

**The Reserve on the Eagle River Condominium Association
2015 Annual Meeting Minutes**

Tuesday, December 1, 2015, at 6:30PM MT at the
Reserve Clubhouse
34999 US Highway 6, Edwards Colorado

ATTENDANCE: The following Directors were present:

- Scott Ashburn
- Deb Forsline
- Jess Frieze
- Marilee Horan

Other members in attendance were:

- See attached list

ALSO PRESENT: Dan McNeill, Managing Agent, Mariah Raiche of McNeill Property Management, Rick Agett of Agett Construction Management, Kerry Wallace, legal counsel and Sara Thurston McNeill, Secretary to the Meeting

- I. Roll Call. With 49 of 131 unit owners represented either in person or by proxy, a quorum was established (accordingly to the by-laws, a quorum constitutes one-third of the membership or 44 units represented either in person or by proxy). Dan welcomed all to the meeting and read off all of the proxies received prior to the meeting, and Jess Frieze, President called the meeting to order at approximately 6:45PM
- II. Review and Approval of the Minutes of 2014 Annual Meeting. These minutes were previously distributed to all owners for review and posted on the website: www.thereserveontheeagleriver.com. There being no suggested changes, there was a MOTION: TO APPROVE THE MINUTES OF THE 204 ANNUAL MEETING OF THE RESERVE ON THE EAGLE RIVER CONDOMINIUM ASSOCIATION. The motion was seconded and carried unanimously.
- III. President's Address. Jess Frieze then addressed the membership. He gave the following report:

“I would like to highlight the progress we have made in the last 3 years and the reasons that I ran for the board in 2012. My objectives were:

1. To improve fiduciary responsibility and financial management of the association's money.
 - a) We are now getting multiple bids both for major projects and routine work which is saving the association money.
2. To improve the communication between the board, management and the Reserve owners.
 - a) Meeting agendas are posted on the website and comprehensive and complete minutes of board meetings are taken and emailed to all owners shortly after each board meeting.
 - b) Notifications of news worthy events are emailed to owners (i.e. bears on property, unlawful trash dumping and response to fire alarms)
3. To improve the overall appearance of the Reserve property thereby increasing our property value.
 - a) Dead bushes and trees have been removed at the Reserve entrance and beds have been mulched.
 - b) Three building were painted each of the last 2 years.
 - c) All leaves are raked in the fall which not only improves the Reserves appearance but also helps to maintain healthy grass.
 - d) Spring walk-throughs were performed each of the last 2 years to identify maintenance items that need to be addressed. Reserve owners were then emailed the list and ask for their additions and/or comments.
 - e) The parking in front of the buildings was striped to help ease the tight parking and create a more professional appearance.
4. To address major projects to extend to life of the Reserve infrastructure.
 - a) Crack filling in the parking lots in each of the last 2 years to prolong the life of the asphalt.
 - b) Replacing the expansion joint, extending the bridge drains and painting the bridge railing with the bridge deck sealing scheduled next spring.
 - c) Painting the majority of the Reserve hallways.
 - d) Removing dangerous trees on the property located behind building N and at the club house.
5. To improve the consistent enforcement of the Reserve rules.
 - a) The Reserve parking lot is monitored on a weekly basis with all vehicles and trailers now having Reserve stickers.
 - b) Unauthorized vehicles and trailers are removed.
 - c) Notification to owners of unauthorized items in hallways and decks.

There has also been a new spirit of ownership and I would like to thank some of the people that have donated their time and efforts to making the Reserve a better place to live.

- a) Marie Dowling for purchasing and maintaining the flowers at the pool last summer.
- b) Marilee Horan for checking the pool weekly last winter to assure the pumps and heater was running properly to prevent the pipes from freezing and maintaining the pH and chlorine levels which saves time and money when opening the pool in the spring.

- c) Collin Cyr for opening and closing the pool last summer. Although we paid Collin to perform these duties it still saved the association money because it would have cost the association more if we had had to hire an outside contractor to perform these duties.
- d) Molly Vining for helping trim the trees in front of building L and planting the flowers at her building's entrance.
- e) Sarah Pounder for planting and maintaining the flowers at her entrance to building O.

I know that there many others who have also planted flowers and made special efforts the improve the appearance of the Reserve and I want to thank all of those people as well.

