

Saddle Ridge Ranch Estates Water Company
 2019 Water Co. Annual Meeting Minutes from
 Monday, January 13, 2020
 10:00 A.M. @ Peak Property Management and Sales,
 241 Gillespy Dr. Crested Butte South, CO. 81224

Meeting Minutes

Call to Order/Proof of Notice/Roll Call

The SRRE Water Co. annual meeting was called to order at 10:10 A.M. on Monday, January 13, 2020 at Peak Property's office. The annual meeting notification was sent out October 17, 2019 and the meeting packet was sent out November 14, 2019. The annual Water Co. meeting on December 3, 2019 didn't have a quorum and was rescheduled. The revised meeting packet was sent out December 31, 2019, and the meeting was held on January 13, 2020. The meeting was represented by the following owners and a quorum was established for an official meeting.

Shareholders

Attended in person or by phone call in.

Proxy Provided

		Class A Shares	Class B Shares	Lot/ Address
Outside Saddle Ridge Estates				
	Joe Knox (for Sissy LaVigne)	7		Unassigned and Lots 1 & 2 Foxtrot
Proxy to Joe K.	Scott Matzelle	1		921 County Rd. 317
Proxy to Joe K.	Lila Sessums	2		Foxtrot Lots 3&4
	Peter Esposito		1	1181 County Rd. 317
	David Esposito		1	1181 County Rd. 317
	Rachel Donnell		1	1200 County Rd. 317
Proxy to Rachel D.	Ross and Mariann Sears		1	1202 County Rd. 317
Proxy to Peter E.	Floyd E. Mcauliffe		1	1071 County Rd. 317
	Roscoe Development Corp		1	Three Valleys Lot 1 Guerrieri
	Roscoe Development Corp		1	Three Valleys Lot 2 Sharkey
	Stig Somme and Ruth Overlease		1	Three Valleys Lot 3 (Mariposa Lane)
	Patrick ("Tracy") & Venita Currie		1	Three Valleys Lot 4 (40 Mariposa Lane)
	Roscoe Development		1	Unassigned

Saddle Ridge Estates				
	SRE HOA		1	SRE Apartment Roscoe Developmt.
	SRE HOA		0.5	SRE Equestrian Center/Barn
	Roscoe Development Corporation		1	Lot 1 Kim and Laurel Hansen
	Doug and June D'Apuzzo		1	Lot 2
	Roscoe Development Corporation		1	Lot 3 Brian Levine
	George Habib		1	Lot 4
	Roscoe Development Corporation		1	Lot 5 Scott and Jeannie Jontiff
	Peter Bakes		1	Lot 6
	Roscoe Development Corporation		1	Lot 7 Tim Fretthold
	D'Apuzzo as TTE		1	Lot 8
	Roscoe Development Corporation		1	Lot 9 Alan Landman
	Hans Helmerich		1	Lot 10
	Hans Helmerich		1	Lot 11
	Hans Helmerich		1	Lot 12
	Roscoe Development		1	Lot 13 Dalton/Linehan
	Ken Moore		1	Lot 14
	Tobin & Heidi O'Donnell		1	Lot 15
	Kathryn Green		1	Lot 16
	Tommy & LeAnn Pittenger		1	Lot 17
	Rhonda & Ron Edmundson		1	Lot 18

Welcome of Invited Guests

Non-voting Lot Owners as Invited Guests				
	Kim & Laurel Hansen			SRRE Lot 1
	Brian & Marina Levine			SRRE Lot 3
	Scott & Jeannie			SRRE Lot 5

	Jontiff			
	Timothy Fretthold			SRRE Lot 7
	Alan Landman			SRRE Lot 9
	Upper Westside Partners: Dalton, Linehan			SRRE Lot 13
	Three Valleys LLC. Mike Guerrieri			Three Valleys Lot 1
	Sharkey, Brian and Ann			Three Valleys Lot 2

Peak Property Management and Sales

Tom Hein, HOA Manager

Confirm Owners Contact Info

Due to Colorado privacy rules Peak Property is not allowed to share homeowners phone numbers and email addresses. Please notify Tom or Peak Property if your contact info changes- mailing address, email, phone.

Approval of the Meeting Minutes from August 12, 2019.

Tommy Pittenger made a motion to approve the August 12, 2019 meeting minutes. The motion was seconded by Rachel Donnell, all were in favor, none opposed, and the motion was approved.

