

**Somerset Homeowners Association
Board Meeting Minutes
September 22, 2011**

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

Property Manager: Al Orendorff

Community: Garret Quackenbush, Janix Hogle

ACC: Not Represented

Meeting Started: 6:30 PM

Minutes: August 10, 2011.

Motion to approve: David Edwards, 2nd Mike Atkins- Approved

**Treasurer's Report
August 2011**

August total income was \$6,456 and expenses \$12,320 with a net income of -\$5,864.

<u>Year-to-date</u>	<u>Actual Budget*</u>	<u>Variance</u>	<u>% of Budget</u>	
Income	164,836	168,175	-3,339	98.0
Expenses	105,493	163,964	-58,471	64.3
Net Income	59,343	4,211	55,132	1,409.2

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

Accounts receivable are -\$25

A/R (HOA dues) >90 days total \$9,705

Bank balance is \$58,731

Defense Fund is \$20,129

Reserve Fund \$27,375

Note that 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: Mike Atkins; Milena Smith 2nd - Approved

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

Property Manager's Report

September 21, 2011

Operating Account bank balance: = \$58,731.70 as of August 31, 2011. - \$34,225.60 as of September 21, 2011.

Accounts receivable: = \$ 64,983.00 as of August 31, 2011, - \$54,583. 00 as of September 21, 2011

Defense Account as of August 31, 2011= \$20,128.70

Reserve Account as of August 31, 2011= \$27,375.11

Using comparative analysis of expenses and income to the end of August between 2010 and 2011, the SHOA has actively managed to reduce expenditures by \$69,721.72 throughout the year. When compared to the revised budget, we are only \$58,471.18 under budget in expenses for the year. (*Note: this figure does not include the bill from Firethorn for landscaping in August, estimated at \$9,000.)

Assessment Vote: Ballot results as of August 31st, - 125 have responded to the assessment ballot. Of the 125 who responded, 87 approved the assessment cap increase and 38 did not approve. This represents a 69.6% approval rate. The number of approvals required is now at 25. AI mentioned one more positive vote – raising the approval rate to 69.94% and the number of approvals now needed is 24.

Landscape:

As reported earlier we have several severe pond/waterfall issues that affect not only the aesthetics of the development, but the general operation of the irrigation system in the Estates. After meeting with several repair companies and manufacturer's we believe we have come up with the most cost effective solution.

Below I have detailed the proposal ranked in order of importance, along with the estimated cost to repair each item. The cost may vary slightly based on the extent of damage and repair required.

1) Pond 8 – This has the highest priority due to the fact that the pond liner would be exposed to UV light and animal tracks throughout the winter that will further damage the liner, possibly to the point of not being able to repair it. Several holes will be patched and the pond re-filled with water before the ditches go down.

2) Eagle Pond – Similar to above, would be completed immediately after pond 8 repairs.

Estimated cost to repair **both** Pond 8 and the Eagle Pond is approximately \$3,000. Cost may vary due to increased time and material for yet to be uncovered repairs. We will transfer water between ponds so as to conserve as much water as possible.

TOTAL ESTIMATED COST FOR POND 8 & EAGLE POND: \$3,000

3) Pond 4. – After significant research and consultation with several contractors, I propose that we install a poly urea liner over the existing structure. Basically we build a plastic liner over the existing gunite pond. We will need to stabilize the pond subsurface, clean the pond thoroughly, re-apply gunite over the existing surface to smooth the pavement, add a geo-fabric, then install a spray poly urea to a uniform thickness of 120MM. We will also need to clean out 12” pipe under Somerset Drive.

Estimated Cost is as follows:

Clean out pipe under Somerset Drive - \$850 - \$900

Stabilize the pond base - \$ 3,500 – material cost only if done with waterfall

Clean pond, gunite, install geo-fabric and poly urea \$ 17,900

TOTAL ESTIMATED COST FOR POND 4: \$22,300

4) Waterfall: Need to repair the supply pipe, clear out the debris on the waterfall area including removal of trees, and stabilize the base where it was washed out, repair the liner in the upper pond and repair concrete in both ponds.

Estimated Cost is as follows:

Slip-line repair of supply pipe - \$3,000

Stabilize the pond base - \$3,500 – includes Pond 4 (*Paid with Pond 4*)

Clear foliage & debris from waterfall - \$3,000

Repair upper pond liner est. - \$ 2,500

Repair lower pond and liner est. - \$ 1,500

TOTAL ESTIMATED COST FOR WATERFALL REPAIR: \$10,000

(Note: - The stabilization is included and will be done when Pond 4 is treated.)

