

**Minutes of Meeting of the Executive Board of Directors of
Somerset Estates Homeowners Association (SEHOA)
January 8, 2019
Niwot Fire Station, CO**

1. Call to order

The meeting was called to order at 6:36 PM.

2. Quorum

Quorum met for Executive Board meeting with Marc Arnold (MA), Paula Hemenway (PH), Kip Sharp (KS), and Anthony Chirikos (AC) present. Susan Reilly was absent.

3. Approval of Prior Meeting Minutes- The minutes from the Executive Board meeting on December 11, 2018 were unanimously approved with a motion from PH, seconded by MA.

The minutes of the joint Executive Board meeting of SEHOA and Somerset Homeowners Association (SHOA) on October 23, 2018 were unanimously approved after a correction of “outlets” to “outlots” under “5. SHOA Declaration Update” with a motion from PH, seconded by AC. These minutes were sent to Susan Rona, SHOA, for approval at its board meeting on January 9, 2019. After that meeting (and before the writing of these minutes), Susan asked that the following be added to the fourth bullet under the same paragraph 5: “KM assured the SEHOA board on behalf of SHOA that they do not intend to make a claim on the common property located in the Estates, should we continue to be separate HOAs”. The board members that approved these minutes unanimously agreed to this change.

4. Treasurer’s Report- The financial report for 2018 is attached. PH will meet with Al Orendorff, Property Manager, to reconcile the AppFolio accounts for SEHOA with this report. Because of the transition from combined accounts for SEHOA and SHOA to separate accounts, and from the old accounting software to AppFolio, a journal entry may be needed for reconciliation. They will also agree on the chart of accounts for 2019.

5. Property Manager’s Report – Al Orendorff has received a cost estimate of approximately \$43,000 to repair the paths at the end of streets in Somerset Estates leading to open space, including from Longview Dr. to the walking path, a section at the end of Bellflower, and a cracked area at the end of Primrose. This estimate was sought in conjunction with an estimate of approximately \$300,000 to repair the paths in SHOA. The list of potential remedial maintenance that the Board requested at the December 2018 meeting has not yet been compiled. No action taken on path repair until a complete list of projects can be prioritized.

Al recommended that we use Brian Wilcomb for 2018 tax preparation. Mr. Wilcomb specializes in HOA accountancy and taxes. The Board accepted this recommendation.

We discussed options for landscape maintenance for 2019, including using current vendors or switching to Outdoor Craftsmen. Because we are in a state of transition, we agreed to not switch vendors for 2019, but this may be revisited for 2020. Al is requesting a stand-alone proposal from Swingle/SavaTree for lawn fertilizing and weed

control so we can consider taking advantage of a prepay discount. We agreed to invite Scott Deemer, owner of Outdoor Craftsmen, to the January 22 board meeting to present options for landscape repair along Somerset Drive between Primrose Lane and Longview Drive.

Discussion of 2019 contract between SEHOA and Trio Property Management (AI's company). It has the same terms as the current contract, but all services will be separate from SHOA. We discussed whether it might be advisable to consider instituting higher property transfer fees, with some of the funds staying with SEHOA, rather than passed on to Trio. No decision made. Motion to approve the contract between SEHOA and Trio Property Management for 2019 made by AC, seconded by KS, approved unanimously.

6. **Extension of MOU with SHOA** – The memorandum of understanding (MOU) with SHOA expired at the end of December 2018. AC will look at what expense items can be contracted separately to SEHOA and the items that might be kept together and subject to a limited MOU. He will discuss with AI Orendorff prior to discussion with SHOA.
7. **Architectural Control Committee (ACC) New Standards Discussion** – As an introduction to a discussion of new standards, MA presented an updated roadmap for the first quarter of 2019. Major initiatives prior to the Annual Meeting in March include a water initiative to prepare a comprehensive water plan and the initiative to adopt new Architectural and Landscaping Standards. Discussion was held about whether the Board should plan to vote to approve the new standards before or after the Annual Meeting. The argument to wait is to give plenty of time for homeowner input, especially on controversial topics. The argument to proceed is so that the work done by the ACC does not have to be started again for approval by a new Board. Discussion held about a revised homeowner survey as presented by MA. General agreement that the ACC does not need to survey homeowners on every suggested change to the standards, but only on changes for which the ACC is genuinely seeking input. The ACC and Board members to send comments on survey to MA for distribution as soon as possible.

The ACC is ready to review the next draft of the standards, pending the results of the survey, and will pass it on to the Board for review. Standards to include reasonable process for resolving view corridor issues such that homeowners know what to expect when the new standards are implemented. We discussed “testing” the proposed standards by considering what they might mean for the homes of the board and ACC members. We also discussed calculating the aggregate market value of views for Somerset Estates. PH to ask Scott Osgood for a legal opinion on the enforceability of view corridors.

8. **Water Committee Discussion** – The Board acknowledged the Action by Unanimous Written Consent approved on December 19, 2018 to establish a Water Committee consisting of four members. The initial members are John Ryan, Chairman, and Bob Uhler, Marc Arnold, and Paula Hemenway. Bob Uhler reported that he and John Ryan are contacting various attorneys to check on conflicts and establish a list for follow-up interviews. We discussed the final bill from Lyons-Gaddis. KS to contact Lyons-Gaddis to resolve.

