

RGHOA
Board of Directors
Meeting Minutes

Meeting Date: 9am Saturday November 15th 2014

Location: Da Bean Coffee House, Berthoud

(Draft until approved at the next regular meeting of the BOD)

Notes: The meeting was planned for the Berthoud Community Center, but the BCC was locked on arrival. This meeting was primarily held to discuss the 2015 Budget and Assessment.

Board Members in attendance: Tye Riley, Julie Rogers, Ken Carpenter, Jamie Johnson, Gary Klug, Mark McGee

Board Members absent: none

Homeowners in attendance: Lynn Hargrove

Agenda:

1. **Retirement of the Wastewater Contingency Fund and creation of Reserve Funds.** Discussion: The structure of the current Wastewater Contingency Fund (WCF) becomes largely moot with the retirement of the Sewer Treatment Plant and the contract with Berthoud to direct bill sewer treatment costs to individual members. The revised By-laws (to be voted on at the Annual Meeting) removes the language related to the Wastewater Contingency Fund and replaces it with a requirement to establish "Reserves" for each major cost area. The board felt that spreading the current total of the WCF into individual cost areas (Irrigation System, Common Area Maintenance, Sewer Collection System, and General), "reserves", would be appropriate. Vote: The board reviewed a draft of Reserve Fund amounts and approved, by unanimous vote, Reserve Funds as stated in the attachment to the minutes.
2. **Budget and Assessment for 2015:** Discussion: A draft of the 2015 RGHOA Budget/Assessment was reviewed and revised. Vote: The board voted unanimously to approve an annual assessment of \$492 payable in 4 quarterly installments of \$123 due on the 1st day of each quarter in 2015 (January 1st, April 1st, July 1st, and October 1st). See attachment to the minutes for details of the 2015 Budget/Assessment.

Open Discussion:

1. **Tap Fee for undeveloped lot.** Discussion: The board discussed the sewer collection system tap fee collected for the last undeveloped RGHOA lot (appx \$7600). The property (on River Glen Way) is now under construction. Vote: The board approved, by unanimous vote, to apply the tap fee to the sewer collection system pipe re-lining project for 2015. The planned assessment for this project in 2015 was \$18000. By applying this tap fee to the 2015 amount for the project, the RGHOA annual assessment was reduced by approximately \$7600 or \$117 per lot per year.
2. **Sewer Collection System Project (pipe relining):** Discussion: Any carryover funds beyond those called out in the the 2015 Budget and Reserves should be applied to

accelerating the the pipe relining project. The sooner this work is completed the sooner we can reduce the annual assessment related to this issue. It also reduces the risk of a blockage caused by failing clay pipes. There were 2 sections of pipe relined in 2013. Doing more sections of pipe, at one time, reduces the cost of the relining. There are approximately 10 sections of clay pipe remaining that require relining (there is a prioritized list which will be used as guidance for repair). The board will review this project in January/February after the bills for 2014 are final. If there are adequate funds to do a significant relining, the board will get quotes and approve repair as appropriate. This is a risk/reward evaluation and challenge. The cost per foot is reduced if a larger number of sections are done at one time. The board approved a high reserve fund for the collection system to be prepared for any emergency repair (see the reserves attachment).

