

SRRE Water Co. Board of Director's Meeting

12/7/20

Meeting Minutes

1) Call to Order

Meeting was called to order at 9:35am

2) Establishment of Quorum

Tracy Currie

Joe Knox

Doug D'Apuzzo

Tom Hein

Huck Huckstep

Jerry Burgess

3) Meeting Minutes

A. Legal Documents

-Legal Documents split into two parts

-Governing Doc's=bylaws, declarations

-Operational Side=service agreements for water system easements.

-Huckstep reported an issue with the Bylaws and SRRE lots not tied legally together.

B. Bylaws

-Huckstep suggested recording a notice in the Bylaws of inclusion adding the legal descriptions of each property serviced.

-There is a lack of clarity/legal identification for Water Co. to charge members fees. Recommendation add legal descriptions what lots are served by Water Co.

Huckstep's Notes-

1. Record Notice of Inclusion in SRREWC Service Area: It appears the Amended & Restated Bylaws of the Water Company were recorded in 2015 but did not achieve the intended outcome. During the recent heavy volume of stock transactions, our office immediately noticed that we were being contacted very late in the transaction to provide transfer information. The 2015 Bylaws were recorded with the intention of preventing this late notice. However, since the 2015 Bylaws did not include any legal descriptions for properties being served by the Water Company, those Bylaws have had no effect. Most recently, in a title commitment from September 2020 for the sale of 125 Saddle Ridge Road, the Bylaws did not show up as an Exception to title – which demonstrates the defect of not including legal descriptions of served lots.
 - a. Our recommendation is that the Board direct us to prepare and record a Notice of Inclusion Within Saddle Ridge Ranch Estates Water Company that does include the legal descriptions of all properties served, to achieve the same intended outcome as the recording of the 2015 Bylaws. This document would be recorded once completed.

2. Memorialize the Water Service Agreement with Saddle Ridge HOA: The Bylaws of the Water Company (Section 2.4) say that the Owners within Saddle Ridge will pay all costs, but those owners are not signatories to the Bylaws. Similarly, the Declaration of the Saddle Ridge HOA (attached here) says that the Water Company will provide water service to each lot, but the Water Company is not a signatory. Moreover, Section 8.5 of the Declaration (for Saddle Ridge HOA) says that Owners within Saddle Ridge will be responsible for certain costs of operating the water system, but the Water Company is not given the right or authority to enforce collection of those costs.

- - a. To clear up any ambiguities that may exist, our recommendation is that the Board direct us to memorialize the agreement between the Water Company and the HOA in a written document that would be recorded.
 - b. A question has been raised as to the ability/authority of the Water Company to impose and collect availability fees to owners within Saddle Ridge. The Declaration is not as clear as I would prefer to see on this issue. The course of performance between the parties (i.e. the Water Company and the individual owners) tends to support a broad interpretation of Section 8.5 of the Saddle Ridge Declarations. This issue can be resolved in a written agreement with the HOA as described above.

The Water Service Agreement with Saddle Ridge HOA should mimic the prior WSA's executed by the Water Company.

C. Stock Certificate Process

- Huck suggested his office be the custodian of the stock certificates and distribution process. Do not hand them out to be lost.
- Discussion regarding meeting notifications and adding stock certificate info to meeting notice.
- Hucksteps Notes-
 - Stock Certificates: I will recommend on Monday that you allow us to modify the Stock Certificate process to make our office the custodian of all Stock Certs. We would not produce the Stock Certs (new ones) unless requested by an owner. We would continue to keep the Stock Ledger, but we would eliminate the necessity of having Stock Certificates. This is common practice amongst almost all of our corporate clients. It is simpler, more efficient, and more practical than creating new Stock Certificates for each transaction.

D. Dropbox

- Water Co. dropbox needs to be better organized, label documents new, old, current, previous, remove duplicates, missing doc's.
- Huckstep provided overall update how he went about reviewing Water Co. documents on Dropbox.

Huckstep's Notes-

DropBox: My review was greatly aided by the organization and contents of the DropBox folders for the Water Company. There are some missing documents from the DropBox folders, some duplication within the folders, and some need for new folders or subfolders within the existing structure. I recommend you allow us to proceed (through Kaitlyn or Teri in my office, not me) to work with Tom to refine the DropBox folder structure (which would include uploading new or missing documents, deleting duplicates, etc.).

E. Guerrieri Account Balance

- Water Service Agreement is gray and recommendation is move forward on the current course of action.
- Can Water Co. lien Guerrieri property? Not recommended. The WSA does not speak to being able to lien. Water Co. does not want to improperly lien without legal documentation back up.
- Recommendation if Water Co. wants to settle. Resolve the dispute to pay fees by creating settlement agreement. Release Guerrieri's owed fees and clarify other owners of Three Valleys are responsible for availability fees and waive any additional taps from 6 to 4.
- The Board decided to pursue a settlement with Guerrieri regarding-
 - fees, taps, future assessments
 - approach Guerrieri as the developer not an owner to allow for a settlement under current Bylaws.

F. Board Priority List

1. Guerrieri Issue
2. Management Agreement with Peak
3. Stock Certificate Process
4. Dropbox
5. Notice of Inclusion

G. Water Co. Board Mtg with SGM

- Board reviewed the latest engineering draft with Jerry Burgess.
- Do the wells produce enough water at full build out/usage?
- Discussed different options to measure well water availability and discharge.
- System Mapping
 - missing curb boxes, valves
 - valves need to be exercised annually.

4) Adjournment