

**Minutes of Meeting of the Executive Board of
Somerset Estates Homeowners Association (SEHOA)
November 17, 2020
By Video Conference, Niwot CO**

- 1. Call to Order and Quorum** - The meeting was called to order at 6:34 PM. Quorum met for Executive Board meeting with Marc Arnold (MA), Paula Hemenway (PH), Mark Jensen (MJ), and Herb McPherson (HM) present. Michael Sims (MS) was absent. Due to the coronavirus pandemic, the meeting was held by video conference (Zoom). The Zoom link was posted on the website more than a day before the meeting.

Property Manager present – Al Orendorff (AO)

Homeowners present – Mike Stears, Jo Marie Dancik, Mike Guglielmi, David Edwards, Candace Hoenes, Jon Gillespie-Brown, Anthony Chirikos, Barb Arnold

Architectural Control Committee (ACC) members present – Larry Becker, Scott Abrahamson, Bob Uhler

- 2. Approval of Prior Meeting Minutes** – Motion to approve minutes from the Meeting of the Executive Board on October 13, 2020 made by HM, seconded by MJ, no further discussion, approved unanimously.
- 3. Property Manager’s Report** – Winding down the fall clean-up; Garrett Quackenbush will be blowing out irrigation system this week; installing holiday lights before Thanksgiving.
- 4. Treasurer’s Report** – HM presented the attached report through October. Prepaid assessments of \$35K collected from several homeowners is reflected in October income. The negative numbers in expenses should be as is for the rest of the year. At this point in time, we have excess income over expenses of \$52K YTD, but some of this is due to prepaid assessments, plus about \$45K to H2J and \$2.5K to Lamp Rynearson for Pond 8 expenses were not paid until November. We have two homes with significant dues/fines outstanding.
- 5. Long Range Planning / Special Assessment** – A detailed presentation was made at the Town Hall Meeting on October 27 with a range of special assessment scenarios. We received homeowner feedback at the meeting and subsequent to meeting by email. Rather than the Board “guessing” the tolerance level in the community to one level of assessment or another, an option under consideration is to approve a range of special assessment for a homeowner vote. The highest special assessment that receives 67% of votes will be implemented. Five levels were presented to homeowners at the Town Hall with charts of each choice. The scenarios presented all contemplated a single payment in the 2021; based on homeowner feedback we are considering spreading payments out over time, which will shift the percent funded out in time. This makes a small difference in the first couple of years. A multiple choice ballot structure has been run by Scott Osgood, our association attorney, and he confirmed that the ballot is acceptable per our Declaration and CCIOA.

Homeowner comments – Mike Stears said that by going to multiple choice, we might lose the impact of why the Board initially chose \$5000. He suggested it would add credibility for the Board to provide its consensus recommendation. Candace Hoenes asked what percent of homeowners need to vote? (MA – 30% of all homes to meet the quorum requirement, then 67% approval of returned ballots to ratify.) Her concern is that a fair number of homes could support the Ideal assessment of \$15,000, but the remainder may not be able to afford it. Did we consider a survey? (MA – we considered, but decided against a survey. We expect that reasonable people will disagree on how big a step to take at one time. We are not insensitive to homeowners that are in financial straits, but the numbers are what they are.) Jon Gillespie-Brown asked if we have modeled the number of homeowners that won’t pay. (MA – the model assumes full payment; eventually all unpaid dues and assessments are paid, even if it’s when the home changes hands.) Bob Uhler stated that one of his concerns is watching the HOA struggle over 20 years to pass dues increases and assessments. He doesn’t want us to pass such a low number that in two to a few years we’re faced with another special assessment. It’s painful to do assessments and he’s compassionate about the newer homeowners, but part of the reason we’re where we are is that prior Board’s haven’t had the courage to ask for a special assessment. Staying on the border of “poor” leads next Board to possible second special assessment, so we should be at the highest we can afford so we’re not in high risk situation. The numbers we’re talking about are not that high compared to average

