

**Saddle Ridge Ranch Estates Water Company  
2018 Annual Members Meeting Minutes from  
Monday, January 28, 2019  
10:00 A.M. @ Peak Property Management and Sales, 318 Elk Ave.**

**MEETING MINUTES**

**Call to Order/Proof of Notice/Roll Call**

The Saddle Ridge Ranch Estates Water Company's rescheduled annual members meeting was called to order at 10:06 A.M. on Monday, January 28, 2019 at Peak Property's office. The meeting notice was emailed and mailed out on October 22, 2018, and the meeting packet was emailed out on November 4, 2018. The annual members meeting was rescheduled, and email notification was sent out January 16, 2019. The meeting was represented by the following owners, and a quorum was established for an official meeting.

**Water Co. Members**

Attendees:

Lot 2 and 8: Doug D'Apuzzo (Call in)  
Lot 3: Brian & Marina Levine proxy to Ken Moore  
Lot 10,11,12: Hans Helmerich (Call in)  
Lot 14: Ken Moore (Call in)  
Lot 15: Tobin O'Donnell proxy to Ken Moore  
Lot 17: Tommy Pittenger (Call in)  
Lot 18: Ron Edmundson (Call in)  
4 Taps: Roscoe Development, Doug D'Apuzzo  
1202 Gothic: Ross and Mariann Sears proxy to Rachel Donnell  
David Esposito proxy to Peter Esposito  
Peter Esposito  
1200 Gothic Road: Rachel Donnell,  
Joe Knox: Moon Ridge Ranch HOA  
Lot 2 Three Valleys: Sharkey, Brian  
Lot 3 Three Valleys: Stig Somme and Ruth Overlease proxy to Tracy Currie  
Lot 4 Three Valleys: Patrick (Tracy) Currie  
Foxtrot Lot 1, 2 Moon Ridge LLC.: Joe Knox  
Foxtrot Lot 3, 4 Lila Sessums proxy to Joe Knox

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 without their permission first. If you would like your info available to other owners and in HOA emails to owners, please let Tom H. know otherwise your contact info will be invisible in HOA owner emails. The attending members approved their info being available to other owners.

## **Approval of Members Annual Meeting Minutes from 2017-18 and Dec. 4, 2018 meetings.**

Rachel Donnell made a motion to approve the meeting minutes from 2017-18 and Dec. 4 2018. The motion was seconded by Tracy Currie, all were in favor, none opposed, and the motion was approved.

## **Managers Report**

Tom H. welcomed everyone to the Saddle Ridge Ranch Estates Water Co. (2018) annual members meeting and SRRE new members lots 15, 16, 17. Last year's meeting was suspended due to numerous questions (Guerri delinquency issue, membership voting structure, capital assets, and Restricted Reserve savings for future capital improvements) that needed researching before the HOA could move forward with making decisions.

## **Water Managers Report**

### *Saddle Ridge Ranch Estates Water Company*

#### Water Treatment Plant and Distribution System update for 2018

- The total water production for the water treatment plant from Nov/2017-Oct/2018 was 432,000 gallons.
- The water system has 7 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.
- Two leaks were discovered and repaired: The first at a residence; The second was the float for the water storage tank for the fire hydrant dry connection on Moon ridge road, repaired by Peak Property.
- A wiring short was repaired by Timberline Electric in December after replacement of cables and multiple troubleshooting procedures were attempted. In February Well SR-7 faulted out and burnt wiring was discovered. CB Electric replaced the faulty wiring.
- Backwash filter bags and media were replaced five times this year. Regular maintenance and repair is performed on the water plant piping system and filters. The chlorine pump was replaced with a rebuilt pump.
- Well SR-7 is the primary well in service with SR-5 as back-up.

David Jelinek-Water System Manager

## **Old Business (2017 Agenda's 'New Business' items)**

1. 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.
  - a. **Meeting Results:** As of November 2018- 11 homes are serviced by (or will be within a few months) the water treatment plant.

2. Guerrieri Delinquency Update.
  - a. Lot 1 Three Valleys- Mike Guerrieri. 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.
  - b. **Meeting Results:** Doug D'Apuzzo is working with SRRE Water Co. legal counsel reviewing the Water Co. By-laws and changes made requiring lot owners/future water users to pay availability fees.
3. Membership Structure and Voting Review.
  - a. **Meeting Results:** Tom H. reviewed the Water Co. voting and membership rules.
  - b. Only members who have paid their water certificates/shares (tap fee) can vote.
  - c. 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.
4. Review Recommended Upgrades-Redlion or software upgrades, moscad's upgrades, water treatment
  - i. Equipment upgrades; filter canisters.
  - b. **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.
5. Capital Assets Discussion
  - a. SGM and JVA asset management proposals.
  - b. The Water Co. does not have a list of capital assets/equipment, repairs/upgrades, etc. There is no tax depreciation taken for them.
  - c. **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.
6. Reserve Study-Tom H. reviewed the Water Co. reserve study spreadsheet.
  - a. **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.
  - b. 2018 Meeting Results: Doug D'Apuzzo didn't think the Water Co. would benefit from hiring an engineering company to do provide an analysis of the system and asset management plan.