TOTAL ESTIMATED COST FOR ITEMS 1 THROUGH 4: \$35,300

We can delay the repair of Pond 4 and the waterfall until 2012, however if we decide to do that, I suggest that we start preparing the areas this year by clearing the foliage and debris from the waterfall, stabilize Pond 4 and the waterfall, as well as repair the supply line to the waterfall. This will allow the HOA to confirm that all main line leaks have been fixed and check the waterfall for other potential leaks.

We replaced 6 non-functioning valves and repaired one main line leak in the irrigation system in August. There are another 3 valves to be replaced in September. For safety reasons, we will be

replacing all damaged valve boxes that cannot support a lid, to ensure anyone walking in the grass areas does not get hurt. There are approximately 15 – 20 boxes that will need to be replaced.

The drip irrigation system for the trees at the water tower hill was checked and found the filters needed to be replaced. Garrett will replace these filters with GTL25.

Two other previously undiscovered valves along the path to the West Pond started to leak and were replaced.

A new pump was installed in the Indian pond by Quality Pools. Irrigation lines were pinched by roots in three places on Greenwood Island which required three holes and repairs to the lines.

In late August all the ground lights at the Greenwood entrance and at Niwot Road were vandalized and will be replaced in September.

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. We will have this line rootered out to alleviate the immediate issue however; we will need to excavate the area to repair the under-drain pipe.

Although we have managed to significantly reduce expenses year-to-date, this does not mean that the work planned does not need to be done, rather that the work has been deferred to another time. Operating this way will only cause major expenses in subsequent years, which will be increasing harder to handle due to funding issues. The potential reduction in operating expenses this year will be off-set by the pond repairs that need to be done to get the irrigation system operating properly.

Member Contacts:

A Sawtooth member called regarding a parked camper in a driveway. The property manager contacted the camper owner and the camper has now been removed from the driveway.

The same Sawtooth member was concerned about the soil and wood chips in the out-lot between the ditches. Another Sawtooth resident wanted the wood chips. The property manager confirmed the 2nd homeowner removed the wood chips, however, to date Firethorn has yet to spread the soil around between the ditches to remove the existing pile as promised by the property manager.

The member at 8432 Sawtooth expressed concern about a cottonwood tree overhanging their back yard. A large limb broke from the tree landing outside their property. The property manager had Boulder Tree investigate the state of the tree to categorize it and suggest a resolution.

Boulder Tree suggested a class 2 trim which would cost between \$2,000 and \$3,000 to do. The property manager followed up with the owner advising of the cost. The homeowner is only looking to have the dead limbs trimmed and indicated that their arborist could do the job for around \$450. The property manager will secure bids for trimming the dead limbs only.

Same member asked about the budget and requested information regarding the expense by area within Somerset and information regarding the proposed maximum assessment increase. The property manager provided information regarding the Place and Heights over a 5 year period along with a spreadsheet of proposed projects within Somerset.

ACC Report: No report as there were no ACC members present. Update on roof repair approval letters submitted by the committee has yet to be reported. Shalia McPherson wondered about the approval of an ACC issue at the bottom of Bellflower. Shalia McPherson inquired as to whether or not the landscape and home improvement at on Cherry Court had ACC approval. No ACC members were present to report on the above issues, however, the property manager confirmed that the ACC was involved regarding Cherry Court.

Board Discussions:

Old Business:

The property manager provided an update on the budget assessment vote. We picked up one more approval vote, bringing the total now required down to 24. Of those who have voted, 69.94% approve of the increase in the maximum assessment. There are 42 homeowners who have yet to respond. Mike Atkins, strongly believes that putting money into the reserves and deferring certain maintenance costs should be done. The Board agreed that building the reserves should become the top priority in order to better handle future repairs of major assets.

Property manager advised that two other homeowners made contact with the HOA. A member on Pawnee was concerned about signs in the development. The property manager informed her that only real-estate signs and political signs are allowed on homeowner's property and per SB100, political signs can only be up 45 days prior to an election and cannot stay up any longer than 10 days after an election. Another member on Greenwood inquired about the landscaping and native grass at 8498 Greenwood. The property manager contacted the ACC to see if the current landscaping was ACC approved.

Ponds and waterfall repairs: The board discussed the Pond 8 and Eagle pond repairs as they are the less expensive and easiest to repair. The property manager indicated that overall costs may go as high as \$3,500 or more depending on the extent of damaged liner not visible. (Either under the water line or under the concrete edging.) Failure to repair this asset will cost the HOA significantly more at a later date.