appreciation in our area. (MA – prior Boards were hampered by the difficulty in the old governing documents to raise dues or attempt a special assessment. We have not kept up with appreciation around us, which may partly be due to inadequate funding.) Mike Stears – if we even want to consider improvements, need higher or additional special assessment. Anthony Chirikos – likes multiple choice options as fleshes out what people are willing to pay to maintain the common areas. May be a little confusing, but can explain. Recognizes the magnitude of the problem, but perspective over past few months has changed a little while walking around the neighborhood. No question that we need a special assessment; personally prepared to support \$5,000, maybe higher. Not prepared to solve problem “once and for all” as he wants future Boards to give more consideration to the water situation, whether certain residents benefit more from certain elements than others, whether tenure can be taken into account. Al Orendorff – on a personal note as a homeowner, he’s concerned that if we come up with a higher number now, and then if we have to address the water issues later and need more money for that, will cause heartburn in community. Will support \$5,000, but maybe hold some back if needed later.

Board comments - MJ – what would the catastrophic event be that would cause the Board to have to go back and ask for another special assessment? Failure of all ponds at one time or a big accident? Risk of needing to go back to the homeowners in next 2-3 years is relatively small. It’s important to maintain a sense of community – don’t want anyone to feel like a free-rider or alternatively carrying the load. Want to strive to highest amount that most homeowners can support with >50% of all homeowners voting for it. At least the multiple choice gets us to highest number with most support. HM – supports the multiple choice as gives us the best look at what the community is comfortable with. If end up at \$5,000 and in a few years have to go back to community, the future Board will be able to explain why they’re coming back. AO – if a homeowner is unable to pay and ends up in arrears, then they can be offered a payment plan. Discussion about whether there is a way for newer homeowners to pay less. AO – people can voluntarily donate to the HOA, but we can’t assess other than evenly by Lot. MJ – we need to look to the future and not divide the community into groups. Since interest rates are so low, there’s no problem allowing people to pay over time, noting that we have upcoming costs with Pond 1, transfer line, resolution of water shares, and other ponds getting close to end of life. Those are short-term expenses that we need to pay for soon.

Motion made by PH, seconded by HM. to approve the reserve study prepared by the Board as of November 2020 and to fund the items identified in the reserve study by a combination of annual assessments and special assessments, including adoption of a proposed Special Assessment of \$5,000, \$7,500, \$10,000, or \$15,000 payable in increments of \$2,500 every six months starting April 1, 2021 for the purpose of funding reserves and defraying in whole or in part the cost of expected construction, reconstruction, repair or replacement of Improvements upon the Common Areas. Ratification of the adopted Special Assessment will be held by secret mail-in ballot in lieu of a meeting, as allowed by CRS 7-127-109, which requires participation of 30% of Members to meet the quorum requirement in the Declaration Section 5.4. Final amount of the Special Assessment will be the highest amount that receives approval of 67% of Members in Good Standing that participate in the vote, assuming a quorum is met.

Amendment to motion made by MA, seconded by PH, to include “The information package will indicate the board endorses approval of a Special Assessment of \$10,000 or more”, after discussion, amendment approved unanimously.

Anthony Chirikos commented on motion that there’s nothing wrong with asking for voluntary donations; could we add to the motion that homeowners that have lived here longer be given the opportunity to pay more. MA stated his preference to take this up as a second issue. Anthony asked that the Board consider including this option in the ballot letter.

After no further discussion, motion as amended approved unanimously.

- 6. Insurance Options** – PH presented comparison costs between Farmers and State Farm. PH to review insurance details with AO and double-check that commercial liability and business liability are equivalent. PH, MA, and AO to design green, “keep out” signs for ponds.

7. **Review Architectural & Landscaping Standards Update** – Larry Becker reported that the ACC is meeting on November 19 to discuss the board comments on v2 of the A&L Standards and will report back to the board.
8. **Enforcement Actions** – AO to meet with Larry Becker to discuss status of non-compliant lots. Larry will also discuss compliance situations with the ACC on November 19.
9. **Other Business** – Michael Sims house is under contract for sale, so at some point soon he will be leaving the Board and he intends to abstain from voting as long as he is still a member of the Board.
10. **Member Open Forum** – None
11. **Next meeting** – Executive Board meeting on Tuesday, December 8, 2020 at 6:30 PM
12. **Adjourn** - The meeting adjourned at 8:47 PM.

