

**Saddle Ridge Ranch Estates Water Company
December 2017 Members Meeting Minutes from
Tuesday, January 23, 2018 and Wednesday, January 31, 2018
10:00 A.M. @ Peak Property Management and Sales, 318 Elk Ave.**

MEETING MINUTES

Call to Order/Proof of Notice/Roll Call

The annual Saddle Ridge Ranch Estates Water Company's annual meeting was called to order at 10:36 A.M. on Tuesday, January 23, 2018 at Peak Property's Management and Sales office. The December meeting date only had two members attend, and the meeting was re-scheduled for January 23, 2018. The December meeting notice was emailed and mailed out November 6, 2017 and the meeting packet was emailed November 22, 2017. The meeting on January 23, 2018 was represented by the following owners and a quorum was established for an official meeting.

1/23/18 Attending Members/Proxy

Lot 1: Kim Hansen (Call in)
Lot 2 and 8: Doug D'Apuzzo (Call in)
Lot 7: Timothy Fretthold proxy to Doug D'Apuzzo
Lot 11 and 12: Hans Helmerich proxy to Doug D'Apuzzo
Lot 17: Brian Bonnett (Call in)
Lot 18: Ron Edmundson (Call in)
1202 Gothic: Ross and Mariann Sears proxy to Rachel Donnell
David Esposito proxy to Peter Esposito
Peter Esposito (Call in)
1200 Gothic Road: Rachel Donnell
Lot 3 Three Valleys: Stig Somme and Ruth Overlease proxy to Patrick Currie
Lot 4 Three Valleys: Patrick Currie (Call in)
Peak Property Management and Sales
Tom Hein, HOA Manager
Brenda Alagna, Accountant

1/31/18 Attending Members/Proxy

Lot 2 and 8: Doug D'Apuzzo (Call in)
Lot 5: Scott & Jeannie Jontiff (Call in)
Lot 7: Timothy Fretthold proxy to Doug D'Apuzzo
Lot 11 and 12: Hans Helmerich proxy to Doug D'Apuzzo
Lot 17: Brian Bonnett (Call in)
Lot 18: Rhonda Edmundson (Call in)
1202 Gothic: Ross and Mariann Sears proxy to Rachel Donnell
David Esposito proxy to Peter Esposito
Peter Esposito (Call in)
Joe Knox-Moon Ridge LLC. And Foxtrot 1, 2, 3, 4
1200 Gothic Road: Rachel Donnell
Lot 3 Three Valleys: Stig Somme and Ruth Overlease proxy to Patrick Currie

Lot 4 Three Valleys: Patrick Currie (Call in)

Peak Property Management and Sales

Tom Hein, HOA Manager

Brenda Alagna, Accountant

Approval of 2016 Member Meeting Minutes

Tom Hein asked the owners if they had reviewed the meeting minutes from the 2016 annual meeting and did anyone have any changes or comments they wanted reflected to them before asking for a motion to vote on them. None were made. Rachel Donnell made a motion to approve the meeting minutes, no member seconded the motion, and the motion was not approved. The 2016 Water Co. meeting minutes were not approved.

Confirm Owners Contact Info

Due to Colorado privacy rules Peak Property is not allowed to share homeowners phone numbers and email addresses without their permission. If you would like your info available to other owners, please let Tom H. know. If you have not provided your email address to Tom H. at Peak Property please do so, it will help save the Association in paper and mailing cost.

Managers Report

Tom Hein welcomed everyone to the 2017 Saddle Ridge Ranch Estates Water Co. annual members meeting, and welcomed new members lots 6 and 18 SRRE and lot 3, 4 Foxtrot to the Water Co. Last year's meeting was suspended due to numerous questions that arose and needed answers before being able to move forward with making decisions. These questions included the Guerri delinquency issue, membership voting structure, capital assets, and proposed budget with increased fees for a Restricted Reserve (savings for future capital improvements). These were reviewed at the annual meeting.

Tom H. reported that the Water Co. insurance claim was approved and covered all the necessary repairs from the lightning strike. Even the repairs that the Water Co. thought it have to pay for out of pocket, which was a big savings for the Water Co., and its budget.

Water Managers Report

Saddle Ridge Ranch Estates Water Company

Water Treatment Plant and Distribution System update for 2017

- The total water production for the treatment plant Nov/2016-Oct/2017 was Approximately 350,000 gallons.
- The water system has 6 active water services on the lower zone fed from the 7,000-gallon concrete storage clear well with a 7th home in the building process. The upper zone has 3 active services fed from the 30,000-gallon storage tank.
- The raw water and treated water flow meters were replaced along with a new flow controller. The surge protection system was upgraded at the water plant. The communication system required replacement of cables, a port and serial adapter including both onsite and remote troubleshooting.

- Backwash filter bags and media will be replaced three times this year. Regular maintenance and repair was performed on the water plant piping system, filter system, chlorine pump, and ozone system.
- Well SR-7 is the primary well in service with SR-5 as back-up.

David Jelinek
Water System Manager

Old Business (2016 Agenda's 'New Business' items)

1. Public Water System at 15 homes. Once 15 homes are connected to 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.

Meeting Results: As of November 2017- 10 homes are serviced by (or will be within a few months) the water treatment plant.

2. 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.

Meeting Results: After reviewing with legal council the Water Co. does not have to adopt the CCIOA required Resolutions.

