantly more extensive than anticipated due to a large number of splits in the liner that extended up and under the cement apron of the pond. The initial estimate for pond 8 was 16 linear feet and for the Eagle Pond was 85 linear feet. The actual repairs came were 28 feet for pond 8 and 285 feet for the Eagle pond. We needed to carefully saw sections of the apron to remove the cement before repairs could be made. The liner repair company usually charges \$22.50 per linear foot, however; they adjusted their bill due to the significant increase in work. (s/b \$7,042.5 - SHOA paid \$5,655 = \$1,387.50 savings.)

Work has started on the clearing of the vegetation on the waterfall. This activity has uncovered some disturbing structural areas under the north stream of the pond. Large cavities are easily visible under the stream and pond area near the top of the north stream. Upon further investigation and running a camera through the supply line, we believe that there is not a pipe leak as previously thought. We now believe the water has worked itself over the edge of the

north stream, eroding under that stream and emerging half way down the waterfall. Tests will be conducted this week to confirm our suspicions. If the water only came from the overflow at the stream, then we will be able to save to cost of the slip line for the supply pipe at \$3,000.

Per approval at the September board meeting, we will foam the cavities under the waterfall area and around pond 4 to stabilize the structures and seal off any eroded pathways.

During the September meeting concern was raised regarding the use of poly-urea over bentonite. The property manager contacted several pond contractors and soils engineering firms to review the bentonite solution vs. poly-urea. Below is the findings of that research:

*Bentonite Pond Repair Evaluation*

09/29/2011

*I previously discussed the cost of utilizing bentonite with Doug Tiefel of Goose Haven Sand and Gravel. He has done several large ponds in Boulder County. His pond systems were significantly larger using large heavy equipment to dig or dredge a pond profile, and then add up to 4 feet of bentonite before compacting.*

*After the September board meeting and based on the concerns expressed by Milena Smith, the HOA secretary, I again re-visited this with Doug to see if in his opinion, bentonite was a cost effective solution for a small pond.*

*Pond size is approximately 24 feet wide, 34 feet long with a depth of approximately 4 to 4.5 feet. The north and west slopes are estimated to be around 55 to 60 degrees, while the slope is estimated to be around 35 to 40 degrees. The pond holds 0.081 acre feet per the HOA drawings supplied by the developer.*

*I reviewed our proposed plan to repair pond 4 with Doug Tiefel. He could not provide a price, however he did indicate that he would require good access for heavy equipment. Doug suggested contacting Ed Paas at Terracon (303) 776-3921 in Longmont as he may be better suited to advise us regarding the use of bentonite.*

*Talked with Ed Paas at Terracon <http://www.terracon.com> He indicated that Terracon no longer does residential or HOA work, however he was willing to discuss the use of bentonite, its application and potential solution the SHOA was looking at.*

*They were not aware of the poly-urea solution that we are considering as they primarily work with clay in their applications. Tom did however indicate that the pond would probably require a 12" depth of bentonite to be applied. This means we would need to excavate an additional foot to the sides and bottom to retain the same pond size. Further, based on the steep angles of some sides; compacting the bentonite would be very difficult. The fact that they could not drive large compacting equipment in the hole (due to the small size of the pond) creates problems and would create added expense.*

*Although Terracon would not be interested, Tom suggested I talk to Roy Fitzer with Deere and Ault in Longmont, as he may be able to advise us as well.*

*I contacted Roy Fitzer at Deer & Ault (303) 651-1468 ([www.deereault.com](http://www.deereault.com)) Roy indicated that the small size and steep slope of pond 4 is an issue. The lack of ability to get large equipment in such a small pond is a big issue. Further, Roy stated that the "bentonite would not stand up on a steep angle." In the past, Deer and Ault have used a woven product with bentonite impregnated in it with limited results (Bentomat). Roy stated that the material looks similar to a carpet with the bentonite in it. You overlay the edges, add bentonite as a sealer, and compress. Roy would not recommend this approach. Don Deere, a partner in the firm lives in Autumn Ridge. Don is out of town, however Roy will see if Don could stop by once he is back late Thursday or early Friday.*

*I outlined our approach to the repair using poly-urea. After some consideration, Roy thinks that this might be our least expensive solution as there remains a potential for some leaking with bentonite.*

*In a further discussion with Roy, he indicated that he has used other artificial liners with good success. They have used products from Colorado Linings. Given the steepness of the slopes, artificial liners would be a better solution. Roy stated that anything beyond 18 degree slope would be a problem.*