(Note: After the meeting, John Ryan stated that the following statement should be struck from the Action as he is serving on the Committee as a homeowner, not an attorney: "RESOLVED, that John Ryan shall be retained as SEHOA counsel with respect to water related issues". This modification will be officially made at the January 22, 2019 Executive Board meeting.)

9. Set Annual Homeowner Meeting Date – It was decided that the Annual Meeting will be held on Tuesday, March 19, 2019, at 7:00 PM at Niwot High School. Information will be mailed to homeowners in February, including a form that can be used to indicate interest to run for election to the Executive Board. Per the Bylaws, all five board positions will be filled at the meeting, with three directors serving two-year terms and two directors serving one-year terms.

10. Other Business – None.

11. Next meeting – Tuesday, January 22, 6.30 pm at Niwot Fire Station

12. Adjourn - The meeting adjourned at 9:30 PM.



Paula Hemenway
January 12, 2019

SEHOA Treasurer's Report for 2018

Somerset Estates Homeowners Association (SEHOA) was incorporated as separate from Somerset Homeowners Association (SHOA) on March 30, 2018. Assessments from the 89 homeowners in Somerset Estates for the first half of 2018 were collected by SHOA, and SEHOA began collecting assessments directly on July 1, 2018. The Executive Board approved a partial year budget for 2018 on September 11, 2018. This was a cash-basis budget for income and expenses flowing into and out of the newly established SEHOA bank account. As such, the budget included income expected to be generated the second half of 2018, and expenses to be paid directly by SEHOA (insurance, legal, etc.).

The budget did not assume that an agreement would be reached in 2018 to allocate the commingled financial assets held by SHOA, so expenses paid by SHOA on SEHOA's behalf were assumed to be offset by operating cash held by SHOA, and not pass through SEHOA's bank account. Through the hard work and cooperation of the two HOA boards, we were pleased to report that SEHOA and SHOA made a formal agreement in October to divide financial assets and allocate expenses through 2018, and that SHOA transferred \$79,101 to SEHOA to account for all financial assets as well as expenses paid by SHOA on SEHOA's behalf through September 2018.

Because of the unique transition nature of finances in 2018, the 2018 financial results summarized below aren't helpful to project future annual income or expenses, but will give homeowners a good idea of the financial position of SEHOA entering its first full year of separate operation. The key points are:

1. SEHOA started with no cash and now has \$116,674 in operating and reserves accounts.
2. SEHOA has fully settled the financial assets with SHOA, including its share of reserves previously held by SHOA (excluding a claim to the water legal defense fund).
3. In 2018, homeowners paid in advance \$14,900 of assessments for 2019, so SEHOA's receipts in 2019 for assessments will be reduced accordingly.
4. In addition to prepaid assessments, 2018 income exceeded the budgeted amount because of the transfer of financial assets from SHOA.
5. On the expenses side, the amount paid to SHOA was considerably less than budgeted because expenses through September were accounted for in the settlement with SHOA. SEHOA paid SHOA \$19,355 for expenses in October and November. Expenses owed for December are pending.

6. Other expenses paid directly by SEHOA were in keeping with the budgeted amounts, with the exceptions that we paid more for insurance to increase our liability coverage by \$10 million, and we postponed a water engineering infrastructure feasibility study that was projected to cost \$10,000.

As always, we welcome comments and questions from homeowners (paula@somersetstates-hoa.com).



Paula Hemenway, Treasurer
January 8, 2019

Balance Sheet as of December 31, 2018

Total Assets	As of 12/31/2018
Cash	
Bank of the West - Bank Balance	\$ 38,915
Less: Checks in transit	\$ (22,274)
Bank of the West - Book Balance	\$ 16,641
Capital One - Reserves Account	\$ 100,033
Total Cash	\$ 116,674
Total Assets	\$ 116,674
Total Liabilities and Capital	
Liabilities	\$ -
Capital	
Net Income	\$ 116,674
Total Capital	\$ 116,674
Total Liabilities and Capital	\$ 116,674

Income Statement for April to December, 2018

	Approved Budget	YTD (12/31/18)
INCOME		
Starting deposit	\$ 100	\$ 100
Q3 & Q4 Assessments	\$ 50,850	\$ 55,576
Past due assessments	\$ 325	\$ 1,325
Late Fees	\$ 75	\$ 500
Prepaid to SEHOA for 2019	\$ 7,500	\$ 14,900
Member Service Reimbursement	\$ 155	\$ 155
Transfer Fee Income	\$ -	\$ 1,000
SHOA transfer - Legal fees	\$ 6,965	\$ 6,965
SHOA transfer - operating expenses	\$ 73,474	\$ 79,101
Interest	\$ -	\$ 33
Total Income	\$ 139,444	\$ 159,655
EXPENSES		
Administrative		
Accounting	\$ -	\$ -
Bank & Filing Fees	\$ 183	\$ 183
Insurance	\$ 2,535	\$ 4,882
Legal		
- General	\$ 15,000	\$ 11,375
- Water	\$ 7,600	\$ 6,480
Meeting Expense	\$ 300	\$ 45
Misc. Admin and Fees	\$ 175	\$ -
Printing and Reproduction	\$ 200	\$ 82
Seasonal Decorations	\$ -	\$ 579
Website Hosting & Domain	\$ 500	\$ -
Water Engineering	\$ 10,000	\$ -
Services provided by SHOA for 2H 2018	\$ 73,474	\$ 19,355
Total Expenses	\$ 109,967	\$ 42,981
Net Income	\$ 29,477	\$ 116,674