**Elk Springs Homeowners Association, Inc.**

**Minutes of the Water Facilities Management Committee Meeting**

**July 26, 2018**

The Water Facilities Management Committee (the “Committee”) of the Elk Springs Homeowners Association, Inc. (the “Association”) met on July 26, 2018 at 1155 Elk Springs Drive. The Agenda, that was distributed in advance of the meeting, is attached to and made a part of these meeting minutes.

The meeting was called to order at 6:47 pm by chair, Mike McDill. In attendance were, Jonathan Kelly, Bob Sweikert and Evelyn Cole, comprising all of the members of the Committee. In addition, Bob Johnson with Integrated Mountain Management (“IMM”) was in attendance.

Evelyn Cole distributed the minutes of the Committee meeting held on February 19, 2018. It was noted that a minor correction needed to made to the third paragraph on the second page as follows:

“The Committee **asked** Jonathan to review the agreement with the Basalt Water Conservancy and other decrees to ensure compliance with the terms and conditions.”

A motion was made, seconded and unanimously approved to accept the minutes of the February 19, 2018 meeting, with the above noted revision.

Mike asked if there were any other additions or changes to the agenda and no items were noted.

Mike introduced Bob Johnson with Integrated Mountain Management, the Association’s Property Manager. Bob indicated that he was attending in place of Robin Chatmas and that he would communicate any matters requiring assistance from IMM to Robin.

Mike indicated that a representative from Environmental Process Control (“EPC”) was not able to attend the meeting. Evelyn indicated that she contacted EPC for a copy of the 2018 Monitoring Schedule. EOC is performing the services of water facilities operator as an independent contractor. The Committee agreed that EPC should attend the next meeting and provide information regarding the following:

* Level of reserves for future repair and maintenance
* Condition of pipes
* Annual water testing and facilities maintenance plan
* Meter reading
* Hours/day the pumps run
* Level of water aquifer
* Adequacy of wells and water tanks

Evelyn reported that a new Water Delivery Agreement (the “Agreement”) with Auburn Ridge was signed on February 19th. The term of the Agreement is three (3) years with eight (8) successive three (3) year terms. The Committee asked IMM to research the cost of setting up our own meters at the property line with Auburn Ridge.

Bob Sweikert reported on the payment issues with Pinyon Mesa. Pinyon Mesa has been assessed finance charges and late fees for 2017 in the amount of $2,181.761. The Committee discussed this matter at length and asked Bob Sweikert to communicate with Pinyon Mesa regarding the payment terms included in the contract as well as the increase in the water usage as Pinyon Mesa continues to build out the subdivision.

Evelyn presented the June 30 financial statements compared to the budget , analyses of the water billings to Pinyon Mesa and Auburn Ridge, water usage by Unit Owner for the six months ended June 30, 2018, supplemental water revenue by Unit Owner for the six months ended June 30, 2018 and current accounts receivable.

Evelyn reported that the results of the water operations for the six months ended June 30, 2018 reflected net income of approximately $66,000 compared to the budget of $52,385. The improvement in actual results as compared to the budget is due to increased supplemental water usage and the impact of the new rates with Auburn Ridge in connection with the new Water Delivery Agreement. Expenses are running less than budgeted due to the timing of expenses. and that the reserve for water repair and replacement increased from $383,301 at the beginning of the year to approximately $450,000 as of June 30, 2018. The current status of Accounts Receivable was reviewed and the Committee asked Evelyn to contact Dalby Wendland to re-bill as it was reported that some residents did not receive their invoices.

Evelyn monitors the monthly meter readings to ensure that billings are being processed for supplemental water usage. The Committee discussed the fact that several homeowners have remote readers that are not working and/or not able to be accessed by the meter reader. The Committee is recommending to the Elk Springs HOA Board of Directors the approval of a policy as follows:

“When a Unit Owner has a remote water meter that is not working or is not able to be read, the Property Manager will contact the Unit Owner and indicate that the remote water meter must be working or able to be read within thirty (30) days from date of contact. If the remote water meter is not in working order or not able to be read after the thirty (30) day notification period, a fine of $500 per month will be assessed until such time as the remote water meter is functioning or able to be read.

The Committee discussed the adequacy of the reserve and determined that a reserve study would be conducted in 2018 to assess the amount and timing of future repairs and replacement of the facilities. At that time, the Committee would update the Water Business Model and assess whether additional assessments or rate increases would need to be made. Bob Sweikert agreed to contact the Rural County Water Association regarding recommended reserve levels.

The Committee discussed the adequacy of insurance coverage for the Association’s water assets and asked Evelyn to review the insurance policy and replacement cost values for the pump house, wells and water tanks.

The Committee asked Jonathan to review the agreement with the Basalt Water Conservancy and other decrees to ensure compliance with the terms and conditions.

The Committee will research the pros and cons of a metro district concept for Elk Springs. In addition, Bob Sweikert will gain access to GIS in order to better understand the water delivery design and layout.

At 8:35 pm, a motion was made, seconded and unanimously approved to adjourn the Committee meeting.

I certify that the foregoing is a true and current copy of the minutes approved by the Committee.

/s/ Evelyn Cole November 5, 2018

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Evelyn Cole Date

AGENDA

Elk Springs Water Management Committee Meeting

6:30 pm, July 26, 2018

1155 Elk Springs Drive

I. Call to order

II. Record attendance

III. Any past minutes to review and approve

 A. Minutes of February 19, 2018 meeting.

1. Changes to this Agenda

V. Report from Integrated Mountain Management

1. Report from EPC

VII. Commercial Water Delivery agreements

A. Auburn Ridge Water Contract

B. Pinyon Mesa

VIII. 2018 Mid-Year Financials

 A. Review of Past Due A/R

 B. Recommend a Reserve Amount

1. Water Meter Issues & Plan Forward

A. Standardize water meters

B. HOA owned meter(s) for commercial agreements.

1. Other new Business

1. Any Old Business

1. Any other business

Adjourn