

**Saddle Ridge Ranch Estates Water Company
2016 Members Meeting Minutes from
Tuesday, December 13, 2016
10:00 A.M. @ Peak Property Management and Sales**

MEETING MINUTES

Call to Order/Proof of Notice/Roll Call

The annual Saddle Ridge Ranch Estates Water Co. meeting was called to order at 10:05 A.M. on Tuesday, December 13, 2016 at Peak Property's Management, and Sales office. The meeting notice was emailed and mailed out November 8, 2016 and the meeting packed was emailed November 22, 2016. The meeting was represented by the following owners and a quorum was established for an official meeting.

Members

Attendees:

Lot 1: Kim Hansen proxy to Doug D' Apuzzo

Lot 2 and 8: Doug D'Apuzzo (Call in)

Lot 5: Scott & Jeannie Jontiff (Call in)

Lot 6: Bruce Keene (Call in)

Lot 11 and 12: Hans Helmerich proxy to Doug D' Apuzzo

Lot 13: Upper Westside Partners-Bartholomew Dalton, Michael Linehan

4 Taps: Roscoe Development, Doug and June D'Apuzzo

Usage 1202 Gothic:

-Ross and Mariann Sears proxy to Rachel Donnell

-Peter Esposito (Call in)

1200 Gothic Road:

-Rachel Donnell

-Joe Knox (for Sissy) (Call in)

1071 County Rd 317 Floyd E. Mcauliffe

Lot 4 Three Valleys: Patrick Currie

Peak Property Management and Sales

Tom Hein, HOA Manager

Brenda Alagna, Accountant

Approval of 2015 Member Meeting Minutes

Tom Hein asked the owners if they had reviewed the meeting minutes from the 2015 annual members meeting and did anyone have any changes or comments they wanted reflected before voting on them. None were made. Rachel Donnell made a motion to approve the meeting minutes, Bruce Keene seconded the motion, all were in favor, and the motion was approved.

Confirm Owners Contact Info

Tom Hein asked the owners to review the owner contact list and let him know of any updates or changes after the meeting.

Managers Report

Tom Hein welcomed everyone to the 2016 Saddle Ridge Ranch Estates Water Co. annual members meeting and the new members to the meeting. The Water Co. had a busy year starting in the spring of 2016 when the pump/treatment station's monitoring and notification systems were tested when the system detected a leak and sent alarm notifications out. The treatment plant's phone line for the computer system had numerous issues (crossed line & billing issues) that required time and attention. In August 2016 the treatment plant had an electrical surge (lightening strike) that required the system to be run manually for three days, damaged equipment that will be costly to repair if not covered by the Water Co. insurance claim. The proposed recommended equipment upgrades, and system protections are in the agenda's 'financials' section to discuss. The Water Co. added four additional lots for water service within Moon Ridge under the name of Fox Trot.

Water Managers Report

Saddle Ridge Ranch Estates Water Company

Water Treatment Plant and Distribution System update for 2016

- The total water production for the water treatment plant Nov/2015-Oct/2016 was 296,500 gallons
- The water system has 4 active water services on the lower zone fed from the 7,000-gallon concrete storage clear well. 4 Taps were added for the Foxtrot subdivision and 1 for the hose bib next to the rec path that was removed. Two new homes are being built at 3 valleys in the lower zone. The upper zone has 2 active services fed from the 30,000-gallon storage tank with another home in the building process.
- A lightning strike on 8/17 caused multiple damage to the water system. New radios were installed for each communication site. A new circuit board and internet access for logging into remote access was installed at the water plant building.
- The 2 flow meters at the water plant one that records gpm from the 2 well pumps to the water plant (damaged in the lightning strike) and one that records gpm from the 2 submersible pumps that pump up to the upper storage tank also need to be replaced. A surge protection system also needs to be installed.
- The batteries to the backup power supply, surge protector for the computer were replaced.
- Backwash filter bags and media were replaced twice during the year and the chlorine pump was rebuilt.
- Well SR-7 continues to be the primary well in service with SR-5 as the back-up.

David Jelinek
Water System Manager

Old Business (Review of the 2015 Agenda's 'New Business' items)

-Small leak in system still. No leak found at curb stop turn off valve at lot 12.

-Public Water System at 15 homes. Once 15 homes are tied into the water system it will need to be switched to a Public Water System. This means the state of Colorado will oversee the water system and will require more testing and maintenance.