*Contacts at Colorado Linings are Bryant Jefferson (303) 841-2022 or his cell at (303) 951-5912. The manager is Patrick Elliott at (303) 885-0261 – cell. Our contractor is supplied by Colorado Linings.*

*Other Landscape:*

Boulder County and Xcel Energy are currently offering rebates for converting older less energy efficient appliance over to more eco friendly lower power consumption devices. The property manager met with Boulder County Energy Smart representatives as well as a rep from YESCO lighting. The Boulder County rep toured the entire development looking at all lighting and pumps within the development. Somerset currently uses 7 pumps to move water throughout the development, operating waterfall and irrigation systems. We have cut back operating hours in some areas such as the waterfall pumps, however this did not yield the results expected. When questioned, we were told that Xcel Energy does not have "off peak" rates and our electrical rate is the same at 4AM as it is at 4PM.

The Boulder County rep looked into other pump solutions such as variable frequency drive systems, however given the nature of the use and constant demand, these pumps would not yield any significant savings. The only way we will be able to reduce our pump operation expense is to reduce the hours of operation. Currently the main waterfall is timed to shut off 8 hours per day; from 10 PM to 6 AM. I suggest that we do the same for the Indian pond and the outlot ponds. The cost of adding timers will be quickly off-set by the reduction in energy costs.

Ideally we plan to operate the irrigation pumps only at night, then shut down for 2 days (some areas 3 days) and restart the system again. Unfortunately we cannot run this way until the last segment of the transfer line is completed. I have asked Garrett to initiate changes to the system to allow this going forward in 2012 for the Estates area as that portion is now complete. Once

the transfer line has been completed we will be able to do the same thing in the lower areas. It is hoped that we will be able to reduce our energy bill by \$4-\$6K per year.

The Boulder rep suggested we meet with YESCO to determine what rebate programs Boulder County and Xcel have that could off-set the cost of replacing the lighting within Somerset. The property manager met with the YESCO representative who reviewed all SHOA lighting. Apparently the rebates from Boulder County and Xcel can be combined, therefore cost of replacement could be very attractive, and payback of the cost may be very quick. YESCO will have a report back to the property manager by the end of October.

A lien was placed on the residence of 6373 Snowberry Lane and the account turned over to legal for collection.

The under-drain in the cement swale by the telephone company was totally blocked with roots in both the main under-drain and the French drain near the surface. This area continues to be a problem and we will need to dig it up to make repairs at some time. Further, the cistern by the west monument at Niwot Road drains very slowly. There was too much water to have this line jetted out; however this area will need to be repaired at some time in the future as well. Once the water level drops, we will attempt to clean out this line as well. Previous attempts at clearing this line proved difficult as there is a break in the exit line of the cistern. From previous camera scope work, we also know the under-drain that comes into the cistern from the Sawtooth outlot is crushed in a few areas and will need to be repaired. Repairs to both the incoming and outgoing lines should be repaired at the same time. If either line stops operating, the ground water level will increase causing problems throughout the under-drain system in that area.

The HOA landscape company, Firethorn Services, have advised that they will not be able to do work for Somerset in 2012 as the business is scaling back. The property manager will have a rough draft for a landscape bid proposal complete with area drawings available for board review at the October board meeting. The plan is to send out the bid packages in the last week of October, with the deadline of November 18<sup>th</sup> for return. A minimum of 3 firms have been selected to bid; Rock Solid, TNT, and Turf Paradise.

Once we have the information back the bids will be reviewed by the landscape committee and a recommendation will be provided to the Board. Ideally we would like to have this process completed by the end of November.

Tree pruning of the dead limbs from the large cottonwood tree in the outlot behind 8432 Sawtooth is scheduled for the week of October 10<sup>th</sup>, at a cost of \$600.

Poison Ivy was discovered in the ditch area beside the 1<sup>st</sup> bridge a lot the paved path from Longview Drive. This area was treated with Round-Up and is scheduled to be treated again before the end of October. We will monitor this area early next year for any signs of the plant.

An area map of the development has been added to the Documents section on the web site. Members can easily access and see the entire area of Somerset.

Through cutbacks in other areas, we may be able to make the necessary repairs to the ponds without drawing from our limited reserves. The infrastructure is aging in the development and we will need to find increased funding for reserves or do significant cut backs in common area services. The maintenance work that we cut back on this year still needs to be done.

**Member Contacts:**

The owner of 8449 Firethorn called regarding the ability install an asphalt roof. The CCR's currently do not allow for this. The ACC contact he was working with is out of town until October 3<sup>rd</sup>. The member would like to review options with the ACC and Board ASAP.

