

SOMERSET ESTATES HOMEOWNERS ASSOCIATION

What's Up #9: August 16, 2018

Amended Declaration Adopted... 91% in Favor... THANK YOU!



Celebration signs posted following Amended Declaration adoption

Congratulations and Thank You to the overwhelming majority of Somerset Estates Homeowners who participated in the recent vote to adopt an Amended Declaration. A full write-up describing the voting process and results in detail will be posted to the SEHOA website.

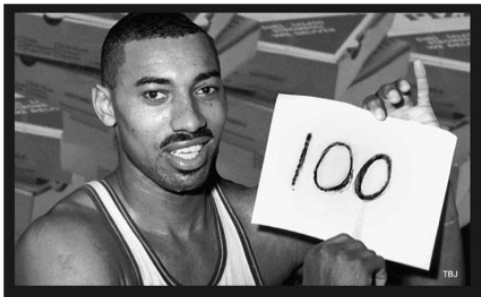
The official count was conducted at the recent August 14th board meeting. A total

of 87 ballots and proxies were cast representing a remarkable 99% of eligible households. We needed 59 (67%) affirmative votes to pass the initiative and we are pleased to report 80 (91%), voted in the affirmative. The approved Amended Dedication was signed, notarized and filed with Boulder County. As a result, **Somerset Estates Homeowners Association is now governed by the 2018 Amended Declaration.**

Basketball fans will appreciate the following playful photo taken in celebration of the vote results:

Impressive Performances

That Was Then – Wilt after scoring 100 points in 1962.



This is Now – SEHOA Board 8/14/18 after 80 Yes votes out of 87 cast on new declarations (needed 60).



SEHOA Board on right: Kip Sharp, Paula Hemenway, Susan Reilly and Marc Arnold (Anthony Chirikos absent) Photo Credit: Jim Hemenway

What is the overall significance of adopting the Amended Declaration? For the first time since 1992, we now have in place a set of rules and a system of governance that reflects what we, the homeowners, want for our neighborhood, rather than the wishes of the original developer. This provides a framework for this board and future boards to more effectively address the community's needs. Over time, this crucial step will make it possible for us to repair, improve, maintain and manage our common interests.

Before we can focus fully on day-to-day issues, however, several substantive one-time issues remain as a result of the May 2017 court ruling which determined Somerset Estates is a separate and distinct legal entity. This issue of What's Up will give you a sense of the challenges ahead. We welcome your input and involvement!

"Moving Forward" Party: SEPTEMBER 17, 7pm

Passage of the Amended Declaration is worth celebrating! Mark your calendar: All Somerset Estates homeowners are invited to attend a Moving Forward Party at the Somerset Swim and Tennis Club on September 17th at 7pm. This will be an opportunity to review and celebrate SEHOA's progress over its first six months and look ahead. The party will be fun and informative. We urge you to attend.

Collaboration with SHOA

The two boards have been working to fulfill the sentiment outlined in the March 28th Joint Statement which included, in part, the goal that "our two boards will take up the issues and look for amicable solutions that yield the best results for both our communities".

On July 10th, the two boards appointed two members to form a joint committee to address the issue of ongoing expenses and reimbursements between the two HOAs. The four committee members made rapid progress toward allocation of expenses between the communities.

On August 14th, the two boards met to discuss overall roadmaps for our two communities, including reconciling timelines and identifying areas where the two boards can collaborate on an ongoing basis.

It was a productive first meeting and plans were made to meet again.

Merger Status

The decision of whether or not to merge Somerset Estates Homeowners Association (SEHOA) and Somerset Homeowners Association (SHOA) will be decided by the respective homeowner communities. The SEHOA board intends to gather and present relevant information to the community, establish a Plan of Merger with SHOA, then allow homeowners to decide. See the Draft 2018/2019 Action Plan below to better understand the steps involved.

Any progress toward merger, of course, requires reciprocal actions on the part of SHOA as well. Recent meetings suggest SHOA is on a compatible path.

