



Pond System 10 Year Plan

- Economics
- Water Usage
- Pond Direction
- Unifying the Community

Opening Remarks (not a slide), Have slide 3 showing during this opening

I am Steve Flannery and this is Lisa, Mr. and Ms. Switzerland

We were asked by the Board and Owners to Drive the Community to a Consensus on a 10 Year Pond (water) System Plan for Water Usage, Associated Infrastructure, and the Financing

Mr and Ms. Switzerland. Listen well and use facts

Given the Under Investment of the Past (SHOA), the Lack of Reserves, and a confusion of what creates Homeowner Value, this has been a bigger challenge than was anticipated.

Even More Concerning is Somerset is developing a Reputation of:

- Aging Infrastructure
- Disharmony regarding direction of Needed Investments

So we started with listening to you, the Owners, on your priorities, the water lawyers on water challenges, the real-estate agents on value and the Pond facts to ground our thoughts as they are developed.

Discyss User Feedback (chart 3)

So it is time for Solutions. What we are going to share with you today, due to time, not all the details, but a summary of significant plans for our Signature Area (Outlot D) consisting of Pond 2,3, Waterfall, socialize the significant costs around alternative directions for Ponds 4-7, a financing plan to support these important Investments, and an ASK for an investment to start the 10 Year Plan

However, we need this community to step up to finance this beautiful community!!! We have driven down the Cost of this Plan vs Aspen, but it is going to need our investment to successfully drive this 10 Year Plan!!

What Are We Trying to Solve?



- Developing a **Consensus** on a 10 Year Pond System Plan for Water Usage, Associated Infrastructure, and the Financing
- **Incredibly Important Input** from You, the Somerset Community
 - Reduce Water Usage
 - Create Signature Area in Outlot D while keeping Pond 3
 - Set Direction on Ponds 4-7
 - Reduce Expenses
 - Create Homeowner Value

So....Why Now

This Community has been at an Impasse for too Long:

- Reputation of Aging Infrastructure
- Community Disharmony is Propagating into the Outside Community and Realtors
- All Affecting Property Values

We have the Facts to Make Decisions,

- **So..... Let's Invest before Future Costs become Excruciating on the community.**

