

Saddle Ridge Ranch Estates Water Company
2018 Annual Members Meeting Minutes from
Tuesday, December 4, 2018
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 annual members meeting was called to order at 10:04 A.M. on Tuesday, December 4, 2018 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 meeting was represented by the following owners, but a quorum was not established for an official meeting.

Water Co. Members

Attendees:

Lot 1: Kim Hansen

Lot 14: Ken Moore

Lot 15: Tobin O'Donnell

1202 Gothic: Ross and Mariann Sears proxy to Rachel Donnell

1200 Gothic Road: Rachel Donnell,

Lot 1 Three Valleys: Three Valleys LLC. Mike Guerrieri

Lot 4 Three Valleys: Patrick and Venita Currie

Peak Property Management and Sales

Tom Hein, HOA Manager

Brenda Alagna, Accountant

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 of their info being available to other owners.

Approval of Members Annual Meeting Minutes from 2017-18 meetings.

Due to not having a quorum no vote was taken.

Managers Report

Welcome everyone to the 2018 Saddle Ridge Ranch Estates Water Co. annual members meeting. I'd like to welcome SRRE new members lots 15, 16, 17 to the Water Co. Last year's meeting was suspended due to numerous questions that needed looking into before being able to move forward with making decisions. These questions included the Guerri delinquency issue, membership voting structure, capital assets, and Restricted Reserve savings for future capital improvements.

2018 Meeting Results: The attending owners discussed without Doug D'Apuzzo attending the meeting it was not worth continuing. The Water Co. has a governance issue and they discussed how to move forward.

A letter by one of the members will be put together and sent out to all the members discussing the current issues.

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 (2016 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. Guerri 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.

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.
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.
4. Reserve Study

Financial Report

1. The Water Company finished the 2017 fiscal year with a positive net income of \$7,037.24.
2. The Water Co. 2018 budget is negative \$2,552.04 and is projected to finish the 2018 fiscal year negative \$3,449.54.
3. 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.
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 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. Though, the total amount of the accounts receivable is Three Valleys lot 1 delinquent availability fees. The Water Co. actual asset amount (minus the accounts receivable) is \$7,771.76.
6. The 2019 proposed budget has a fee's increase to balance the budget and provide a small positive surplus. The proposed budget does not include any of the recommended computer and system upgrades discussed in 'New Business'.
7. Approve the proposed 2019 budget.

Election of Board of Directors

Current President: Doug D'Apuzzo

Current Vice President: June D'Apuzzo

Current Secretary: Joe Knox

Establish Date for next meeting-Tuesday, December 3, 2019

Adjournment

Kim Hansen made a motion to adjourn the meeting, Patrick Currie seconded the motion, all were in favor, and the motion was approved. The meeting was adjourned at 11:00 A.M. on December 3, 2018.