I think we have made major strides forward in improving the appearance of the Reserve and increasing its value and performing our fiduciary responsibility to spend your money responsibly. It is my hope that the new board will continue the progress that has been made in the last 3 years.”

Jess also noted the recent passing of long-time owner, former manager and Board member, Peter Lord. An account has been set up at FirstBank for donations for a memorial bench to be placed near the Eagle River in Peter's memory next year. If anyone would like to contribute to this fund, please send a check to The Reserve with Peter Lord in the memo line.

IV. Financial Report. Kay Cheney of Intermountain Bookkeeping, prepared the current financial reports (as of October 31, 2015) and Jess Frieze presented them to the membership.

According to the October Balance Sheet, the association has \$46,338.26 in the regular checking account and \$128,265.71 in the liquid asset replacement account. The balance on the roof loan to Guerrero's Roofing is \$23,513.

The Profit and Loss Statement reveals that the association has total income of \$334,077 through October 31, 2015. Operating Expenses for the first ten months of the year total \$357,622. This compares with budgeted expenses of \$350,587; therefore the association is \$7035 over budget. Cost overruns have been experienced in the Land Design, Insurance Claims, Snow Plow, Snow Roof, Paint Hallways, Common Repair and Maintenance, Water & Sewer, and Common Electric line items. Savings have been garnered in the Lawn Care, Irrigation, Tree Spraying, Fire/Life/Safety, Accounting, Legal, Office Expense/Board Meetings, Trash Removal, Plumbing (although drain clean outs still need to be completed and expensed), Paint Buildings, Siding Replacement & Repair and General Common Improvements Line items. Jess estimated that at the end of 2015, the association will be about \$1500 over budget on operating expenses but also noted that \$11,947 had been transferred from the Operating budget to the Reserve budget in 2015. The biggest overage is in the Water & Sewer Line item which

accounts for almost 1/3 of the annual operating budget. Jess commented that a new irrigation system should help the association save future costs for water, even as rates continue to increase.

The 2015 beginning balance in the Replacement Reserve Account was \$92,468.26. Current year funding through the October Replacement Reserve Assessments totals \$90,568.80. 2015 Capital Expenditures so far total \$69,715.81, \$50,000 of which is for the roofing contract loan payback to Guerrero's Roofing at the rate of \$5,000.00 per month. The other capital expenses include alarm panel work (\$4514), Governing Documents Revision work (\$1457), pool drain work (\$2351), work on the gravel walkways (\$1626), bridge work (\$3229), new pool pump (\$2506.85) and tree removal (\$4032). The balance in the Replacement Reserve Account as of October 31, 2015, is \$113,321.25.

Accounts over 90 days past due total <\$411.72>. Jess noted that the Reserve's over 90 days past due averaged \$19,760 in 2013 and has averaged <\$1,301> through October 2015. A great deal of the credit for this improvement is due to the increased communication of McNeill's staff with owners at the Reserve that are in arrears in their dues payments. Currently, seven owners are over 60 days past due on their assessments; three of these owners owe the association more than \$1000. Management is enforcing the Collections Policy by sending demand letter to all delinquent owners and turning over any accounts to legal counsel for collections if payment plans are not adhered to.

Jess then reviewed the approved 2016 Operating Budget with the membership. No dues increase is planned for the coming year. Total annual operating assessments will be \$399,445 and total annual reserve assessments will be \$108,682. Dan noted that the association is currently contributing about 19% of its annual operating budget to reserves, and once the roof loan is fully paid, savings can then be built back up to cover future capital projects. Management distributed a Budget Explanation Sheet that details the components of each line item. Dan noted that expenses for Water & Sewer comprise just one third of the annual operating budget. The Board has hired Grand Junction Pipe and Supply to design a new irrigation system for the association. However, domestic water use is far and away the biggest part of consumption at The Reserve (not irrigation water).

Also distributed was a Dues Comparison. This compares the regular, monthly assessments at the Reserve (on a per square foot basis) to other, similar associations, such as Par 6 Condominiums, Homestead Meadow Condominiums, Mountain Stream Condominiums, River Pines and Whitewater Condos. The dues at The Reserve are within the same range of the other associations.

- V. Manager's Report. Dan McNeill addressed the membership and referred to the 2015 Projects List, compiled during the Spring Walk Through then circulated

to all owners for comments and additions. Projects are then prioritized (with fire / life / safety issues given top consideration) and are completed during the summer and fall months according to budget constraints. At this point, the List is now substantially complete.