Nevertheless, some issues need to be addressed whether a merger happens or not, and prudence requires us to operate as a separate HOA without presumption of the outcome of a future merger vote.

Very Busy Times Ahead

Now that our community has adopted an Amended Declaration we need to turn our attention to dealing with open issues, contingency items in the event a merger does not happen soon and establishing the necessary elements of a functional HOA. More specifically, we need to:

Clarify common property ownership

Appoint Architectural Control Committee

Adopt ACC rules and guidelines

Review and clarify existing water and irrigation matters

Prepare and adopt a reserve study

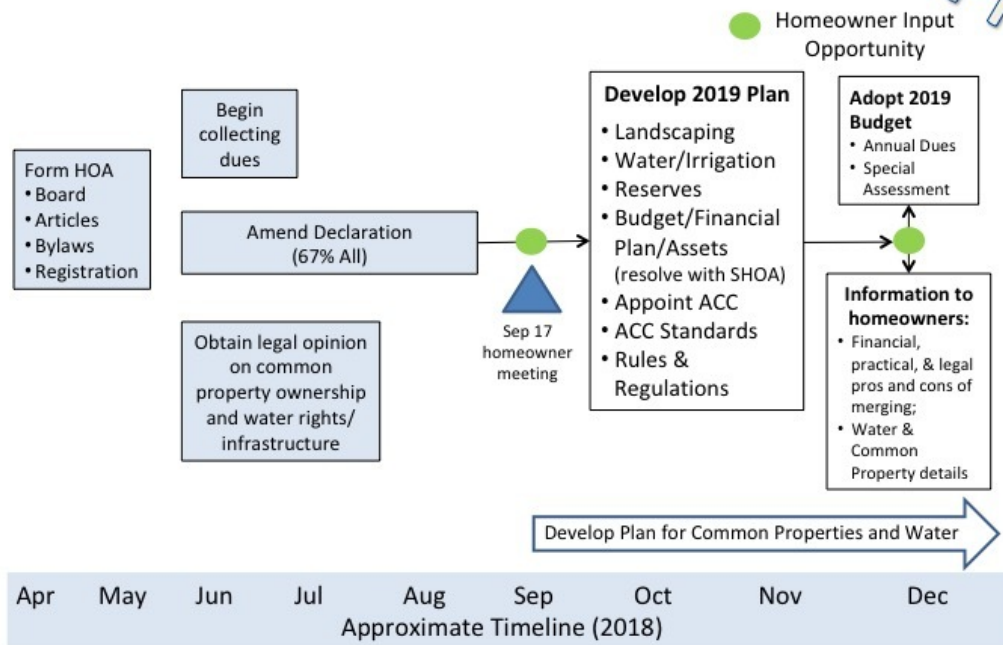
Prepare and present a financial plan

Work with SHOA to maintain services, allocate assets and prepare the two communities to vote on merger

The following Draft 2018/2019 SEHOA Action Plan was shared with the SHOA board at the joint SEHOA/SHOA board meeting:

