



Board Meeting July 2020

Tuesday, July 7th, 2020

COMMON SPACE

The July meeting was held at the Common Space near the playground as the Firehouse was unavailable due to Covid19 considerations. For the same reason, the June Annual Meeting of Members was held in the same location.

In attendance were Trustees John Ott, Steve Whitelande, Tim Vogel, and newly elected Trustee Dave Mullaney. Trustee Joe Carlson was unable to attend. Also present was Manager Keith Edquist. Bookkeeper Kim Clinco provided financial information by hard copies delivered by Edquist.

Meeting topics: Review of June financials (preliminary end of year); ACA matters regarding Kessler landscape and construction deposit/water tap fee, Trustee motion and vote in regard to use of cell service instead of radio service for metering water use, discussion of potential legal expense and consultation in relation to the metering project, discussion re: insurance claim/Polsky fire, update on easement agreement attendant on Burke (nee Ann Grey) lot, election of Board Officers for the coming year.

Approval of Minutes

the Board was sent the minutes of the annual meeting for review. These will be approved next June at that meeting. The May Board minutes were unavailable and will be reviewed at the Board's August meeting.

Public Comment

no owners were in attendance tonight and there were no public comments.

ACA

Edquist reported that owner Eddie Kessler had requested return of the \$3000 construction deposit. Trustees declined to authorize this as the landscaping is incomplete, and Edquist reports other changes to landscape not yet submitted to ACA. Trustees directed management to bill Mr. Kessler for the \$1500 water tap fee.

Financials

Kim Clinco provided balance sheet and profit and loss statements as of June 30th. The balance sheet showed total assets as \$840,072 of which \$774,875 were reserves and the operating fund balance \$60,823. Income through the 30th was at 95 percent of the budget and total operations expense through April was 82 percent. This led to a \$20,521 net operations surplus through the end of June. There have been no expenses charged to the reserves to this point in the year, and thus a \$105,524 surplus is shown in the net operating and reserve funds total.



It is expected that some of the \$42,250 of reserve funds expense budgeted for this year will in fact be used for the approved main line meter installations prior to the end of the fiscal year June 30th. Vice-President Vogel said Little Elk would need road cut permits from Pitkin County for installation of the main line meters, and that those applications should be filed promptly. This has not been done or believed necessary in past water valve excavations/installations on the Little Elk system.

The aging report showed \$4,315 from 5 owners over 60 days past due. Management will contact these owners for information and payments.

Water System

Dan Harris did not attend the meeting, but had supplied the Board with bids for the communications systems necessary to operate the meters and reporting from same. After discussion there was a motion (Vogel, second Ott-all in favor) to use cellular service rather than radio based reporting for the meters. Dan Harris is to be notified and begin to arrange preliminary matters with the vendor.

There followed discussion regarding funding the metering project, with Trustee Vogel advocating for full funding via the reserve account, and irrespective of cost differences at each lot occasioned varying circumstances. He said he wished to set the project up for success, and felt additional charges to owners due particular site problems should not be borne by owners. Trustee Whitelane and manager Edquist expressed support for this approach. Steve wanted to be assured that metering costs— all in— including legal, would be addressed by the accumulated reserves. He wanted assurance for owners that reserves will cover all costs without need for special assessments even if there should be a significant main line failure. Edquist suggested all review and become familiar with the reserve study, and the spreadsheet tool that accompanies it. He agreed owners should be well informed of the costs of the project before it begins and the status of the work as it moves along. To that end a summary of expected costs and projections for the status of reserves should be prepared and communicated. At the time of this meeting such a summary of costs did not exist, though all individual components (meters, meter pits, excavation, means of data transmission and collection) had been bid. Trustees have seen all of this information in email communications from Dan Harris.

Another unknown is the cost to the HOA of another entity (person or business) to operate the water system, which requires a Class D operator's license. While many owners could qualify to do this, no one is on the horizon to do so. Neither is the cost of the production of a gallon of water from the present system known. These costs will play into future assessment expenses if Mr. Harris does cease to act as he has in operating the water system. This is expected for 2021.

Legal counsel (and legal expense) was also discussed, with emphasis on scheduling a meeting for this purpose. No one is comfortable moving forward without legal advice. With this in mind, Trustees were encouraged to review and add to the current list of potential questions to be submitted for legal review. In this connection the meters/metering for users outside the HOA were discussed, as these will need to be part of the metered system as well. The Trustees believed an understanding of these agreements/easements would also be necessary to discuss with counsel.



New Business and Updates

Edquist reported that the Burke's had been added to the LEC general liability policy as specified in the easement agreement regarding their lot and its overlap onto the lower pond. He had no news in regard to the status of the Pitkin County road re-imbusement funds, information for which has been submitted to the county.

The filing of an insurance claim in regard to the water loss and excavation and repair costs resultant from the Polsky fire was discussed, but no action taken. The carrier has informed LEC that the policy does not cover pipes in the ground, and establishing how much water was lost vs. what was used fire fighting did not seem a measurable figure-especially without knowing the cost of a gallon or water produced by the system.

The Board determined its officers for the year as follows: John Ott-President, Steve Whitelande-Vice President, Tim Vogel-Treasurer, Joe Carlson-Secretary, Dave Mullaney, Trustee.

There being no further business to come before the Board, the meeting was adjourned at 7:40 pm.

Respectfully submitted,

Keith M. Edquist, Association Manager

John Ott, LECVHOA President