Rick Agett of Agett Construction Management has been hired by the Board to compile a professional Reserve Study. Rick is slated to give a presentation to the owners at the meeting.

Management distributed the Insurance Claims Procedure sheet to all. All insurance claims must go through management. The association's carrier is Peliton Insurance, with guaranteed building replacement underwritten by CAU. Each owner should have their condo owner's insurance agent contact the association's carrier to ensure that there are no gaps in coverage. Every owner needs to insure their own contents, possessions and UPGRADES to developer-installed finishes (including, but not limited to wood floors, granite counters and faux painting). Management recommends that every owner consider adding **loss assessment coverage** to their policy in conjunction with the project in the event that they are required to pay the insurance deductible for the association or damages result in loss of rental income.

It was duly noted that the Board reviewed three proposals for insurance coverage this past year when it came time to renew the policy. The Board decided to go with the CAU-underwritten policy (even though it was not the lowest cost) due to the on-going insurance claim and due to the fact that CAU paid to completely rebuild Building A after it was destroyed by fire.

Management distributed the updated Risk Management Checklist. This was emailed to all owners in November. It is also posted on the website. Owners are asked to follow the guidelines in the checklist in order to avoid costly damage and insurance claims. It also includes suggestions for water and energy conservation, and information about the carbon monoxide detector laws in Colorado.

The Rules and Regulations were distributed to all present and are also posted on the website. **Code enforcement issues regarding parking, noise, pets, clutter and other nuisance issues can be directed to MPM's full time code enforcement officer, Jennie Lewis at 970-904-0519 or to jennie@mcneillinc.com. If a resident would like to make an anonymous report of a code violation, they can do so by calling or emailing Jennie. The sender should indicate the location of and nature of the violation. Photos are very useful when identifying code violations. All residents are reminded that no solid fuel burning grills (such as charcoal or wood) are permitted.**

Currently, 18 of the smoke detectors in the common hallways are scheduled to be replaced. The Eagle River Fire Protection District has mandated that the

association install a new Knox Box in a central location in the complex and that keys for EVERY unit's front door be included in the box for emergency access. None of the fire alarms are connected to a central system. Therefore, any time a resident hears a smoke alarm go off, they must call 911 to report the alarm. The fire district will then investigate immediately. The cost for a hard-wired, central alarm system for the entire complex would most likely cost over \$300,000.

Management distributed the Contact List for all owners. The List includes the address and phone number of the office, phone numbers and email addresses for the Maintenance Manager (Mike Skellion), Accountant (Kay Cheney), Code Enforcement Officer (Jennie Lewis) and the website information for the homeowners association. Owners are asked to keep this information handy and to give it to their tenants if they rent their unit.

- VI. Special Presentations. Rick Agett then addressed the membership. He has been hired to compile a professional Reserve Study that the Board and management can use a tool to plan and budget for future capital projects. The Study will identify every element that the association is responsible to repair and replace (Component List), assign a useful remaining life to each element and its estimated year of replacement, and estimate the replacement costs for each element. The Component List will include asphalt, concrete, dumpster enclosures, landscaping and irrigation, deck support posts, common hallways, common entry doors, common windows, roofs, gutters, heat tapes, the Clubhouse, the pool and the bridge. Rick used photos in a power point presentation to highlight the various elements for the meeting attendees.

Another key aspect of the Reserve Study is the funding mechanism(s). Currently The Reserve owners contribute about \$9000 per month to reserves, \$5000 of which has been going to pay the loan on the Roof Replacement Project. This loan will be fully paid off in about four months. At some point, the membership will need to contribute more incrementally to reserves every year or use special assessments to pay for future capital projects.

When asked whether a Reserve Study is the same as a Capital Improvement Plan, Rick answered that there is a significant difference. The Reserve Study only addresses the repair and replacement of EXISTING elements (which may call for more modern or better materials at some point); a Capital Improvement Plan infers the addition of more amenities, such as garages, tennis courts, playgrounds, etc.

The membership thanked Rick for his presentation and he excused himself from the meeting.

Kerry Wallace then addressed the membership with regard to the ongoing Governing Documents Revision Project. So far she has completed the review and

updating of the required Responsible Governance Policies for the association; these include nine state-mandated policies. She also prepared the Annual Meeting Packet, including the Proxy and Ballot to adopt the Colorado Common Interest Ownership Act. She explained that since The Reserve's homeowner association dates back to 1982, it pre-dates CCIOA (first passed in 1992 and subsequently updated several times). CCIOA's primary purpose is to protect the rights of homeowners who are part of community associations in Colorado.

