

Somerset Estates Homeowners Meeting

March 20, 2018

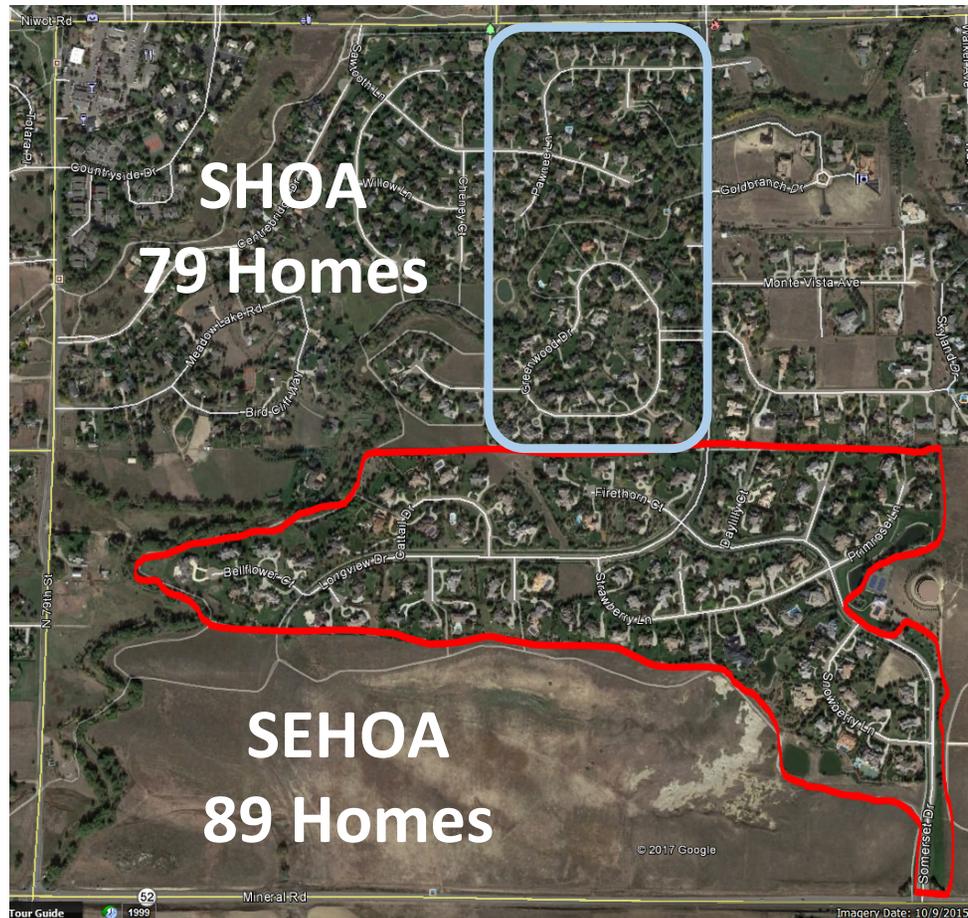
**SOMERSET ESTATES HOMEOWNERS: SIGN-IN AND OBTAIN BALLOT
THANK YOU FOR ATTENDING!**

The information in this presentation was prepared by Estates homeowners who previously served on Board-appointed committees (Separation Committee / Dues & Declarations Committee)

Marc Arnold, Anthony Chirikos, Paula Hemenway and Susan Reilly

Heights/Place (top) and Estates (bottom)

**A New Reality:
“Separate and
Distinct Legal
Entities”**



Meeting Objectives

- Determine the number of directors to be elected tonight by the homeowners (at least 3)
- Elect an initial executive board for a Somerset Estates Homeowners Association to serve until the first annual meeting, at which time an executive board will be elected according to the bylaws established by the association

We anticipate the first annual meeting in January, 2019

Future Meeting Discussions

- There are numerous questions and concerns about our neighborhood. A functioning association and executive board is needed to address these.
- The decision to merge with SHOA can't be decided at this meeting.
- The new board can set up future meetings to address in detail:
 - Proposal to amend declarations, including dues/budget process
 - Water rights and irrigation system
 - Pros and cons of merging with SHOA
 - How the pool fits into all of this (joint with SSTC board)
 - Landscaping options
 - Etc.

CCIOA 101

- **CCIOA** = Colorado Common Interest Ownership Act. Law that governs Common Interest Communities (CIC). All provisions apply to CICs formed after July 1992; some apply to “pre-existing communities”.
- **Common Interest Community (CIC)** = Real estate described in a declaration such that a homeowner is obligated to pay for the costs of other real estate described in a declaration (common elements).
- **Declaration** = Recorded instruments that create a Common Interest Community, including amendments, plats and maps. Highest level governing document for a CIC, sometimes called “Covenants”.
- **Homeowners Association (HOA)** = A unit owners’ association organized to manage a CIC, typically a nonprofit corporation. Per CCIOA, the membership of the association at all time shall consist exclusively of all unit owners.