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

Meeting Results: A further review of the WSA contract and documents between SRRE Water Co. and Mike Guerri with Three Valleys will be sent to legal council for review.

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

Meeting Results: Approved.

New Business

1. Guerri Delinquency Update.

- a. Lot 1 Three Valleys- Mike Guerri. Disputes having to pay the availability fee for water service. Current balance is \$4679.28. All legal documents and agreements have been sourced and sent to a new attorney for review. The original attorney who worked for both parties would be a conflict of interest.

Meeting Results: Doug D'Apuzzo is working with SRRE Water Co. legal council reviewing the Water Co. By-laws and changes made requiring lot owners/future water users to pay availability fee's.

2. Membership Structure and Voting Review.

Meeting Results: Tom H. reviewed the Water Co. voting and membership rules.

- a. Only members who have paid their water certificates/shares (tap fee) can vote.
- b. Board of Directors is made up of one class A member and two class B members. One member of the BOD's must be elected by the class A shareholders, and 2 members are elected by the class B members. Joe Knox represents the class A members. Most members are class B. Roscoe development holds most of water certificates for the SRRE Water Co. class B members and currently has a majority vote over other class B members.

3. Review Recommended Upgrades-Redlion or software upgrades, moscad's upgrades, water treatment Equipment upgrades; filter canisters.

Meeting Results: Tom H. reviewed the recommended maintenance and upgrades, but no decisions or approval to spend any funds on them were given. A meeting with SGM engineering is scheduled to understand their Asset Management proposal. Tom H. will follow up with the BOD's for decision on Red Lion switch over this summer.

4. Capital Assets Discussion

a. SGM and JVA asset management proposals.

b. The Water Co. does not have a list of capital assets/equipment and repairs/upgrades, etc. are expensed. There is no tax depreciation taken for them.

Meeting Results: Patrick Currie asked if a list existed of all the Water Co. treatment equipment, the life expectancy of it, and replacement cost. Tom H. reported none exist but had two proposals from engineering firms that specialized in that type work. A meeting will be scheduled with SGM engineering to review and ask questions regarding their Asset Management proposal and services. All the members agreed the Water Co. needed something like this.

5. Reserve Study-Tom H. reviewed the Water Co. reserve study spreadsheet.

Meeting Results: Patrick Currie stated that the Water Co. needed a 'Management Plan' that deals with SRRE's market perception regarding water availability, the Water Co.'s obligations, and its maintenance requirements and cost. Brian Bonnet asked where and what did the tap fee go to pay for? Doug D'Apuzzo stated to pay for the Water Co.'s and SRRE's initial infrastructure including the roads, water treatment plant, supporting equipment, and the water and sewer, etc. Current tap fees are \$34,500.00 and will significantly go up (amount TBD) before the end of the first quarter 2018. Doug D'Apuzzo is working on a public statement from the SRRE HOA/Water Co. for realtors and the public regarding its water availability.

January 23, 2018 Meeting Suspension

Doug D'Apuzzo made a motion to suspend the 2017 Water Co. annual meeting on January 23, 2018 till Tuesday, January 31, 2018 at 10 AM. Rachel Donnell seconded the motion, all were in favor, no one against, and the motion was approved.

January 31, 2018 Meeting Continuation

1. Capital Assets Discussion-Asset Management Proposals

a. SGM Engineering and JVA Engineering

i. Proposals to analyze the Water Co.'s equipment, facilities, maintenance and make recommendations and provide an analysis of the system.

Financial Report

The Saddle Ridge Ranch Estates Water Company finished the 2016 fiscal year with a net loss of (\$11,537.75) which was mostly due to unexpected repairs to the water system that were reimbursed by an insurance claim during the 2017 year.

The Water Company finished the 2017 fiscal year with a positive net income of \$7,037.24. The Water Company as of December 31, 2017, had \$9,888.24 in its checking account, \$4,741.08 in accounts receivables for a total current asset amount of \$14,629.32. All of accounts receivable is Three Valleys lot 1 delinquency balance. The Water Co.'s current asset amount as of Dec. 31, 2017 was \$9,888.24.

There are two 2018 proposed budgets. One proposed budget has a negative net income of \$3,200.00 and the other has a positive net income due to a 20% increase on fee's. The proposed budgets do not include any of the recommended computer and system upgrades discussed in the agenda's 'New Business'.

Tom H. mentioned as more homes switch from Availability to Usage fees, income is increasing enough to cover the Water Co. expenses and general maintenance/repairs, but is not funding a reserve for

computer/system upgrades and/or unexpected equipment repairs. Doug D'Apuzzo suggested holding off making any maintenance upgrades or starting a reserve fund until the Water Co. has a better understanding of its responsibilities and obligations. The Asset Management Plan meeting with SGM will tell the BOD's if it will provide those answers.

Ron Edmundson made a motion to approve the 2018 proposed budget with no dues increase and a negative net income of \$3,200.00, Peter Esposito seconded the motion, all were in favor, no opposed, and the motion was approved.

Board of Directors

Current President: Doug D'Apuzzo

Current Vice President: June D'Apuzzo

Current Secretary: Joe Knox

Establish Date for next meeting-December 11, 2018

Tom H. will follow up with the BOD's on June 1, 2018 to see if a member's summer meeting is necessary or not.

Adjournment

Ron Edmundson made a motion to adjourn the meeting, Joe Knox seconded the motion, all were in favor, and the motion was approved. The meeting was adjourned at 11:14 A.M. on January 31, 2018.