What Has Been Achieved - A New 10-Year Capital Plan

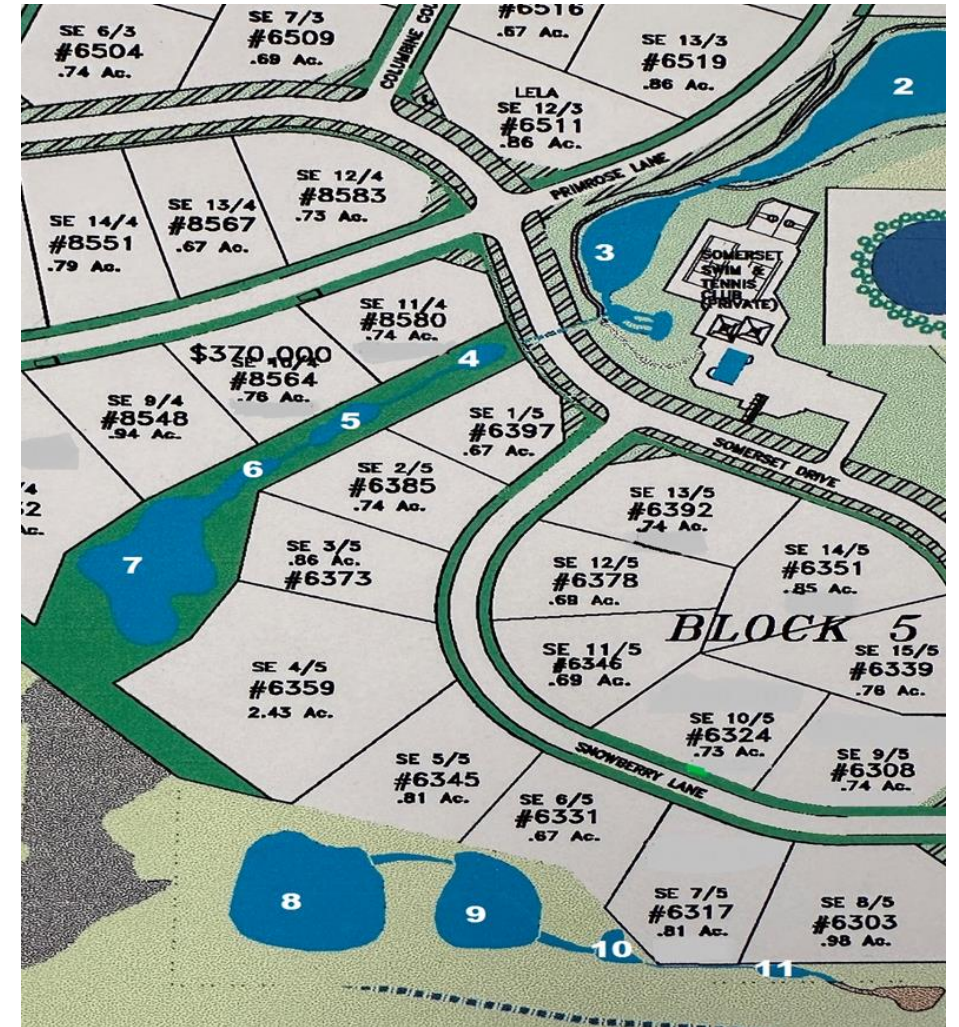
- **Saves over \$500k (PV) in expenses** over 10 Years – vs Aspen Report
- Engineered Costs Down \$25k ----> **\$10k (or \$15k) Special Assessment (SA)** per Household Over next 10 years depending on Pond 4-7 Direction
- **Saved Over 20% of Average Water Usage per Season** (10.1 AF) or Over a 3.200,000 gallons)
- Cost Effectively Planned for **Revitalizing 100% of our Signature Area** as requested (Ponds 2/3/Waterfall on Outlot D)
- Produced **Two Scenarios for Pond 4-7** for Owner input as Promised
- Created a **make-sense Financial plan** to Fund the Plan

- HOW?
- **Focusing on the Large Expenses – Ponds**
- **Emphasizing the real Facts about Ponds (See presentation about Pond Facts on-line)**
- Interacting with:
 - Legal, Real-estate Agents, and Homeowners

First Step

Refurbish Outlot D as Somerset's Signature Area Pond 2/3//W - 2026

- Most Visible Area to Differentiate Community – Home Values
- **Signature Area as Requested by Many in Community including Waterfall and Pond 3**
- **Saves 5.6 AF of leaking water a season (15% of Total avg Usage) or Over 1,825,000 Gallons of Water Sent into the Ground**
- Supports our main Irrigation Pond 2
- Back up Area for Irrigation and Waterfall Support if Ponds 4-7 are shut down



