

Somerset Estates Homeowners Association (SEHOA)
Minutes of Homeowner Meeting
20 March 2018
At Niwot High School

1. Quorum

55 homes were represented in person or by proxy (of 89 homes in SEHOA), establishing a quorum of over 20%.

2. Welcome

Marc Arnold welcomed homeowners explaining this is a self-organizing effort by homeowners. On signing in, Somerset Estates homeowners were given one ballot per home plus one ballot for any proxy held by a non-attending homeowner. Non-Somerset Estates residents attending as observers were also welcomed. It was explained that the presentation for this meeting will be posted to the website www.SomersetEstates-HOA.com. As background, a map of Somerset Estates (89 homes) and Somerset Heights/Place (79 homes) was shown. Although the developer of both neighborhoods attempted to merge the communities in the late 1980s, the Boulder District Court, by order issued on May 31, 2017, determined that the attempted merger was unsuccessful and that the neighborhoods are actually two separate and distinct legal entities. This meeting is to ensure the Somerset Estates neighborhood has its own functioning homeowners association.

3. Meeting Objectives

Marc Arnold clarified the objectives of the meeting:

- to determine the number of directors to be elected
- to approve the incorporation of the homeowners association, and to authorize the board to engage an attorney to represent the association
- to elect an initial executive board of SEHOA to serve until the first annual meeting, at which time an executive board will be elected according to the bylaws established by the association (anticipated in January 2019)
- Future meetings will address issues associated with a 'merge or remain separate' decision of homeowners. Much work is required to clarify these issues. This cannot be decided at this meeting.

4. Background to CCIOA and brief History of Somerset Estates

Paula Hemenway gave an overview of key terms used in the Colorado Common Interest ownership Act (CCIOA), (all of which applies to Somerset Estates as it is a common interest community ["CIC"] formed after July 1992) and gave a brief history of Somerset Estates legal status, culminating in the Court decision in 2017 that Somerset Estates and Cottonwood Hills are separate and distinct legal entities (also set out in a slide presentation).

5. Actions taken after the May 31, 2017 Court Order

Susan Reilly and Anthony Chirikos explained their involvement in two legacy Somerset Homeowners Association (SHOA) board committees set up to deal with the

consequences of the court ruling. Susan chaired the “Declarations and Dues Committee” to see if there was a compromise that could be reached with homeowners to provide a way to change the Declarations to give the Board more flexibility to increase dues. Anthony was involved in the “Separation Committee” set up to explore the consequences of the Court ruling that we are separate and distinct legal entities. Both commented that the committees worked hard to explore and understand issues. They were balanced, followed the facts and worked in a respectful and collaborative way. The committees made a joint report to the SHOA Board in December 2017, requesting clarification on some legal assumptions (set out in the slides). The Board retained an attorney whom we believe confirmed the basic findings of the committees, importantly that Somerset Estates needs a functioning homeowners association and President as a first step before other decisions can be made.

6. Responsibilities of Executive Board

Kip Sharp explained the responsibilities of the Executive Board. A preliminary list was set out in the slide presented highlighting the heavy workload required in the initial stages.

7. Commitment of Directors

Marc Arnold presented a slide setting out the Commitments or Principles that have been discussed in preparing for this meeting and to which he personally and he hopes others will commit. These are more fully set out in the slide, in summary:

- serve the interests of Somerset Estates
- maintain continuity and avoid disruption
- perform rational, unbiased and transparent assessment of issues relating to merging with SHOA compared to operating as a separate HOA
- encourage homeowner participation through updates/workshops
- any decision to merge with SHOA will be a homeowner vote
- collaboration with SHOA to arrive at amicable, timely and mutually beneficial arrangements.

8. Q&A Session

Questions were asked and discussion took place before the election of a Board. Many questions remain unanswered and will be the subject of the newly elected Board’s near term focus. Issues raised:

- **Bylaws process-** questions were asked relating to the process for determining bylaws and whether this should be done prior to board election. There is a chicken and egg situation here. The Board will be guided by the “Commitment” slide presented earlier and will enact the bylaws as part of the process of incorporating the association. It was noted that CCIOA has a mechanism to remove board members if homeowners are unhappy, and in any event the initial Board will only serve until the first annual meeting.
- **Maintenance and dues issues** - does the SHOA Board feel responsible for the maintenance of Somerset Estates? Should the Q2 dues be paid to SHOA? Comments were made by a SHOA Board member present that the SHOA Board was

unanimous in its commitment to continuing service, and the Property Manager confirmed that he had not been instructed otherwise. There were comments that we need to trust each other and treat each other in a reasonable way. Some people were confident that reasonable treatment would prevail. Some remained concerned.

- **Legal costs** - questions raised relating to the legal costs of incorporating Somerset Estates Homeowners Association and getting to the bottom of the legal issues and problems arising out of the May, 2017 court decision. It was explained that SHOA has agreed to provide up to \$3500 for this initial work.
- **Assets of Somerset Estates-** concern was raised that people have heard that SHOA owns all the common area assets in Somerset Estates as well as the financial assets. Is that true? If that is the case do they have the obligation to maintain these areas? Assets and obligations do go together and if the decision is made to not merge there will need to be a negotiation to divide these appropriately. It was discussed that it is important to resolve the ownership of common areas and assets and the responsibility for the maintenance thereof before any merger vote.

9. Nomination process and Election of Executive Board

Maryann Ruck explained the process for electing Executive Board of SEHOA (see separate memo recording the process).

10. Voting:

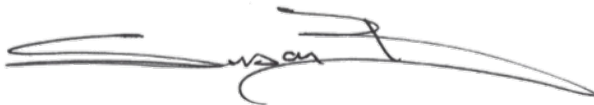
A majority of the members present voted to establish a Board of Directors having five Directors, and to incorporate the association.

The following Directors were duly elected:

- Marc Arnold
- Paula Hemenway
- Anthony Chirikos
- Kip Sharp
- Susan Reilly

Details of the voting process and results have been recorded and posted to the website.

The meeting was adjourned.



Prepared by Susan Reilly
March 22, 2018