Kerry further explained that the adoption of CCIOA by the membership will require 67% of a quorum at an Annual or Special Meeting of the membership. With a quorum established, the vote was conducted: four owners who returned ballots prior to the meeting voted against the adoption of CCIOA, seven owners present at the meeting who had not previously returned ballots voted for adoption verbally and the remaining members represented in person or by proxy voted to adopt CCIOA. Therefore, the Act was overwhelmingly approved by the membership. Kerry will prepare the paperwork required for the President to sign CCIOA into effect and record it at Eagle County.

The next step in the process is the preparation of a draft of the Amended and Restated Declaration. The Governing Documents Committee will submit any "hot button" topics to Kerry to address in this draft, including smoking, exterior design changes and rentals. The A&R Declaration will also include exhibits (charts) that clearly define the responsibilities for insurance and maintenance of every element at The Reserve. Once a draft has been approved by the Board of Directors, it will be distributed to all owners for comments and review. 67% of the entire membership will need to vote in favor of its adoption in order to garner approval. After that, notice will be posted in local publications and sent to all first mortgagees for a 60 day review period. If there are no objections during that time period, it will be signed into effect and recorded, whereby invalidating the previous and original Declaration.

The membership will be kept informed at by the Committee (as it has been all through the past year) with monthly updates. These have been compiled by Committee Chairperson, Deb Forsline, distributed by management and are posted on the website at www.thereserveontheeagleriver.com under News.

After Kerry had addressed the various questions posed to her by those present, the membership thanked her for her presentation.

VII. Board of Director Elections. The current Board consists of Scott Ashburn, Deb Forsline, Jess Frieze, Marilee Horan and Lauren Immel. Lauren and Scott have terms expiring at the Annual Meeting.

At the beginning of 2015, the Board consisted of seven Directors; Matt Lydens resigned mid-term and at that point the Board decided not to appoint a

replacement and reduced its number to six Directors. Two months ago, Peter Lord passed away, and again, the Board decided not to appoint a replacement and reduced its number to five Directors.

There was a MOTION: TO INCREASE THE SIZE OF THE BOARD OF DIRECTORS TO EIGHT MEMBERS. The motion was seconded. Two attendees present voted AGAINST the Motion and the rest voted FOR. Therefore, the motion PASSED.

Declared candidates for the open Board positions are Andrew Abraham, Scott Ashburn, Linda Guerrette, Jim Little and Brian Woodell. All terms will be two years each. Management distributed “bios” submitted by each candidate along with a Ballot with the Annual Meeting Notice via US Mail on November 1, 2015. The Ballots were tallied at the Annual Meeting and all five candidates were elected to the Board. Officers will be elected at the first regular Board of Directors meeting in January 2016.

VIII. New Business. There was no new business to discuss.

IX. Adjournment. There being no further business to come before the membership, the meeting adjourned at approximately 8:26PM.

Respectfully submitted,

Secretary to the Meeting

MEMBERS IN ATTENDANCE:

Abraham	F-201
Brackeen – Desmone	F-204
Cummings	O-103
Desmone	B-104
Dowling	D-201
El-Bitar	G-101
El-Bitar	H-101
Ferrari	F-202
Foster	P-202
Glotzec	L-303
Guerrette	I-203
Hill	N-202
Larson	P-302
Little	N-201
Lodge	B-302
Luling	E-202
Mohr	N-304
Murphy—Nilsson	L-104
Peterson	Q-204
Schneider	Q-201
Schoenberg	Q-201
Shiao	O-104
Szot	M-101
Wodlinger	C-101
Woodell	C-302
Young	F-302

MEMBERS REPRESENTED BY PROXY:

Cochran	I-102
Cyr	G-202
Erikson	F-103
Gans	C-104
Gillie	N-302
Hunt	P-104
Immel	N-102
K2F Investments	B-303
K2F Investments	C-201
Kurowski	E-201
Laney	P-303
Luark	B-102
Lydens-Thayer	M-201
MacDonald	B-201

Misner	N-203
Pelchat	L-201
Riley	J-102
Shackelford	O-303
Sullivan	Q-103

Subject to Approval