

**Minutes of Meeting of the Executive Board of
Somerset Estates Homeowners Association (SEHOA)
August 18, 2020
By Video Conference, Niwot CO**

- 1. Call to Order and Quorum** - The meeting was called to order at 6:33 PM. Quorum met for Executive Board meeting with Marc Arnold (MA), Paula Hemenway (PH), Mark Jensen (MJ), Herb McPherson (HM), and Michael Sims (MS) present. Due to the coronavirus pandemic, the meeting was held by video conference (Zoom). The website instructed homeowners to send a message to info@somersetstates-hoa.com to be provided with the link to join; this was posted more than a day before the meeting.

Property Manager present – Al Orendorff (AO)

Pond 8 Task Force members present – Bob Uhler (Chair), Scott Abrahamson, Christa Dam, Herb McPherson

Homeowners present – Ron Budacz, Anthony Chirikos, Steve DeWitt, Bruce and Kathy Heimann, Jim Hemenway, Erik and Candice Hoenes, Steve Lehan, Mike Stears

Guests present from Lamp Rynearson - Chris Haak, P.E., Project Lead, Justin Korkus, P.E., Water Resources Group Leader

- 2. Approval of Prior Meeting Minutes** – Motion to approve minutes from the Meeting of the Executive Board on July 14, 2020, made by HM, seconded by MS, no discussion, approved unanimously.
- 3. Property Manager’s Report** – Fencing work is done except for finishing the staining of the new section, which is scheduled for the end of September. Tree trimming near street monuments is completed. Irrigation zones all checked but need some work on a couple of corners. Grass looks better than three or four weeks ago with repairs completed. Ron Budacz asked when the rest of the perimeter fencing will be stained as well. MA – phase 1 was scheduled for 2020, phase 2 is part of longer range plan. Ron requested that it be included in the 2021 plan. He also thinks that mowing Outlot B once a year is not enough.
- 4. Treasurer’s Report** – HM presented the attached report. Excess income over expenses is \$44k YTD, but that will dissipate over next five months as expenses come in. We have major over-expenditure on pond 7 repairs. Most over- and under-expenditures will work out as the budget is allocated over the year. HM’s forecast to the good at end of year is \$30,000. HM expects another \$1000 in interest in Capital One reserves account. Happy that we have no outstanding dues over 30 days and only five homes that haven’t paid the Q3 dues. Ron Budacz asked if the property manager can spend whatever he wants to deal with issues. MA – if unbudgeted and un-forecasted, handled by MA, PH, and AO as the operations team. Once gets to larger amount (over a few thousand), comes before the board.
- 5. Asset Prioritization / Long Range Planning** – MS presented the status of this planning work. The charter is to complete a 30-year capital asset management plan for board approval and presentation to the homeowners. Progress so far includes establishing an asset register, estimating unfunded reserves, and preliminary prioritizing of assets. Funding can include a combination of tools – annual dues in excess of operating expenses, special assessments, loans, and asset retirement (if approved funding proves inadequate). MS expects that we will need a combination of these tools to reduce risk to the community and property values. Jim Hemenway asked about the interest rates on loans like this. HM – has initiated email and phone requests on a revolving line of credit, but no response yet. MS is also checking with some contacts he has on loans and things rates may be a few points over prime. General discussion that the community needs to come together this year to solve the underfunding situation to protect our assets.
- 6. Pond 8 Restoration Task Force Recommendations** – Bob Uhler provided background information on the Task Force. Accelerated schedule was at request of Task Force to attempt to get pond finished before ditch water is gone this season (around end of September to early October). The original design of the pond by Wright Water Engineers in 2004 was not altered. Chris Haak of Lamp Rynearson explained the engineering specifications for the project, the three bids received ranging from \$104,000 to \$207,000 (the highest bid