Managers Report

Tom H. welcomed everyone to SRRE's Water Co. 2019 annual HOA meeting and thanked everyone for taking time to attend. The manager's report was presented and included the following:

- Since the Water Co.'s special meeting in August the freeze alarm, Motorola battery replacement, electrical panel upgrades have been completed and the Board has met with SGM to start working on the Asset Management Analysis of the water system.
- The overall exterior condition of the pump building and equipment is in good shape and holding up well. Peak Property continues to do basic maintenance and repairs as needed. There have been no major repairs required this year though the computer system that monitors the water system crashed twice, but it was recoverable and is still operating.

Water Manager's Report

Water Treatment Plant and Distribution System update for 2019

- The total water produced by the water treatment plant from Nov/2018-Oct/2019 was 553,500 gallons.
- The water system has 8 active water services on the lower zone fed from the 7,000-gallon concrete storage clear well; the upper zone has 3 active services fed from the 30,000-gallon storage tank for a total of 11 services. When the system has 15 services it will become a Public Water System and need to follow all requirements of the Colorado Department of Public Health and Environment (CDPHE).

- August - Timberline Electric was contacted to troubleshoot the operating system computer when it crashed. They were able to get it running again and recommended a new Red Lion computer operating system.
- Backwash filter bags and media were replaced six times this year. Regular maintenance and repair were performed on the water plant piping, chemical feed systems and filters.
- Well SR-7 is the primary well in service with SR-5 as back-up.

Old Business (August 12, 2019 Agenda's 'New Business' items)

1. Financial Report – Tom H.
 - a. **2019 Meeting Results:** The Water Co. operating account balance as of 6.30.19 was \$10,751.90 and \$7,000 in accounts receivable related to the Guerrieri issue which may or may not be collectable. A balance sheet, budget to actual, and cash flow analysis were provided in the meeting packet. The Board projects that the Water Co. will finish the fiscal year positive. Ron E. asked what the legal fees were, and would they amount to \$9k by the end of the year. The Board's response was 'No' they didn't anticipate that happening.
2. Guerrieri Update – Tracy C.
 - a. **2019 Meeting Results:** As part of the SRRE Water Co. development and getting water to the SRRE property from the wells along the slate river/rec. path, Three Valleys developer Mike Guerrieri gave an easement to SRRE to run their water lines thru Three Valleys property. As part of the agreement, Three Valleys has a position that no fees are to be paid until development on the lot or sold. SRRE Water Co. has a different position that the fees are owed. The Water Co. board has made an offer to Mike Guerrieri and will try to get it resolved before the next annual meeting at the end of the year.
3. Mt. CB Water Permit update-Joe K.
 - a. **2019 Meeting Results:** Significant progress has been made with the state of Colorado issuing a revised permit recognizing the issue brought up regarding low flows, and zero waste in released treated water. The state stood behind what they said and enforced it. Mt. CB water treatment plant discharge runs down a small creek by SRRE's water wells before entering the Slate River. Joe K. has been working to ensure our water quality.
4. Water System Overview-Tracy C.
 - a. Review of system by BOD's and Peak.
 - b. Immediate repairs/maintenance
 1. Computer System Upgrades-Red Lion
 2. Moscad's battery replacement
 3. Computer battery backup replacement (UPS)
 4. Freeze alarm sensor
 5. Well site electrical panel reinforcement
 - c. Medium-term planning
 1. Engineering Study
 2. Public System Reporting
 3. 10-year maintenance estimate
5. Repair/Improvement Assessment
 - a. **2019 Meeting Results:** Tracy Currie reported that there were a lot of unanswered questions after the last members meeting and the Board has been working since then to answer them; maintenance needs-current and future, financial resources for future repairs and maintenance. The Water Co. (water system) can be divided into two components. The first

is the system operations that pumps, stores, treats and provides water to homes. This includes the wells, pumps, pipe infrastructure, treatment plant, storage tanks, etc. The second part of the system is the controls and monitors such as the computers, sensors, alarms, transmitting devices, etc. that watch, operate, and regulate the system. The system is well engineered and if an outage occurs in the controls part of the system the system can typically continue deliver water thru manual operation. Currently, the computer system that controls and monitors the water treatment process is old, occasionally fails, and the Board with the water manager have chosen a new computer system for when the current one crashes. The Board's philosophy is to run it until it fails but be prepared and act when necessary. The Water Co. doesn't have funds to replace and upgrade the system when needed. The Board has also decided that an engineering study is important to know three things: 1. what is the Water Co.'s 10-15-year maintenance plan, its cost, and build a reserve. Rough estimate is \$90K, 2. While under low demand is here a way to save equipment by turning them off, 3. what are the cost when becoming a public water system. The water system becomes a public water system when 15 or more home are on the system and will fall under more state stringent requirements. The system and equipment are 20 years old now and repairs and upgrades are starting to be required. To build a reserve and pay for current repairs/maintenance the Board of Director's approved an assessment of \$41,176.97 which equals \$1,419.90 per class B member and lot owner due within 30 days. The Board is available anytime to answer questions or concerns regarding SRRE's water quality and availability.

