



## Board Meeting – April 2018

Wednesday, April 11th, 2018

The April meeting was held at the Firehouse. In attendance were Trustees Jeff Edelson, Tim Vogel, and Peter Voorhees. Trustees John Ott and Harvey Paparo were unable to attend. Agent Bev Beck of the Neil-Garing Insurance Brokerage attended for a presentation on insurance coverage. Also present were owners Holly Timms and Dan Harris, Manager Keith Edquist and Kim Clinco of Rocky Mountain Accounting Services.

**Meeting topics:** Presentation regarding insurance coverage, vendor insurance certificates. Financial review, aging statement update and further 2018-2019 budget discussions, tax filings, reserve study proposal; system leaks and coming water operations and reserve expenses, , covenant changes update.

**Approval of Minutes**—the Board approved the minutes of the March 14th, 2018 meeting without changes. These will be posted to the website.

**Public Comment**-Owner Holly Timms thanked Dan Harris for his continuing work on the association's water system.

Insurance review and presentation-Bev Beck recapped the present insurance coverage provided the association through Travelers Insurance. She asked and fielded various questions regarding contracting vendors and securing proof of their insurance, discussed workmen's compensation and crime and fidelity coverage for association funds, valuations for the pumphouse and the water tank, uses of and signage for the storage ponds stating there is to be "no swimming" and "no skating", and present uses of the green space by horses. (A present insurance summary is posted on the website.)

The policy presently renews in November, so is out of sync with the budgeting process. 2018-2019 renewal will total \$10,448, but the Board will consider adding crime and workman's compensation coverage. These are expected to total less than \$1000 in additional expense. Trustees Edelson and Voorhees stated they have 'vendor contracts' they use in their businesses, and would provide management with copies.

**Water System Report** –Owner Dan Harris said a large leak had been found at the Paparo original tap to the main water line on Haystack. He believed this leak was contributing as much as 18-19,000 gallons of that loss. Dan believes there may be an additional smaller leak elsewhere on the system, and said he had placed a device on curbstops on Katydid to listen for other problems. He said he could not locate several of these stops, and believes it must be the owner's responsibility to keep such marked and operable, and asked the Board consider such a requirement. Manager Edquist said he had noted several of the blue marking wands have disappeared since all the stops were located in 2011, and offered to re-stake the stops and attempt to find those along Katydid and elsewhere. He was asked to go ahead with this plan and will commence next week.



Dan then reported on improvements he would like to have funded in the coming year for the water system. The silt pond at the head of the storage ponds needs to be cleared. He would like to add a street valve near the intersection of Little Elk Creek Avenue and Haystack to isolate fewer homes when there is a need to seek system leaks in that area. He also spoke of increasing the well production over the winters, but was unsure of how best to do so. Perhaps a new well altogether, removal of more of the cottonwoods near the ponds, acidizing the well sites, or other methods which might increase the water available. These will have to be investigated for costs and how they might improve well production or raise the water table.

**Financials**-Kim Clinco of Rocky Mountain Accounting provided financial reports as of the end of March. The financial reports included a balance sheet as of 3/31/18; income statement with budget comparison as of 3/31/18; expense detail as of 3/31/18; accounts receivable aging report as of 4/9/18. The balance sheet showed an operating fund balance of \$31,430 and a reserve balance of \$496,326. \$88,000 has been allocated to the reserve fund through the end of the 3rd quarter of this fiscal year.

Kim also provided a first draft of the 2018-2019 budget prepared in concert with Edquist for the Board's reference in approving a budget for the coming year. This draft included actual expense for July 2017-March 2018 and a 2017-2018 year end projection. The projection reflects a shortfall in the operating budget of \$4,869.61, meaning projected expenses exceed income; also included was the 2017-2018 annual budget and a variance column of the annual budget as compared to the year end projection, and finally, a proposed 2018-2019 budget with notes.

The draft budget reflected no change in the per owner assessment showing \$785 per quarter and \$3,140 annually. The estimated balance of the capital reserve fund at the end of the 2018-2019 budget year is \$637,643, if the assumption is made that no capital reserve expenses are incurred between now and then.

With this information the Board discussed the levels of assessments and reserves, in view of the annual consideration of a 3 percent increase in assessments to maintain a healthy reserve fund for capital expenses. There was discussion of the recent reserve expense in both roads and pumphouse improvements. Together, these amounted to a \$413,000, with \$224,000 returned via owner's assessments allocated to the reserve accounts in 2016 and 2017, leading to the present \$496,326 balance at the end of March 2018. Projected year end 2017-2018 reserve balance will then be in the neighborhood of \$524,000, and closer to the \$637,634 noted above if there are no other capital reserve expense is incurred by June 30, 2019.



The numbers playing into this balance most critically would be those relating to the improvements to the water system proposed or 2018-2019 by Dan Harris. What those consist of will determine if the funding comes from the operations or the reserve side of the budget.

At this point the Board revisited information from the reserve study done in 2015 prior to the road work and pump house improvements. The consensus was to have the reserve study updated. Management provided a recent proposal for such work, and it was determined that a 'no site visit' update would suffice were the company provided with the information regarding the pumphouse expense and equipment. Stated time frame for such a report was 5 weeks. Management was asked to see if the study could be done more rapidly. Various scenarios, including the possible need to paint the water tank interior at a cost of \$35,000, or drilling a new well altogether were considered in relation to setting next year's assessment levels. Management was asked to acquire the most recent tank inspection report, where divers have gone into the tank to inspect its condition. Consequently, approval of a draft budget was not completed at this meeting.

The Board will approve a draft budget for 2018-2019 in the May meeting, when all Trustees can attend. This will need to be immediately followed by mailing of Notice and Proxy for the annual meeting in June. The Bylaws call for this on the second Wednesday, which this year will fall on June 13th.

There was discussion regarding the association's tax return, which former bookkeeper Anderson indicated would be forthcoming in April. As of the meeting date this was not available. Manager Edquist noted a CPA service available at about a third the prior expense for tax preparation was included in that line item expense in the draft budget prepared for this evening.

**Updates-**Trustee Edelson had prepared and management had sent out three documents for a second review of the proposed covenant changes. There followed discussion regarding the sparse amount of response, and individual ax grinding comments that have been fielded. At this time it was not determined how to further proceed, though the original thoughts were to have the membership approve the less controversial changes as a first step, then proceed to the harder changes. It does not seem feasible at this time to have a vote on the changes at the June meeting, but the thought remains that this process can be discussed again with the owners at that time.

**Unfinished Business-**Only Trustees Ott and Vogel are current signers on the association accounts. One or all of the Trustees (Paparo/Voorhees/Edelson) still need to get to the bank with John Ott or Tim Vogel in order to become signers.

Trustee Edelson noted the bad condition of the seats of the playground swings. Management will inspect and purchase new equipment as warranted for this, playground maintenance being a line item in the budget annually.

**Next meeting-** the May meeting will be held the second Wednesday of the month, May 9th.



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Home Owners' Association  
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There being no further business to come before the Board, the meeting was adjourned at 9:40 pm.

Respectfully submitted,

Keith M. Edquist, Association Manager

Tim Vogel, LECVHOA President