- Lot 3 at Three Valleys Subdivision under construction, but stopped for winter. General contractor needs to contact Tom Hein at Peak Property to schedule water service line inspection in the spring 2016 with the SRRE Water Co. water manager.
- New members' lots 14 and lot 16.
- Delinquencies- Lot 1 Three Valleys. Mike Guerri. He disputes having to pay the availability fee. (\$2,576.00 owed).

New Business

1. Review of the association's documents to CCIOA's required 2009 and 2012 state statutes for HOA's revealed that the association needs to adopt the required resolutions. They are policies and procedures for HOA governance regarding the Association and its owners/tenants.

-2016 Meeting Results: After verifying with legal counsel the SRRE Water Co. does not need to adopt the CCIOA statutes.

2. The system will have three homes tapping into the water system this spring/summer and they will switch from availability to usage charges.

3. Delinquencies- Lot 1 Three Valleys. Mike Guerri. He disputes having to pay the availability fee. Current balance is (-\$3,582.04).

-2016 Meeting Results: Mike Guerri sent over legal documents regarding the WSA water agreement between SRRE Water Co. and Mike Guerri with Three Valleys. The BOD's will review the new documents with its legal council.

4. Stain exterior siding on Water Co. pump house spring 2017.

-2016 Meeting Results: Approved by members.

Financial Report

The Saddle Ridge Ranch Estates Water Company as of November 21, 2016, had \$5,709.89 in its checking account, \$3,730.05 in accounts receivables for a total current asset amount of \$9,439.94. Though, \$3,582 is delinquent (disputed and being review by legal council) so actual current asset amount is \$5,857.94.

The Water Co.'s 2016 budget as of November 21, 2016, is (-\$9,689.89) and projected to end the year negative. The unexpected expenses (emergency repairs) were due to a lighting strike that will be turned in as an insurance claim. Once the claim is approved the Water Co. should be reimbursed for the repairs.

The 2017 proposed budget with or without the recommended new equipment has a negative net income of (-\$1,320.00) or (-\$8,820.00). The 'new equipment' is being included in the insurance claim as it was also damaged during the lighting strike which will have a positive impact on the 2017 budget once approved. Some budget line item costs have risen from the 2016 budget and the 2017 proposed budget reflects those increased costs.

Patrick Currie asked if the balance sheet should reflect capital asset such as the pump building, tanks, pumps, and equipment whether depreciated or not? Tom Hein will look into how capital assets have been classified in the past by speaking with accountants and reviewing previous tax returns.

A fee's increase was reviewed when discussing the proposed 2017 budget, but based on the lack of financial information regarding the Guerri dispute and the insurance claim for the lighting repairs; the decision to approve the 2017 proposed budget was delayed. Once resolved a new proposed budget will be submitted to the BOD's for review and members approval if needed.

The next item discussed was the Water Co.'s reserve study. Next year the computer system's software will need to be upgraded. The cost is \$13,375.00 and will need to be paid for by a potential fee increase or assessment. Patrick Currie recommended to the BOD's that they consider a capital reserve fund to pay for upgrades and improvements to the water system so that member assessments can be minimized.

Jeannie Jontiff asked if the Guerri delinquency would be resolved soon. No time line was available as contracts and documents will need to be sent to legal council for review.

Joe Knox mentioned that four new lots in Moon Ridge would get water service from the SRRE Water Co. under Moon Ridge's class A shares. Joe Knox is the power of attorney for Moon Ridge, and helped set up the water for SRRE HOA and Water Co. He would stay on as the class A board member.

Election of Board of Directors

No election was held because the voting structure for the Water Co. needed to be reviewed to better understand the eligibility between class A and B shareholders and an audit of who owned water shares (water taps) for membership qualification. No changes were made, and the status quo continued.

Current President: Doug D'Apuzzo

Current Vice President: June D'Apuzzo

Current Secretary: Joe Knox

Establish Date for next meeting

Holding a 'special meeting' was discussed if all the questions and unknowns were answered and resolved before the next annual meeting December 12, 2017.

Adjournment

Peter Esposito made a motion to adjourn the meeting, Jeannie Jontiff seconded the motion, all were in favor, and the motion was approved. The meeting was suspended at 11:10 A.M. on October 13, 2016.