being from a bidder that ran out of time and so this bid wasn't considered to be serious), and the recommended negotiated contract for \$69,960 with Nilex/H2J. This is the really busy time of year for liner installation contractors so it was hard to get them out to the site and to get us a bid. Four bidders declined because of timing constraints. AO asked whether the company that initially constructed the pond and has done our pond repair work (Dub's Outdoors) was asked to bid. They were not because they aren't on Lamp Rynearson's list of recommended contractors. Chris initially recommended reinforced polypropylene (RPP) as the liner material because it is easy to install, an advantage given the accelerated window allowed for installation. Nilex/H2J brought up that EPDM has recently come way down in cost due to oil and gas contractions. Chris hadn't seen that. Using EPDM instead of RPP better met (his understanding of) the budget on this project and is at least as good as or better than RPP in terms of UV resistance, reparability, etc. so he can recommend it without reservation. The material cost component of the contract is \$23,000. Chris answered questions from the Board. Although the proposed liner is UV resistant, will still get deteriorating life if exposed to sun so he doesn't recommend leaving the liner exposed for any significant period of time. Extending the existing rip rap lower into the pond is planned to protect the liner if the water level drops (protected to 4' water depth compared to previous 5.5'). This type of liner doesn't need additional protection (geotextile, dirt, etc.). If don't finish before ditch water is gone, will have to spend \$5-8,000 to fill with potable water. An early completion incentive of up to \$5000 is included in the contract. Nilex/H2J are really motivated to do this project, and Bob said we were fortunate to negotiate with a cooperative bidder and can dovetail with project just finishing in Greeley that reduced costs.

Bob answered homeowner and Board questions about the impact if we changed the timing of the project to complete later this year or next spring. He said that a slower schedule will result in higher mobilization costs for Nilex/H2J as well as possible dirt issues from rain on the cleaned out pond. Bob answered a question from Kathy Heimann about the functionality of this pond by stating that pond 8 is an important part of the recirculation system for ponds 9, 10, and 11. He also sees it as emergency water storage for the neighborhood by moving water from pond 8 to pond 7. Christa Dam and Chris conducted the negotiations with Nilex/H2J, and Christa reported that there is no fat in the H2J2/Nilex bid and we are not leaving anything on the table by having fewer bidders. Bob expressed frustration that the task force went to enormous effort to negotiate a better price contract that can be completed this season, and the negotiations will have to start again if the project is delayed. Christa said that Nilex/H2J has put a lot of time into working with us, and might not be willing to stay involved for a later project. HM stated that he believes we can cover the \$75,000 contract (including early completion incentive) by taking the percentage of our total required reserves for water infrastructure (10%) and water features (32%) out of the \$134,000 in our reserves account (= \$56,000), plus the \$30,000 to the good on operating expenses. PH stated that her analysis shows a lower expected budget excess (<\$10,000) once the previously approved pond 8 expenses are included. MJ noted that the total cost for pond 8 including the clean-out (\$8640), engineering (\$7500 + \$1200 for inspection services), and replacement of the pump (\$2000) is more than \$90,000. The suggestion was made that some homeowners might be willing to provide a loan to help with cash flow. No response was given to a homeowner question about whether the loan would be interest-free.

All homeowners that attended the meeting had the opportunity to express their opinions and ask questions. Homeowners commented both in favor and against approving the Task Force recommended contract to immediately start the project.

MJ stated that we have enough information to proceed with a decision. MS pointed out that we have unfunded liabilities in 2021 that exceed our cash assets even before funding this project, and we should first have a long range funding plan in place. PH stated that the Board didn't receive the recommendation until less than 24 hours before the meeting, which was too late to properly inform homeowners before making a decision of this magnitude. Others argued that we have adequately communicated with homeowners since the pond liner failed in May.

Motion to approve recommendation of the Pond 8 Restoration Task Force and to authorize MA to execute the contract with Nilex/H2J2 for \$69,960 plus \$5000 possible early completion incentive, made by MJ, seconded by HM.

Time was allowed for additional homeowner comments before the Board voted. Anthony Chirikos spoke in opposition and Ron Budacz spoke in support of the motion. **HM, MJ, MA voted in favor, PH voted no, and MS abstained. Motion carried.**

MA thanked the members of the Task Force for their work.