Paula Hemenway

Paula Hemenway, Secretary

Somerset Estates Homeowners Association

Treasurer's Report

OCTOBER 2020

	OCTOBER 2020	YTD-ACTUAL 2020	YTD-BUDGET 2020	YTD-VARIANCE 2020 Better/(Worse)	BUDGET 2020
INCOME and EXPENSE SUMMARY					
INCOME					
HOA DUES	\$ 57,375.00	\$ 238,775.00	\$ 200,250.00	\$ 38,525.00	\$ 240,300.00
Other Income	\$ 250.00	\$ 2,071.31	\$ 1,000.00	\$ 1,071.31	\$ 1,000.00
Interest	<i>Interest On Capital One Investment Acct. - See Below</i>				\$ 2,000.00
TOTAL INCOME	\$ 57,625.00	\$ 240,846.31	\$ 201,250.00	\$ 39,596.31	\$ 243,300.00
EXPENSES					
Administrative	\$ 3,152.65	\$ 39,616.66	\$ 87,875.00	\$ 48,258.34	\$ 99,675.00
Capital & Waterfall Repair	\$ 8,640.00	\$ 40,710.00	\$ 15,000.00	\$ (25,710.00)	\$ 15,000.00
Landscape Maintenance & Enhancement	\$ 4,222.05	\$ 61,206.16	\$ 63,850.00	\$ 2,643.84	\$ 69,300.00
Lights & Fence & Path & Pond Maintenance	\$ 694.00	\$ 57,559.99	\$ 43,415.00	\$ (14,144.99)	\$ 43,825.00
Utilities	\$ 2,381.89	\$ 11,369.86	\$ 11,000.00	\$ (369.86)	\$ 12,000.00
Water	\$ -	\$ 1,168.93	\$ 3,500.00	\$ 2,331.07	\$ 3,500.00
TOTAL EXPENSES	\$ 19,090.59	\$ 211,631.60	\$ 224,640.00	\$ 13,008.40	\$ 243,300.00
NET OPERATING INCOME	\$ 38,534.41	\$ 29,214.71	\$ (23,390.00)	\$ 52,604.71	\$ -
BALANCE SHEET					
ASSETS					
Operating/Checking Account					
Bank of the West		\$ 100,840.17			
Capital One Investment Account					
Account (Principal) Balance		\$ 102,019.98			
TOTAL ASSETS		\$ 202,860.15			
LIABILITIES and CAPITAL					
Accounts Payable (pre-paid Assessments)		\$ 36,075.20			
Capital Stock and Retained Earning		\$ 166,784.95			
TOTAL LIABILITIES & CAPITAL		\$ 202,860.15			
* Interest~ Capital One Investment Acct. @ 1.75%	\$ 151.22	\$ 1,877.79	\$ 1,000.00	\$ 877.79	\$ 2,000.00
* Legal + Professional Fees Re: Resolution of Assets	\$ 2,032.00	\$ 15,075.24	\$ 57,000.00	\$ 41,924.76	\$ 65,000.00
* Legal & Accounting & Property Mgr.	\$ 1,075.00	\$ 11,012.50	\$ 15,600.00	\$ 4,587.50	\$ 19,250.00
* Mowing	\$ 2,180.00	\$ 14,085.00	\$ 16,600.00	\$ 2,515.00	\$ 17,800.00
* Irrigation/Ponds/Pumps Maintenance & Repair	\$ 2,647.00	\$ 37,837.76	\$ 25,500.00	\$ (12,337.76)	\$ 25,500.00
* MOU Split w/SHOA	\$ 2,258.94	\$ 15,977.33			
	0 - 30 Days	30 - 60 Days	60 - 90 Days	Over 90 Days	
Dues & Fines Outstanding - \$5,475. / 5 Homes	\$3375.00 / 5 Homes	\$1,200.00 / 2 Homes	\$600 / 2 Homes	\$300.00 / 2 Homes	