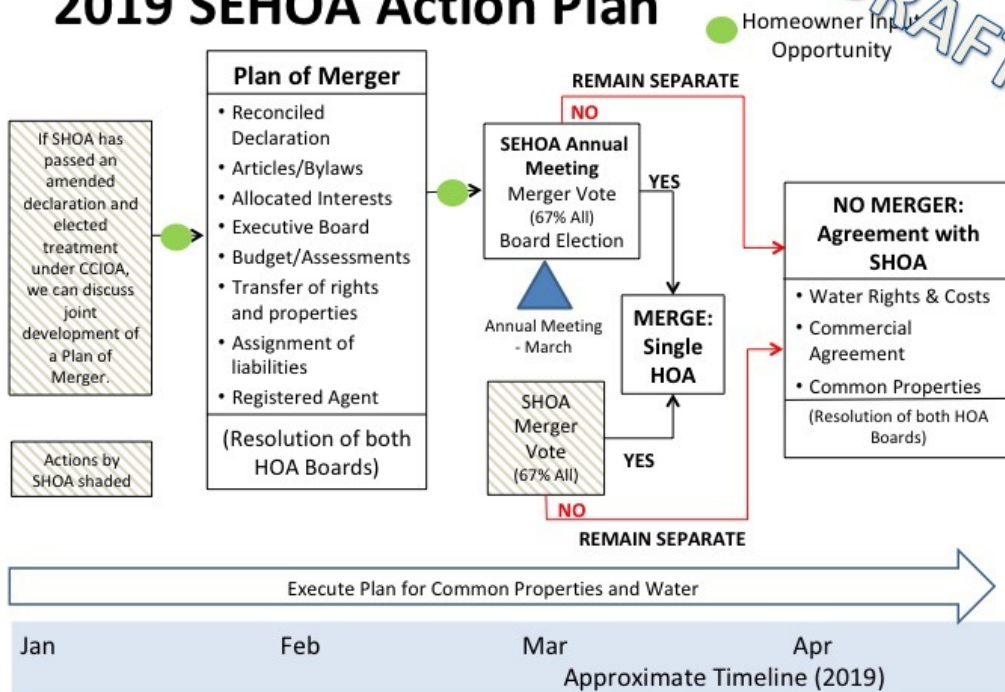
2018 SEHOA Action Plan – Aug 14

DRAFT



2019 SEHOA Action Plan

DRAFT



We will continue to refine the Draft Action Plan to appropriately prioritize and sequence the issues. Somerset Estates homeowners are always welcome to attend meetings, stay informed and contribute thoughts as we address the many important issues ahead.

Clarify Common Property Ownership

The 2017 court decision determined that the merger of Somerset Estates and Cottonwood Hills was invalid, throwing into question the ownership of the assets of what had been a combined homeowners association. SEHOA retained an attorney expert in real property law in Boulder County, and the board asked him to investigate the ownership of the outlots within the boundaries of Somerset Estates.

The 1992 declaration provided that outlots would not be conveyed to the association, and thus become common properties, until deeded to the association by Longview Associates, the developer of Somerset Estates. The only outlots deeded to anyone (including SHOA) by Longview Associates are B and C (located adjacent to the open space behind the homes on Snowberry Ln, deeded to SEHOA and therefore owned by SEHOA), and a part of D (deeded to Somerset Swim & Tennis Club and therefore owned by SSTC). Our attorney believes that all the other outlots within the boundaries of the Somerset Estates are still owned by Longview Associates.

The attorney's report includes additional information, including how the 1992 declaration relates to the dedication in the plats, the role of the Boulder County Assessor's records, whether any of the outlots can be sold to third parties (no), whether the homeowners in Cottonwood Hills need to vote to transfer common properties in the Estates (no, because SHOA most likely does not own them), and whether SHOA was historically aware that the requirement in the declaration had not been met (yes).

The good news is that he believes there is a straightforward legal solution to clarify outlot ownership, which we are evaluating. Whether or not SEHOA and SHOA merge, it appears action will be needed to correct title to the common properties. Stay tuned for further developments.

Adopt ACC Rules and Guidelines

Just as we went through a process to review and update the Declaration, SEHOA needs a comprehensive review and update of architectural and landscaping standards, as well as other rules for the community. This will be a complex and time-consuming task that will involve reviewing legacy rules and guidelines previously used by SHOA, learning from ACC committee members, gathering SEHOA community input, coordinating with SHOA, evaluating best practices

from nearby common interest communities and crafting new rules for review and approval by the board.

If you have an interest in serving as a member of the SEHOA Architectural Control Committee, please send an email to info@SomersetEstates-HOA.com summarizing your relevant experience, qualifications and availability.

Review and Clarify Water and Irrigation Matters

Somerset Estates' ponds are filled and common property is irrigated with ditch water. Water flows from the ditches into SHOA Pond #1, and is then pumped to SEHOA Pond #2. A recommendation to upgrade the transfer line between these two ponds has been in the infrastructure improvement plan for many years.