7. **Outlot Aesthetics** – Tabled until next meeting.
8. **Monument Corners** – Tabled until next meeting.
9. **Other Business** – None
8. **Member Open Forum** – None
9. **Next meeting** – Executive Board meeting on Tuesday, September 8, 2020 at 6:30 PM
10. **Adjourn** - The meeting adjourned at 10:00 PM.



Paula Hemenway, Secretary
September 1, 2020

Somerset Estates Homeowners Association

Treasurer's Report

JULY 2020

	JULY	YTD-ACTUAL	YTD-BUDGET	YTD-VARIANCE	BUDGET
	2020	2020	2020	2020	2020
				Better/(Worse)	
INCOME and EXPENSE SUMMARY					
INCOME					
HOA DUES	\$ 56,725.00	\$ 177,950.00	\$ 140,175.00	\$ 37,775.00	\$ 240,300.00
Other Income	\$ 25.00	\$ 1,735.06	\$ 1,000.00	\$ 735.06	\$ 1,000.00
Interest		<i>Interest On Capital One Investment Acct. - See Below</i>			\$ 2,000.00
TOTAL INCOME	\$ 56,750.00	\$ 179,685.06	\$ 141,175.00	\$ 38,510.06	\$ 243,300.00
EXPENSES					
Administrative	\$ 1,093.75	\$ 31,646.26	\$ 59,912.50	\$ 28,266.24	\$ 99,675.00
Capital & Waterfall Repair	\$ -	\$ -	\$ 12,000.00	\$ 12,000.00	\$ 15,000.00
Landscape Maintenance & Enhancement	\$ 29,368.46	\$ 46,784.41	\$ 41,950.00	\$ (4,834.41)	\$ 69,300.00
Lights & Fence & Path & Pond Maintenance	\$ 18,809.47	\$ 51,231.99	\$ 40,635.00	\$ (10,596.99)	\$ 43,825.00
Utilities	\$ 2,070.51	\$ 3,942.00	\$ 5,100.00	\$ 1,158.00	\$ 12,000.00
Water	\$ -	\$ 1,168.93	\$ 500.00	\$ (668.93)	\$ 3,500.00
TOTAL EXPENSES	\$ 51,342.19	\$ 134,773.59	\$ 160,097.50	\$ 25,323.91	\$ 243,300.00
NET OPERATING INCOME	\$ 5,407.81	\$ 44,911.47	\$ (18,922.50)	\$ 63,833.97	\$ -
BALANCE SHEET					
ASSETS					
Operating/Checking Account					
Bank of the West		\$ 56,511.93			
Capital One Investment Account					
Account (Principal) Balance		\$ 133,899.20			
TOTAL ASSETS		\$ 190,411.13			
LIABILITIES and CAPITAL					
Accounts Payable (pre-paid Assessments)		\$ 8,300.20			
Capital Stock and Retained Earning		\$ 182,110.93			
TOTAL LIABILITIES & CAPITAL		\$ 190,411.13			
* Interest~ Capital One Investment Acct. @ 1.75%	\$ 198.18	\$ 1,355.79	\$ 1,000.00	\$ 355.79	\$ 2,000.00
* Legal + Professional Fees Re: Resolution of Assets	\$ -	\$ 10,511.21	\$ 37,000.00	\$ 26,488.79	\$ 65,000.00
* Legal & Accounting & Property Mgr.	\$ 1,075.00	\$ 7,787.50	\$ 10,800.00	\$ 3,012.50	\$ 19,250.00
* Mowing	\$ 5,910.00	\$ 7,000.00	\$ 7,200.00	\$ 200.00	\$ 17,800.00
* Irrigation/Ponds/Pumps Maintenance & Repair	\$ 24,950.84	\$ 34,050.84	\$ 17,600.00	\$ (16,450.84)	\$ 25,500.00
* MOU Split w/SHOA	\$ 2,739.96	\$ 8,835.41			
	0 - 30 Days	30 - 60 Days	60 - 90 Days	Over 90 Days	
Dues Outstanding - \$3,450.00 / 7 Homes	\$3,450.00 / 7 Homes	\$0.00 / 0 Homes	\$0.00 / 0 Homes	\$0.00 / 0 Homes	