So What are
Realators saying
about Somerset
Value

Lush

Love the Greenery and robust trees of Somerset

Pool

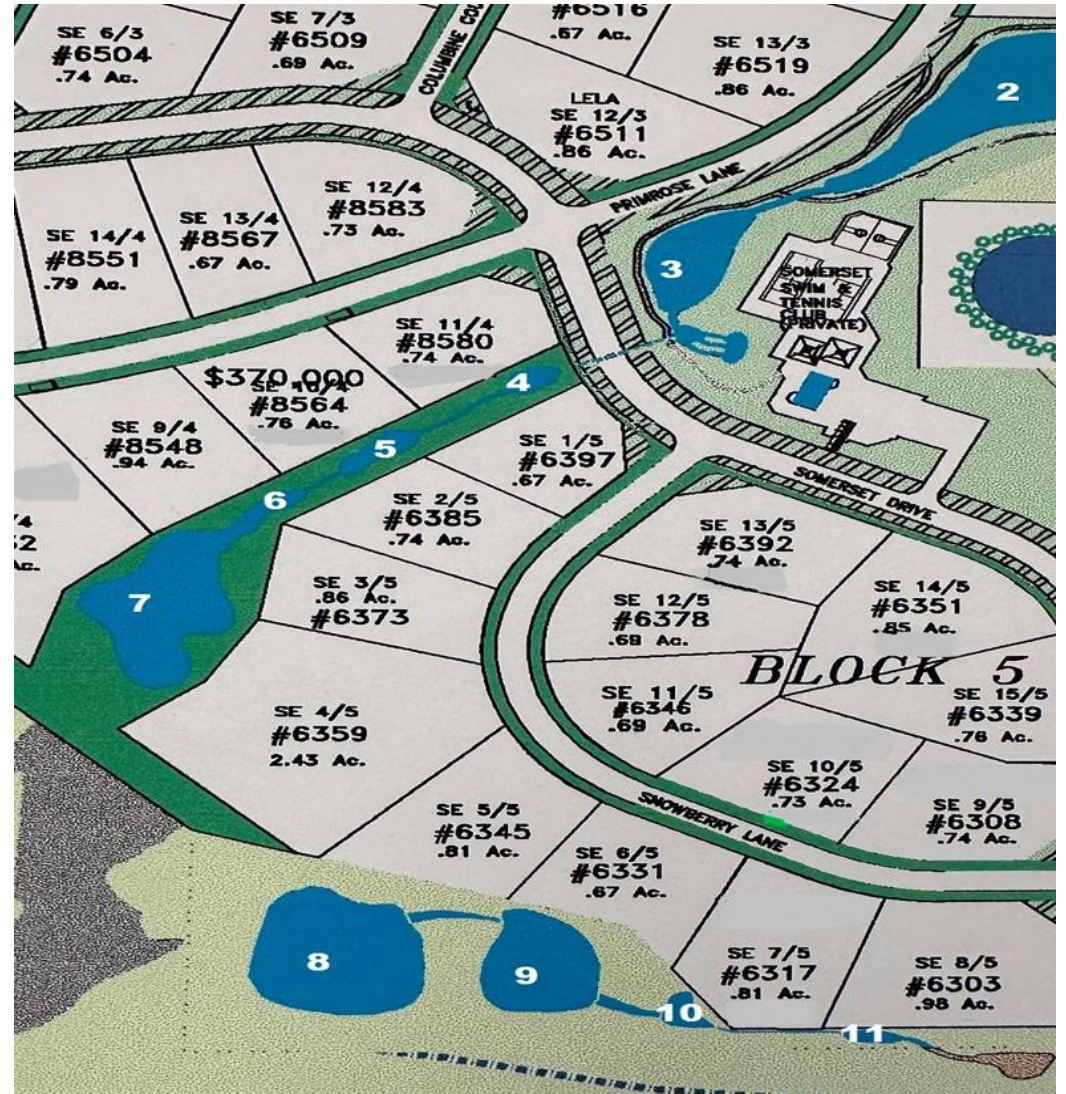
Pool area

Ponds

Pond and Waterfall are good addition if Working

First Steps in the Project – Outlot D

- Examined Past Proposals
 - Shut it all Down
 - Make Pond 3 into a Park
 - Etc
 - Little Support of the Past Efforts
- Majority of Input: Revitalize Ponds 2, 3, Waterfall
 - Signature Property
- Reline 2 and 3 Separate – Cost \$500k-\$550k
 - Huge Disruption by doing two separate projects on our Signature Property





Owner Direction -
Make Outlot D a
Signature area for
Somerset again.