3. **Tract B (the common area around the sewer plan) re-purposing or disposition.** Lynn Hargrove asked if this could be a topic for the annual meeting. It is on the agenda (item #19) for discussion. There are a variety of options that range from: sell it, to develop it. Options for consideration such as a simple green space (as it more or less is now), or make park-like improvement etc. The board would welcome any creative ideas the Members have about this. As noted in the meeting, selling the property has a lot of challenges such as flood zone designation, as well as encumbrance by several easements.
4. **Meeting with Berthoud.** Mark McGee and Gary Klug met with Mike Hart and Stephanie Powers of the Town of Berthoud to discuss details related to the Town of Berthoud assuming responsibility for the Lift Station and Billing.
 - Electric power and water: RGHOA retains responsibility and ownership of the electric power and water (i.e. RGHOA owns the service). The Town of Berthoud will pay the monthly costs for these as they are both direct charges covered by the operation of the lift station.
 - Liability: The Town of Berthoud does not assume liability for the pipe and lift station pumps as these are owned by the LID (the County Board established the LID which will own the assets and improvements until such time as the loan is repaid).
 - Billing: The Town of Berthoud will not turn to the RGHOA or Riverside Farms HOA for payment in the event of non-payment by an individual property owner. If a property owner fails to make timely payment, the Town of Berthoud will deal directly with the property owner. The benefit for RGHOA is that we do not need to maintain a reserve to cover non-payments or late payments for any and all sewer fees due to the Town of Berthoud.
 - Easement: The Town of Berthoud drafted an easement pursuant to the operations and maintenance agreements between RGHOA and the Town of Berthoud. The view of the RGHOA BOD is that the easement drafted is too broad and requires revision. The RGHOA BOD will revise and counter with an easement agreement that provides the Town of Berthoud with the access required to perform operational access but does not grant the broad rights proposed. (OPEN).
5. **Meeting with Ed Schemm.** Gary Klug and Mark McGee met with Ed Schemm of Larimer County to discuss the impact of Riverside Farms Phase II development and status of the LID project after completion of work:
 - Discussion about ownership of the lift station, electrical controls and pipe. The County

owns these components until the loan is retired (appx 20 years). In other words, all of the stuff that the LID paid for by the loan, the County owns. RGHOA, Riverside Farms and any of the individual 86 properties within the boundary of the LID do not own these components. Items such as the land upon which the improvements were made or any buildings located at the lift station area are still owned by the RGHOA. Riverside Farms retains ownership of its facilities that connect to the lift station.

- Electric service and water. RGHOA owns the PVREA electrical service and Little Thompson water service located near the lift station.
- Liability. Much discussion about liability related to the aforementioned county owned LID assets. The RGHOA does not own the lift station pumps, newly installed pipe, valves and manholes. The question was asked "Who has liability in the event of a discharge?" After more "discussion" it was the opinion of the non-attorneys in the room that governmental immunity may apply to the assets owned by Larimer County which is a governmental entity. It was clear that the County Engineer and County coordinator for this project cannot offer any opinion on any legal question. Therefore, RGHOA will draft a letter to Larimer County asking for a legal opinion on general liability questions concerning the assets/improvements financed by the the LID that will be owned by the County. The RGHOA BOD will presume, until advised otherwise, that we cannot, and should not, insure property we do not own. The RGHOA BOD will retain legal counsel to assure that expert advise is sought per Colorado law regarding HOAs and liability of the LID assets and improvements made to the systems owned by the RGHOA. (OPEN)
- Inclusion of Riverside Farms Phase II lots was discussed. Currently RGHOA has a wastewater treatment agreement with Riverside Farms for both Phase I and Phase II developments. The agreement between River Glen and Riverside Farms has not been vacated or otherwise terminated. Many parts of the present agreement should be reviewed and modified pursuant to the joint agreements between Riverside Farms and RGHOA with the town of Berthoud. It is clear that 65 lots in River Glen and the 21 lots in Phase 1 of the Riverside Farms development are within the boundary of the LID. A reading of Title 30, Article 20, Section 6 suggests there may be a process for expanding the boundaries of the LID through a petition process to the County to include the 24 lots in Phase II of the Riverside Farms development. Subsequent developments or attachments to facilities of the LID will require the HOA's to monitor such requests. RGHOA BOD hopes that subsequent attachments beyond the current 86 lots in the LID may result in some redistribution of LID costs and could potentially shorten the duration of the loan. This has not been quantified or qualified in the LID or Berthoud agreements. This needs legal review. (OPEN)

Mark McGee
Secretary
RGHOA Board of Directors