A water and irrigation study is being performed to understand the workings of the irrigation system, assess its weaknesses and look for potential improvements. Information is being gathered to identify potential opportunities to decrease water usage. Initial landscaping ideas are being solicited from commercial landscaping companies.

There are water rights issues arising from or inherited by SEHOA as a result of the division of the associations. The SEHOA board engaged counsel and is working on the issue. After carefully reviewing the situation and assessing potential options, we will develop a Water Plan to improve and clarify our water arrangements. These are significant issues and resolution will require considerable time and effort.

Prepare and Adopt a Reserve Study

The SEHOA board is charged with the responsibility to develop and present a financial plan to the community. Preparation of a reserve study is a first step. The reserve study will project future resource needs to maintain, repair, replace, and improve common property. The reserve study will also depict a funding plan with projected sources of funding for the work.

Prepare and Present a Financial Plan

HOA boards must formally adopt an annual budget for revenues, expenditures and reserves, and collect assessments for common expenses from homeowners. Since its formation in March 2018, services to maintain SEHOA's common property were obtained by SHOA as it did historically, and SEHOA homeowners paid for the services rendered from dues previously paid. SEHOA is working with SHOA and Trio Property Management (the property management company for both HOA's) to establish a standalone budget and separate accounting. This is necessary to properly account for the expenditure of SEHOA homeowners' dues, whether or not the two associations merge in the future. Work is underway and we will present interim results as soon as possible. The results will form the basis for a full-year 2019 plan.

Dues and Special Assessments

No one wants higher dues. No one wants special assessments. On the other hand, we want to live in a well-run community that is well maintained, visually appealing and financially secure. A healthy HOA contributes to our enjoyment of Somerset Estates and adds to the market value of our homes.

The previous dysfunctional 1992 Covenants made passage of dues increases almost impossible. While that kept quarterly dues very low, that was largely a false economy. Through the dedicated efforts of Somerset boards, homeowners, property management and vendors, the community struggled along. Lack of funds, however, forced a focus on performing only the highest priority maintenance. In prior years a thoughtful "4-year" renovation plan (later extended to an "8-year" plan) went mostly unfunded. Reserves remained at inadequate levels. Little to no resources were available to accomplish beautification initiatives. Instead of funding these expenses rationally in accordance with prudent budgeting, they were largely deferred for decades.

To restore our community and move forward, we will have to address the consequences of chronic underfunding. Not all at once, but with a reasonable plan that leads to a financially secure association. Without doubt, our community will need to increase dues. To do so prudently, however, we need a sound financial plan that lays out expected needs for operating expenses, capital expenditures and reserves.

Although an increase is clearly needed, we do not yet have a specific number in mind. We will look for the most cost-effective ways to perform remedial and deferred maintenance. Discretionary enhancements and beautification options will be proposed that are compatible with the community's appetite. We will do our

best to analyze the community's needs, present our findings and propose a plan backed by facts. At key points in the process, we will share our thinking and welcome input.

In addition to regular expenses, there will be non-recurring costs, including legal fees, to address the issues described elsewhere in this newsletter. We don't want to take on problems needlessly, but information gathered during the board's first five months and our fiduciary responsibility to the community compel us to address these issues. We will do our best to monitor and control costs, but we anticipate there will be a need for special assessments. We will share information and our reasoning to the greatest extent possible as we work progresses.

Addressing historic issues and establishing a functional HOA will involve a lot of work. As always, homeowners are invited to get involved, contribute ideas, and be a part of the solutions. We thank you for your understanding and look forward to your input and support.

SEHOA Roadmap

This section will be revised in future issues of What's Up to allow you to follow the actions of the board "at a glance". Of course, formal meeting minutes of board meetings will document actions taken by the board and will continue to be posted regularly on the SEHOA website.

Contact SEHOA

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Anonymous Survey

Go ahead... tell us what you really think!

[Click to send an anonymous message to the board](#)

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