- **Reline Main Irrigation Pond 2 & assoc pond 3 (same size and shape)**
- **In Addition, Revitalizing 2 &3 together**
 - **Saves about \$95k by relining together, \$164K less than Aspen Report.**
 - **Saving \$100k over 10 years in maintenance**
 - **Saving 5.6 AF annually or over 10 years or 56 AF over 10 Years (15% of usage)**
 - **1,825,000 Gallons of Water a Season sent into the Ground**
 - **Eliminates Two Holes in Ground**
- **Waterfall OK Today but reline in 2029**
 - **Cost - \$400K - \$454k for P 2/3**
 - **Landscaping \$55k**
- **Creates a Complete Year-Round Beautiful Center Piece for this Community**





We Should Fund this Project as a Community

- Plan is to put the project in the 2026 Budget for Approval at March's Annual Meeting.
- Design Docs Now and Start in October
- With Support from the Community, will come to Owners for financing
 - **Special Assessment (SA) of \$6k, just after the Annual Meeting**

I really encourage you to get this Implemented as a Community!!

Homeowner Value

Significant Water Savings

Cost Effective

Signature Somerset Area

Cost will only continue to Rise

An aerial photograph of a winding river flowing through a dense forest. The river is dark blue and curves from the top left towards the bottom right. The forest is lush green with some yellowing trees, suggesting autumn. A paved road with a white center line runs along the right bank of the river, curving with the river's path. The text is overlaid in white, sans-serif font.

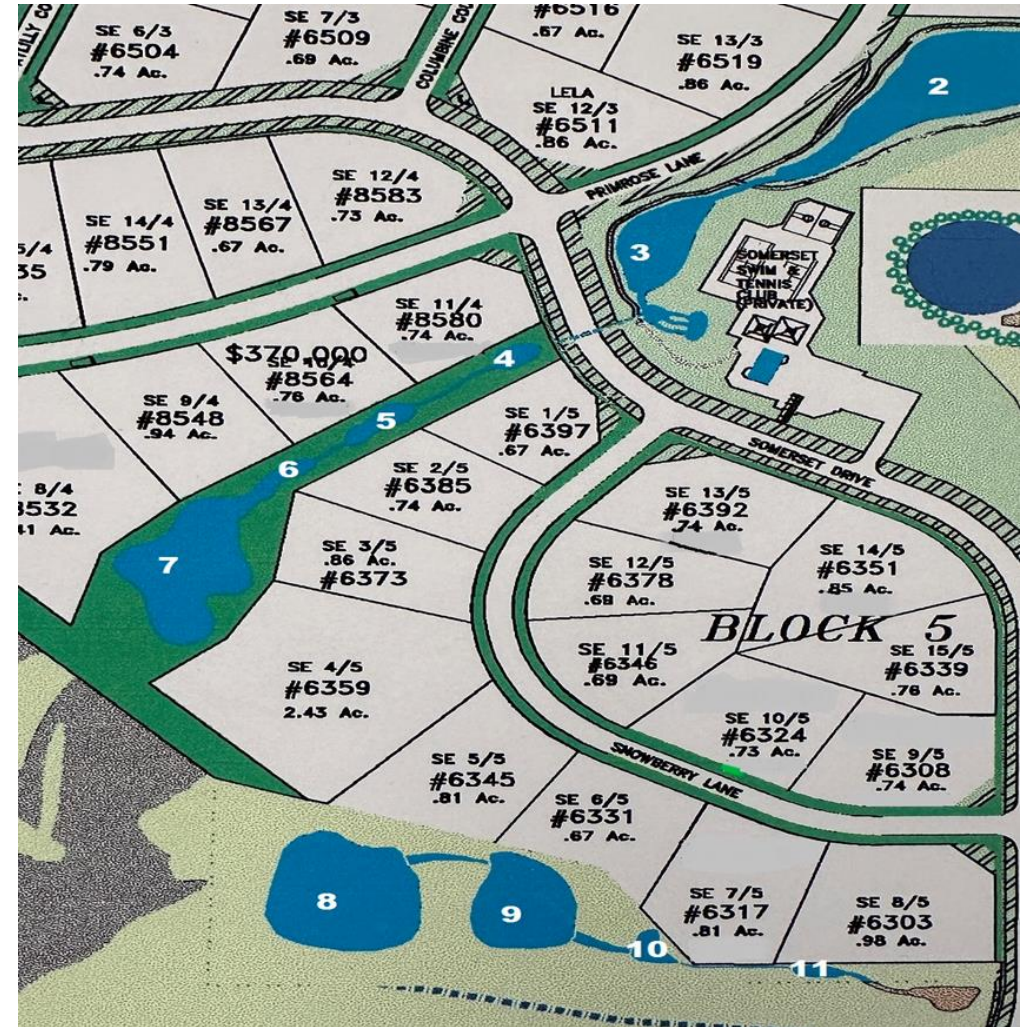
With Your Active Feedback.....

