

**THE RESERVE ON THE EAGLE RIVER HOMEOWNER ASSOCIATION
BOARD OF DIRECTORS MEETING
OCTOBER 17, 2011**

The Board of Directors meeting was held on October 17, 2011 at The Reserve Club House. In attendance were: Heather Markin (president), Brian Woodell, Joy Dunham, and Linda Guerrette, property manager. Owners by unit number in attendance were: F202, K104, J101, F204, E102, M201, I102, F102, F104, H101, H201, and F203. Chad Sloniker arrived late. Regina Pickle was absent.

1. The meeting was called to order at 6:35m.
2. **MINUTES:** The September 19, 2011 meeting minutes were reviewed. Motion to approve was given by Brian Woodell, seconded by Joy Dunham; all in favor 5:0.
3. **FINANCIALS:** Heather Markin explained to the owners present that this would be a “work session” for the Board to discuss the upcoming 2012 budget. She asked that owners hold their comments until the end and that all pending issues will be addressed after the financials were discussed.
 - a. **Line items** were reviewed and discussed. Most items were coming in right on budget or under. Still undetermined is snow removal which won't be in until end of year. We have been approached by a new trash removal service (MRI) that is offering lower rates so Linda will meet with their sales person to investigate their rates along with trying to renegotiate our current rates with Waste Management who is our current provider. The bad debt item was collected from Q203; 9 months of assessments plus current asset manager is paying all insurance and upcoming dues. The projection for 2011 overall actual budget will be slightly less than 2011 approved budget.
 - b. **Replacement fund:** The roofing project saved the ownership \$130,000 on projected costs but brought the Replacement fund into the negative because of the 1st phase deposit.

Motion to approve 2011 financials was given by Brian Woodell seconded by Heather Markin; all in favor 5:0.

4. **CIP/ RESERVE STUDY:** Linda explained the history of the finances and the Replacement Fund to the owners present. The CIP is an analysis tool that has assisted us in the past but it has fallen short on projecting all of the necessary components that fall under the HOA's responsibility. It's important to review and update the CIP on an annual basis with accurate information. In 2008 we borrowed from our Replacement Fund and in 2009 and in 2010 we made some corrections by both increasing revenues as well as decreasing expenditures. We are currently working with Association Reserves, a reserve study company that produces analysis tools similar to the CIP. We are providing them with a list of the components the HOA is responsible to replace, useful life, remaining useful life, and current replacement costs of those components. They will provide us with reports similar to the CIP with replacement funding plans. The timing on roof replacements in the current CIP between the years 2009 and 2013 is very similar to what we are doing with our current roofing contract with a cost saving of around \$13000.

Board is looking over several scenarios to increase dues instead of assessing owners \$4000 per unit. Linda is requesting that irrigation gets added to the CIP to cover necessary improvements to our existing system such as a filter before the pump house. The forecasted numbers for the next 5 years focus on the components that have been funded before in our CIP which includes pool deck, hallways, roofs, and parking lots. The Board is looking at 3%, 4%, and 5% scenarios that will accommodate our immediate needs as well as our not so distant future needs. We are looking at fully funding these next few years.

Chad raised the questions of how much should we keep in the Replacement Fund, can we have an excess amount and how and where do we allocate it. Ownership & Board agreed these questions need to be answered before a decision can be made on how much dues should increase. Linda will notify Board of the answers via email. Note: Linda has reported back to the Board and the answer is we are to transfer any excess out our actual operational income into our replacement funds at the end of the year so not to pay taxes on that excess. As far as having an excess just to have in case that is not recommended the funds need to be earmarked for certain components.

Ownership voiced concern that Board has not had an audit recently and requested it be done prior to annual meeting and any increase in dues is considered. Board felt there would not be enough time but would check to see if this could be expedited and done ASAP. If this cannot be performed before the annual meeting the Board agreed to have audit done first thing in 2012 to confirm finances are heading in the right direction.

Ownership also voiced the concern that an official Reserve Study be done by a professional company. Essentially the information and items placed in this study used by the company would be provided by the Property Manager and the Board thereby making the dollars spent not the best value for the money. Linda is currently using a Reserve Study program to complete the current Reserve Study for the property which gives the Board the flexibility to keep current and pending projects up to date.

5. **Owner's Concerns:** Several owners would like to see more communication from the Property Manager when issues occur in that specific building. Several big items were not even mentioned on the newsletter such as roofs, pool and ERWS construction that would have bridged the gap of communication. Others were upset that the previous meeting minutes were not posted on the website.

Board agreed that specific owners in a building having work/issues should be kept up to date on the time frame of work being done and completion of project. Linda explained that the minutes are posted after they are approved at the next meeting. The Board agreed to read and approve the minutes upon receipt therefore allowing Linda to post them in a timelier manner. Updates will continue to be included in the minutes and newsletters.

6. **Building F:** Scott Ashburn (F203) expressed that communication with owners in this building regarding the roofing and mold was frustrating and unacceptable. On 9.17.11 mold was discovered in the entry closet. Owners felt Linda did not respond in a timely manner and that the method used to eradicate the mold was inappropriate. He also said that both the roof and the mold were still not completed which again was unacceptable. Linda updated the owners and board on both issues, corrected some information that was communicated incorrectly and admitted she changed the procedure to further eradicate the mold. Linda apologized for this inconvenience, agreed to keep Building F owners updated on the progress of these 2 issues and would provide a certificate of remediation for the mold.
7. The meeting was adjourned at 9:25pm with the stipulation that once answers were received a vote via email would be taken to approve the proposed 2012 budget.