

**SADDLE RIDGE RANCH ESTATES WATER COMPANY
BOARD OF DIRECTORS MEETING
DECEMBER 9, 2022
VIA ZOOM**

Present: Tracy Currie
Fred Brazelton
Tommy Pittenger

Management Company: Kat Loughan, Toad Property Management

Kat called the meeting to order at 9:44 am and said notice of the meeting had been provided on November 29, 2022. Kat confirmed a quorum with all Board members present.

Kat explained the purpose of the meeting was to discuss the draft 2023 Budget. Tracy said the Water Company liked to have a \$2,500 miscellaneous contingency line item in each Budget and Kat included that line item of \$2,500. It was agreed any expenses directly related to the Public Water System (PWS) work would be a separate expense line item including legal expenses. Kat agreed to review the invoices for legal counsel and add to the PWS line item. Tracy explained legal counsel had agreed to itemize expenses in accordance with three specific topics (General, Water Rights and PWS) and Kat agreed to reach out to legal counsel.

Kat agreed to research invoices as the Repairs & Maintenance line items for actual expenses during 2022 were significantly under budget and those expenses might have been allocated to the wrong line item.

Kat explained the bookkeeper needed to make some adjustments including removing \$2,667.50 for weed management which was an association expense. During the transfer from the prior management company some items had been shown as a total figure instead of being broken out into the specific line items. It was agreed this was making the budget process more difficult as actual expenses for 2022 were not clearly displayed on a breakdown of actual YTD figures. Kat said she would follow up with Rob Harper and the bookkeeper.

Kat agreed to check that the two new water users had been correctly moved to the User Fee line instead of the Availability Fee line and the two accounts would be charged correctly in 2023 and 2022 prorated.

Kat said she would be meeting with David Jelinek so regular expenses, contract labor, supplies and PWS expenses could all be corrected tracked.

Kat explained a 2023 Budget would be distributed to the Board after discussions with the bookkeeper, David Jelinek and legal counsel.

Once the draft 2023 Budget was presented the Board could discuss User Fees and Availability Fees as it might be necessary to make adjustments going forward. Tracy confirmed there were 39.5 total tap fees and the User Fees and Availability Fees were almost 50/50 at the present time.

Tracy explained SGM had anticipated \$15,000 for their work and had so far invoiced for \$30,000. Tracy said there will be a discussion with SGM to determine a fair amount for the work SGM performed.

Kat thanked the Board for assisting with the preparation of the 2023 Budget. Kat research accountants to prepare the 2023 Tax Return.

Tracy said Huck, the Water Company legal counsel, had sent an email about work the State required on Water Rights. Huck had recommended using a Water Attorney to respond and the cost would be approximately \$3,000 to \$4,000. Tracy explained it would be an expense every six years. Kat agreed to add a Legal - Water Rights line item in the Budget for 2023.

Tracy said Huck had drafted a letter to owners about responsibilities between the Association and the Water Company. It was generally agreed the letter might be too "legal" and be dismissed by owners. Tommy suggested adding a sentence at the beginning of the letter which would get the attention of owners. Questions would need to be directed to the Association and not to Huck. The letter would be sent by email and via Certified Mail to all owners. Copies would also be sent to the Association.

Kat said the Association had not yet scheduled an annual meeting.

Tommy made a motion to adjourn the meeting at 10:27 am. Tracy seconded the motion and it was unanimously approved.

Prepared by Rob Harper, Toad Property Management