And Some Time to Socialize the Facts

Let's Drive to Make a Decision- Ponds 4-7

Pond 4-7 Characteristics in The Water System - Today

- Irrigates in parallel with Pond 2 - saves approx 2.5 AF of water a season from watering evaporation
- Drives our Outlot D Waterfall
- Retains 5 days of watering capacity
- Provides Drainage for surrounding property
- Regulates Overflow to the Open Space
- Leaks 2.0 AF per Season
- Evaporates 1.4 AF per season
- Operational Costs - \$13k per season




Alternative Directions for Ponds 4-7 as Promised

1. Keep and Reline Pond 7 and Eventually 4-6
2. Shut Down Ponds 4-7 and Relocate Circulation, total irrigation, and waterfall responsibility to pond 2/3




Reline or Shut Down Pond 4-7 (PV)

- **Reline Pond 7**
- **Project Cost –**
- **\$295k - \$325k (PV)**
- **Shut Down Ponds 4-7**
- **Project Cost –**
- **\$622k - \$714k (PV)**

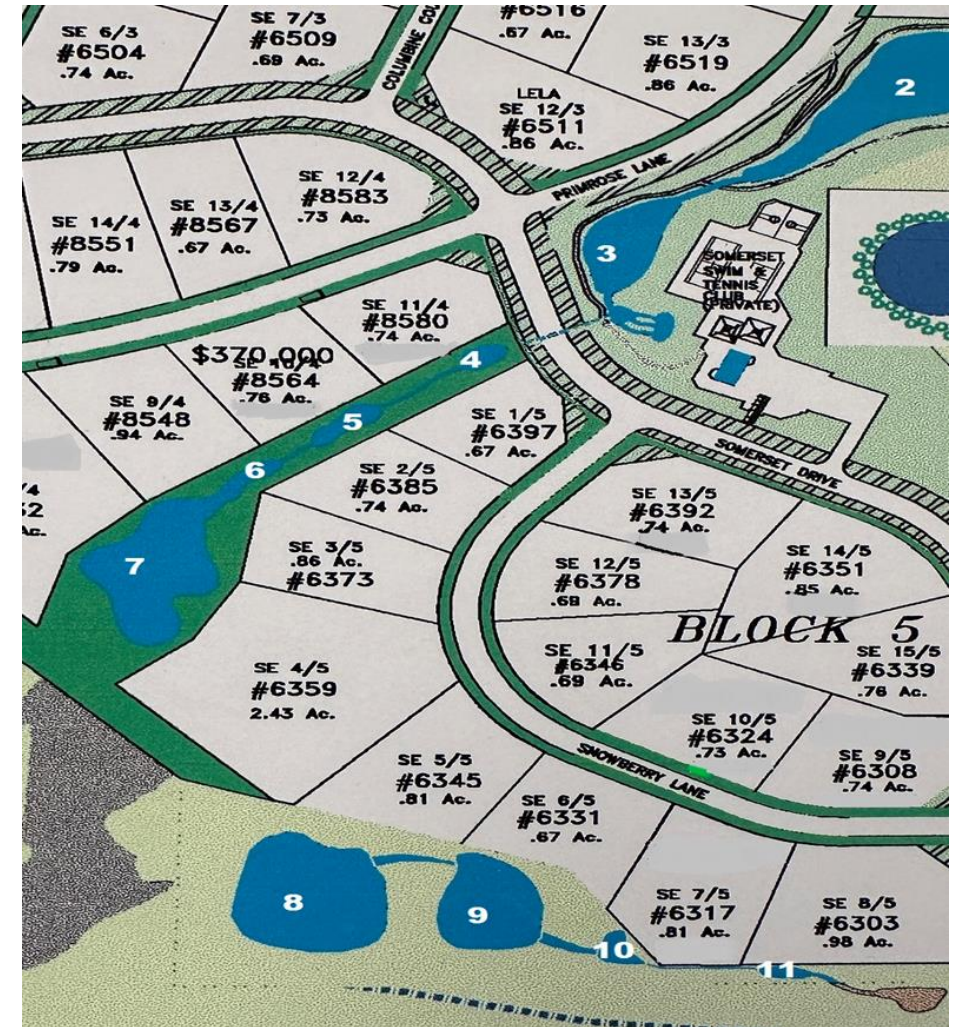


Recommended Action for Ponds 4-7

- 
- Strategy for Decision!!
 - We Need Some Time to Socialize the alternatives with the You, the Ownership.
 - This likely can be funded With Homeowners support without a SA depending on the Alternative chosen
 - Action -
 - I will be back to Present in More detail on the Alternative Scenarios
 - Continue to Socialize the Directions with Owners
 - Drive for a Decision on Preferred Scenario in Fiscal 2026 (let the new board members get acclimated).

In Summary It is Time for Decisions

1. Invest in Making Ponds 2/3/Waterfall a True Signature Area Again for the Community
2. Socialize Ponds 4-7 Alternative Directions
 1. Decision in 2026
3. Water Savings is Huge:
 - Today on Average we are short 10 AF of Water
 - This Plan Saves 10.1 AF of water