**ACC Report:** The house on Cherry Court was approved by the ACC.

**Old Business:**

*Review Landscape Bid Proposal:*

A landscaping bid package was submitted to the Board by the Property Manager for review. The Board approved the bid package as provided. See attached copy.

A motion was made by Dave Edwards and 2<sup>nd</sup> by Milena A. Smith

*Pond/Waterfall Repair Status:*

The Property Manager found a lot more repair work was needed in Eagle Pond. The waterfall needs more testing. The slip liner idea needs to move forward for improvements to continue. Al also found settlement occurring, but, recommends that stabilizing and sliplining, where needed is more important.

*S&T Response Status:*

Mike Atkins submitted a follow-up letter (2<sup>nd</sup> one to the one mailed on August 22<sup>nd</sup>), since the Board had not heard back since the first letter. We are still waiting on a response from the SSTC.

*Landscape Cost Alternative:*

Steve DeWitt offered different approaches to the current standards for the landscaping requests imposed on homeowners. He demonstrated, using a sketch of the HOA boundaries and areas, an alternative to retaining the existing sod/grass and adopting natural grasses as an alternative. Board members were interested in hearing his alternative ideas and some were in favor of studying the matter further. Given the fact that landscape maintenance, mowing, irrigation and irrigation repair are costly items that the HOA has to incur on a yearly basis, Steve proposes a survey be implemented and sent off to the various areas (Somerset, Somerset Heights and Estates) in order to determine homeowner interest in looking at replacing the Bermuda grass with native grasses. Steve even proposed a pilot study be done in a not so visible location by all areas to see how this idea might catch on. The Board determined that additional research

would need to be done before a survey went out. Dave Edwards stated that this neighborhood was designed for a particular look and Shalia concurred. Milena Smith agreed to a pilot study in an non-visible location. Mike Atkins agreed with Dave and Shalia that more research needed to be done on this matter before a decision by the Board be made.

### **New Business:**

#### *Secretary Procedures:*

It was agreed by the Board that a summary of the Board meetings should be taken of all issues taken by the Board and so noted by the Secretary. The Secretary wanted to bring this new business item to the Board to clarify her position as notetaker of the meetings and how changes to the content of the minutes should be handled before minutes are approved. It was concluded by the Board that certain content of the minutes be changed on the September Minutes and that the Secretary should get the gist of the conversation in the discussion as a summary.

#### *Estates Roofing Discussion:*

Mr. Mike Stears presented his case about his house on Snowberry that has been vacant since 2008. In September of 2011 an offer was made to purchase the house on the condition that the roof be replaced. Mr. Stears wanted to replace the roof with Asphaltic shingles, but, the ACC rejected Mr. Stears request as that type of material is not allowed in the Estates. Mr. Stears has subsequently lost his chance to sell the property in a timely manner and is pleading with the Board to allow him to use Asphaltic shingles as roof material in his upgrade citing a neighbor in the Estates as having done the same in the past. Mr. Stears is seeking that the Board provide documentation indicating where this type of material is prohibited. Mr. Stears also states that the covenants indicate that the ACC can grant approval. Mr. Stears also states that there is a lot of roof activity going on in his neighborhood and that homeowners are confused. Photos were provided to the Board showing other neighbors with asphaltic shingle roofs including Mr. Atkins' roof. Mike Stears will request a formal meeting with the ACC for approval to his request.

#### *Community Input/Open Discussion:*

Homeowner Jodi Oelsner attended the Board meeting and wanted to get an input from the Board regarding the Vote Count for the Special Assessment increase request to the homeowners and whether the Board will continue to request an increase in dues in perpetuity. The Board responded that it shall continue to request the homeowners for a fees increase until the minimum 2/3 vote is met, or until sufficient dissent votes are received whereby approval is mathematically impossible.

Property Manager, Al Orendorff, provide the Board with a breakdown of expenses per common area based on 2010 expenses. The analysis provided an analysis of dues revenue and expenses for each of the three areas of the HOA (Place, Heights, and Estates). The analysis indicates that the dues generated by the homeowners in the Heights and the Estates more than offsets the expenses incurred by the HOA for these areas. The analysis also indicates that the expenses incurred by the HOA for the Place are slightly higher than the dues generated by the homeowners in this area.

**Next board meeting: December 8, 2011**

**Meeting Adjourn: 8:35 pm.**      Mike Atkins motioned to adjourn – Shalia McPherson 2<sup>nd</sup>