A motion was made by Mike Atkins and seconded by Shalia McPherson to proceed with the repairs to the Eagle pond and pond 8 as outlined in the property manager's report. The motion passed by a majority of the board members. Milena A. Smith dissented. Motion Passed.

The Pond 4 repair is projected to cost \$22,300, due to the type of construction. However, this cost also includes the cost stabilizing Pond 4 as well as the waterfall area (\$3,500.) Approximately \$300 of the \$3,500 will be used to stabilize Pond 4, with the rest going to stabilize the waterfall. Therefore, the actual Pond 4 repair will be around \$19,500. The cost for stabilization would be significantly higher if done separately.

Dave Edwards and Shalia McPherson recused themselves from voting the issue due to a conflict of interest.

Pond 8 and Eagle pond is the Property Manager's first choice for repair.

Mike Atkins motioned to approve repairs to Pond 4 as proposed in the property manager's report. Ajay Sreenivas seconded; Motion passed, with Milena Smith dissenting.

Waterfall Repair: Since we are planning to stabilize the waterfall when the repairs to Pond 4 are being done, the debris in the waterfall streams will need to be cleaned out as well as the pipe under the road. The cost for clearing the waterfall is estimated at \$3,000.

Dave Edwards and Shalia McPherson recused themselves from voting the issue due to a conflict of interest.

A motion was made by Mike Atkins and seconded by Dave Edwards to clear the debris from the waterfall area for approximately \$3,000, to allow stabilization work to be done. Motion passed unanimously.

LHWD: The board has yet to receive a response back from the LHWD.

SSTC Response: On August 22nd Mike Atkins sent a letter to the SSTC requesting clarification and justification for the letters they are sending SHOA members in the Estates. As yet, we have had no response. Mike Atkins committed to send a follow up letter for clarification to the Somerset Estates homeowners about back liens when properties are sold.

We have requested the SHOA be named insured on the SSTC insurance and have received a named insured certificate from the SSTC.

Landscape Cost Alternative: In a prior meeting, Steve DeWitt mentioned different approaches to the standards for the landscaping requests imposed on homeowners. He did mention that taking on a different approach to the types of foliage allowed on the grounds and basically changing the standards might be something to consider in these changing economic times as well as blending in with nature as it is. The Board discussed the potential backlash against the

SHOA from those members that wish to maintain the original standards for foliage in the past and how would the Board address those homeowners. Unfortunately Steve was not able to attend the meeting and the matter is tabled until the next meeting.

New Business:

2012 Budget: The Board agreed to base the 2012 proposed budget on the current dues structure, and to continue to build reserves to handle unforeseen issues. The property manager will be preparing an initial budget for discussion in the 4th quarter. The Board would like to present the 2012 budget to the membership in December.

Landscape Bidding Process: Firethorn Services had a 3-year contract with the HOA that ends this mowing season (end of December) to include snow removal. The property manager along with Garrett Quackenbush and Mike Atkins will prepare a detailed RFP to solicit bids from qualified companies. The Board agreed that a committee comprised of Al Orendorff and Mike Atkins, plus a homeowner from each of the Estates, Heights, and Place would be an acceptable committee to review the bids. Mike Atkins has asked board members to contact interested homeowners to participate on the committee. We will select a minimum of three landscape contractors to bid on our property.

The detailed RFP will be reviewed by the Board prior to being sent out and the results reviewed by the committee who will make recommendations to the Board.

Membership Feedback: Janix Hogle raised the concern that the County plans on neglecting the repairs to the roads within subdivisions. She attended some of the information meetings held by the County and noted that specific funding questions remained unanswered. Mike Atkins stated that he and the property manager participated on the roads committee and attended most of the open meetings last year, and came away with a similar conclusion. The reality is that the County is committed to solving the road issues via an LID (Local Improvement District). Dave Edwards committed to look into this further.

Janix asked if the HOA planned to sue the County in an attempt to get the roads paved. Janix indicated that she has met with an out-of-state lawyer who believes that homeowner associations would easily win a lawsuit. Mike Atkins stated that he is not aware of any HOA currently taking legal action against the County. Further if the SHOA were to participate in any legal action, it would require a significant amount of money that the HOA currently does not have, further, the SHOA does not have the ability to raise money through a special assessment to take action. The property manager committed to inquire with our legal counsel to see if he is aware of any class action or individual HOA suits against the County on this issue. Dave Edwards also offered to look into this.

Next board meeting: October 13, 2011

Meeting Adjourn: 8:45pm.

Mike Atkins motioned to adjourn – Ajay Sreenivas 2nd