4. The Cost Savings of the Plan are Significant (\$500k+)
5. A Real Positive Bump in Homeowner Value
6. Last Step - Solid, Low Risk, Financing Plan



Financing

The 10 Year Plan

- **Recommending we do an SA of \$6k** soon after Annual meeting to support first step in the Plan, Pond 2/3
- Will Need most likely One More SA of \$3k around 2030 to Support all Somerset Capital Projects (not just ponds)
- Balance sheet Over 10 Years
 - End of 2025 = \$467k cash
 - End of 2035 - \$514k cash

The ASK


- Remember Marc Arnold's Pitch in 2020 for \$15k SA to well Fund Somerset
 - We gave him only \$5k..... **It is Time for the next \$6k for the 10-Year Plan**
- Remember, the Ten-Year Plan is now reduced by \$500k+ but still needs Our Investment!!
- Let us Fund this beautiful Place as opposed to our Former SHOA that got us in this position.

- Let's Invest before the Cost becomes excruciating on the community.

Following Are Back-Up Slides

Not Used Slide

Savings of 7.6 acre feet (AF) or 20% of total average water usage of 37AF per season.



How - By fixing Pond Leakage and/or eliminating and restructuring how we irrigate:



Pond Refresher - Fundamentals

- Pond 2 and Pond 7 Feed Irrigation
- Pond 2, 3, Waterfall are in Outlot D
- Use 38 AF of Water per Season on Avg
 - 25 AF for Irrigation (66%)
 - 7 AF for Leakage (18%)
 - 6 AF for Evaporation (16%)

Purpose and Challenge: The Pond System

Irrigation system to water Somerset

Water Retention

Aesthetics

Support Drainage

Differentiate Somerset from other properties

- Adding value to the property and to homeowners
- Home Owner Value – Projecting a Positive Image to Real estate Market

Challenge

- After 30 Years, Need repair
- Cannot Refurbish all at one time - \$\$