## New Business

1. Guerrieri Delinquency Update.
  - a. Lot 1 Three Valleys- Mike Guerrieri. Disputes having to pay the availability fee for water service. Current balance (\$6,222,42) is the total amount of the account receivable on the Water Co.'s balance sheet. Is this going to be collectable? If not, we need to plan for it as it will have a big impact on the Water Co.'s financials. The 2019 income will be \$840.00 less again if not collectable. Update from Board.
  - b. **2019 Meeting Results:** Doug D'Apuzzo asked that the Board of Director's catch up and discuss this in Executive Session. Peak Property said the Board needs to figure out if it's collectible or not as it has a significant effect on the Water Co.'s finances.
2. Tap Fees-November 1, 2018 increased to \$42,000.
3. Review Recommended Upgrades-Redlion or software upgrades, moscad's upgrades, water treatment Equipment upgrades; filter canisters.
  - a. **2019 Meeting Results:** The Board of Directors will review all necessary needed upgrades and will propose recommendations to the members with a long-term financing plan to pay for the improvements.
4. Reserve Study
  - a. **2019 Meeting Results:** To be reviewed by the Board of Directors.
5. Open Forum
  - a. **2019 Meeting Result:** Peter Esposito asked for clarification on where the tap fee money went to. Doug D'Apuzzo responded that the answer above in the 2018 meeting results was wrong... Tap fee money goes to Roscoe Development (who holds water taps/stock certificates) to reimburse Roscoe for the SRRE Water Co. infrastructure.
  - b. **2019 Meeting Results:** Joe Knox brought up the question about Membership; Who is an actual member/what qualifies for membership? Voting members?
    - i. Lot owners who have not paid tap fee's: Are they a voting member?
    - ii. Meeting Roll Call-Lot owners and share owners.
    - iii. Should owners who have not paid tap fee be paying availability fees? To Roscoe and Roscoe pay Water Co.?
    - iv. Bylaw change allowing class b members to vote by phone.
    - v. Guidelines to Stock Certificate release.
  - c. **2019 Meeting Results:** Other agenda items the Board should discuss, and review are;
    - i. Peak Property's management agreement
    - ii. how should improvements be paid for?
    - iii. who should pay for assessments (owners, membership)?

## **Financial Report**

1. The Water Co. finish the 2018 fiscal year negative \$5,254.11.
2. There were two budgets proposed at last year's meeting. One budget with a negative net income of \$3,200.00 and the other with a positive net income due to a 20% increase on fees. The proposed budgets did not include any of the recommended computer upgrades. The members approved the 2018 proposed budget with no dues increase and a negative net income of \$3,200.00.
3. The Water Company as of November 30, 2018, had \$7,771.76 in its checking account, and \$6,222.42 in accounts receivables for a total current asset amount of \$13,994.18. The entire accounts receivable is the total amount owed by Three Valleys lot 1 delinquent availability fees. The Water Co. actual asset amount (minus the accounts receivable) is \$7,771.76. The newly elected BOD's will be working to resolve the Guerrieri matter and any financial implications from it.
4. 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
5. The 2019 proposed budget had a fee increase to balance the budget and provide a small positive surplus. The proposed budget did not include any of the recommended computer and system upgrades discussed in 'New Business'.
6. **2019 Meeting Results:** Joe Knox asked, in the 2018 budget actuals, what made up the legal fees. Legal fee invoices would have to be pulled to be reviewed, but most were water rights renewals, stock certificate transfers, tap fee sales, general Water Co. business. The BOD's would review these too.
7. **2019 Meeting Results:** Tracy Currie motioned to approve the 2019 proposed budget with the proposed fee increase (as of January 1, 2019), for a positive cash flow budget and that the BOD's address the reserve fund and maintenance issues separately and bring back recommendations and proposal to the rest of the membership, Peter Esposito seconded the motion, all were in favor, no one against, and the motion was approved.

## **Election of Board of Directors**

The members elected the following to serve as the 2019 Board of Director's.

Current President: Doug D'Apuzzo

Current Vice President: Tracy Currie

Current Secretary: Joe Knox

**Establish Date for next meetings-June TBD and Tuesday, December 3, 2019**

## **Adjournment**

Peter Esposito made a motion to adjourn the meeting, Hans Helmerich seconded the motion, all were in favor, and the motion was approved. The meeting was adjourned at 11:35 A.M. on January 28, 2019.