New Business

1. Guerrieri Update

-The Board has been working on it and has tried to correspond with Mike Guerrieri; he has not been responsive nor willing to work on it or respond to the Board.

a. 1.13.20 Meeting Results: Peter Esposito asked if the Water Co. collects Guerrieri's 'accounts payable' does it go to the Water Co? The Board responded it does. Peter E. asked if the Water Co. was paying/sharing attorney fees for working on Guerrieri's delinquent account? The Water Co. is paying the fee's related to questions regarding Guerrieri's position. Peter E. asked what the legal expense budget overages were for? One example given was correcting the water decree between the Water Co. and the Esposito property (wrong lot was filed for water). David Esposito asked if the Water Co. had any leverage over Mike G.? The Board responded there is a difference of opinion how the legal agreements reads between Mike G. (Three Valleys) and the Water Co. At this current time the Board has decided to sit and try to work it out as legal fees would cost more than Mike Guerrieri's accounts payable.

2. Repairs/maintenance updates

1. Computer System Upgrades-Red Lion
2. Moscad's battery replacement
3. Freeze alarm sensor
4. Well site electrical panel reinforcement
5. Engineering Study
6. Public System Reporting

a. 1.13.20 Meeting Results: Item #1 has been selected by the Board and waiting for when current computer system crashes. Items #2, 3, 4 were completed before winter, item #5 in progress and hope to have results by end of summer 2020, and item #6 the water system becomes a public water system when 15 or more home are on the system and water testing will fall under more stringent state requirements.

3. Review Reserve Study

A. 1.13.20 Meeting Results: The reserve study was reviewed by the members. Peter Esposito asked why the radio replacement was so expensive and didn't include less expensive cellular service. When the system was designed the current technology didn't have cellular and used radio frequency, this will be further investigated during the asset management engineering study.

Financials

Tom H. reported that The Water Company as of December 24, 2019, had \$30,976.58 in the operating account, and \$9,915.29 in accounts receivables for a total current asset amount of \$40,891.87.

\$9,751.42 of the accounts receivable is Three Valleys lot 1 delinquent fees which may not be collectable.

The Water Co. actual asset amount (minus Three Valleys lot 1 accounts receivable) is \$31,140.45. The Water Co.'s 2019 budget is projected to finish the fiscal year slightly in the black. This past fiscal year the HOA had higher unexpected meeting expense, and professional and legal fees.

Revenue from availability and usage fees are enough to cover the 2020 operating expenses. Ron Edmundson motioned to approve the proposed budget, Peter Esposito seconded the motion, no one was against, all were in favor and the motion was approved.

Board of Directors

-Peter Esposito offered to fill one of the class b positions. David Esposito motioned to nominate Peter Esposito to one of the Class B membership positions, seconded by Floyd McAuliffe proxy, majority didn't approve, and the motion was denied. David Esposito made a formal protest over the vote, the meeting was official with quorum, and proceeded with a Board vote.

-Doug D'Apuzzo motioned to nominate Tracy Currie to one of the Class B membership positions, seconded by David Esposito, all were in favor, no one against, and the motion was approved.

-Doug D'Apuzzo motioned to nominate himself (Doug D'Apuzzo) to one of the Class B membership position, a majority were in favor, Peter and David Esposito and Floyd McAullife by proxy were against, and the motion was approved.

-Joe Knox nominated himself for the Class A membership position, seconded by Sissy LaVinge proxy, all in favor and no one against, motion approved.

2020 President: Doug D'Apuzzo

2020 Vice President: Patrick "Tracy" Currie

2020 Secretary: Joe Knox

Establish Date for next meeting-Wednesday, December 2, 2020

Adjournment

Rachel Donnell made a motion to adjourn the meeting, David Esposito seconded the motion, all were in favor, and the motion was approved. The meeting was adjourned at 11:17 A.M. on January 13, 2020.