CCIOA 101, cont'd

- **Common Element** = Any real estate within a planned community owned or leased by the association, other than a unit.
- Common Elements in Somerset Estates are called **Outlots**.

Assessed value of Outlots = \$0. “The valuation of the common elements shall be assessed proportionately to each unit ... and the common elements shall not be separately taxed or assessed.”

Example Legal Description: OUTLOT K BLK 5 SOMERSET ESTATES BLOCKS 2 3 4 & 5 VALUE DISTRIBUTED PER 38-33.3-105 CRS

Association is responsible for the maintenance of the Outlots, per Declaration.

Brief History of Somerset Estates

Date	Action
1980s	Hillside Estates planned – Plat, Declarations, HOA - vote to merge with CWH in 1988.
9/89	Block 1 (Firethorn, Cattail, Bellflower) Plat with legal description of Hillside Estates
5/90	Cottonwood Hills (CWH) HOA name changed to Somerset Homeowners Association (SHOA). CWH is more commonly referred to now as Somerset Heights and Somerset Place (but is one CIC).
6/92	1988 merger between Hillside Estates HOA and SHOA recorded with Secretary of State.
7/92	Blocks 2-5 (everything else, including the Outlots) Plat with legal description of Somerset Estates
12/92	Declaration (Covenants) recorded for Somerset Estates, with SHOA as the managing association. Covers Block 1 and Blocks 2-5. CWH has separate declaration.
2016	SHOA Board attempts to pass updated, single declaration for both CWH and Estates; vote fails. Board petitions District Court to impose declaration, per CCIOA rules.
5/17	Petition denied on basis that “Somerset Estates and Cottonwood Hills neighborhoods have not been legally merged” and are “separate and distinct legal entities”. As such, a combined vote on a single declaration is invalid.

Actions Taken after Court Order

- At July 2017 annual meeting, board appointed a “Separation Committee” and a “Declarations Committee” to investigate implications of Court Order and develop plan to try again to pass new declarations.
- Committees made a joint report in December 2017. Simple answer:
 - We can't continue with a single HOA for separate CICs.
 - The default position is that we are separate and need a functioning association for Estates.
 - A legal merger requires “an agreement prepared, executed, recorded, and certified by the president of the association of each of the preexisting common interest communities following approval by owners of units to which are allocated the percentage of votes in each common interest community required to terminate that common interest community” (CCIOA 38-33.3-221)
 - Therefore, even a merger first requires that Estates has its own association and president.
- SHOA Board retained an attorney to arrive at her own conclusion. The Board has not released the attorney's report; however, it appears her findings were essentially the same as the Committees'. SHOA sent a letter to all homeowners, followed by “FAQs”.

Responsibilities of Executive Board

- Elect officers
- Retain an attorney and file articles of incorporation
- Establish financial systems – banking, accounting, etc.
- Communicate with homeowners about assessments
- Adopt Bylaws and Rules & Regulations; review CCIOA requirements for HOA Boards
- Hold series of homeowner/board meetings
- Work with SHOA Board on agreements to keep neighborhood functioning
- Propose amendments to Declarations
- Appoint Committees:
 - Declarations
 - Architectural Control
 - Landscaping/water
 - Social (maybe we could do something fun!)
 - ??
- Other issues the new Board deems important or that homeowners ask it to do.

Nomination and Election of Executive Board

- Each home represented here received one ballot. Each proxy holder received a ballot for each proxy.
- Ballots list homeowners who've agreed to be nominated to serve on the Initial Executive Board until the first annual meeting, probably January 2019.
- Agreement to set number of directors (X)
- Nominations from the floor (ballot write-in's)
- Brief introduction by each nominee
- Vote conducted by placing a mark next to X nominees
- Adjournment while tallying the ballots: Top ranked X candidates elected
- Runoff, if needed, for candidates with less than 50%

Commitment

- Primary goal to serve the best interests of Somerset Estates homeowners by protecting and improving the value of our homes, and improving our quality of life here;
- We will try to maintain continuity of services and avoid disruption during the transition period;
- We will work without preconceptions to perform a rational, unbiased and transparent assessment of the legal, financial and practical implications of a vote of the homeowners to merge with SHOA compared to operating as a separate HOA (with commercial agreements between the HOAs);
- In addition to formal minutes, we will issue supplemental updates, conduct meetings and invite homeowners to attend workshops to remain informed, participate and voice their ideas, suggestions and concerns;
- The decision regarding whether to merge with SHOA will ultimately be left to the homeowners in accordance with voting requirements for a merger;
- We will make every effort to collaborate with the SHOA board to arrive at amicable, timely, and mutually beneficial arrangements.

[Pause During the Vote Tally]

- Please visit www.SomersetEstates-HOA.com for updates
- This presentation will be posted on the website
- An address has been established as follows:
Somerset Estates Homeowners Association
PO Box 621
Niwot, CO 80544

Conclusion

- Homeowner meeting is adjourned
- Newly elected board may conduct a board meeting
- An Estates homeowner workshop event may be announced
- Open discussion
- Good night and thank you for attending!