

**The Reserve on the Eagle River Condominium Association
2016 Annual Meeting Minutes**

Thursday, December 1, 2016, at 6:30PM MT at the
Reserve Clubhouse
34999 US Highway 6, Edwards Colorado

ATTENDANCE: The following Directors were present:

- Deb Forsline
- Jess Frieze
- Linda Guerrette
- Marilee Horan
- Brian Woodell

The following Director was absent:

- **Andrew Abraham**

Other members in attendance were:

- See attached list

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

I. Roll Call. With 50 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 Deb Forsline, President called the meeting to order at approximately 6:35PM

II. Review and Approval of the Minutes of 2015 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 2015 ANNUAL MEETING OF THE RESERVE ON THE EAGLE RIVER CONDOMINIUM ASSOCIATION. The motion was seconded and carried unanimously.

III. President's Address. Deb Forsline then addressed the membership. She gave the following report:

“Thank you for attending our 2017 annual meeting. Your volunteer Board of Directors takes the responsibility of HOA governance very seriously. We understand that you have placed your trust in us and we are striving to continually earn your trust in every decision that we make. Our commitment to support your financial interests, as property owners, is guided by the following standards for effective directors.

1. Effective directors have a fiduciary duty to act in the best interest of the association as a whole, leaving personal agendas aside.
Evidenced by our professionally prepared Capital Reserve Spending Plan
2. Effective directors have a duty to comply with and enforce the governing documents of the association.
Evidenced by our recent necessary parking rules update
3. Effective directors understand the value of soliciting input from stakeholders and *really listening* to what they have to say.
Evidenced by newsletters requesting community input followed by board and management responses
4. Each effective director understands that he/she is only one member of a board of directors and has very little authority to make decisions on behalf of the board.
Evidenced by establishing protocols of communication, authorizing our management company to act as our agent in working with contractors
5. Effective directors understand that the board room is the place to constructively debate association issues and that it is in the best interest of the association to speak with “one voice” after decisions are made.
Evidenced by discussing and debating decisions until either a consensus results or a clear majority view emerges
6. Effective directors are committed to governing with transparency.
Evidenced by increasing numbers of community members attending board meetings, contributing to the conversation and staying until board decisions are made
7. Effective directors strategically plan for the future.
Evidenced by the prioritization of our Operating Budget and Capital Reserve Spending Plan according to predetermined criteria moving from safety, structure, and maintenance based on useful life toward aesthetics and curb appeal, all with a focus on increasing property value and enjoyable community living standards.
8. Effective directors address the importance of ethics and integrity, especially regarding conflicts of interest.
Evidenced by evaluating, revising and implementing ethical policies and practices.

We thank you all for the opportunity to serve our community in this capacity. Please continue to offer your ideas and suggestions to your board of directors and support us by attending regular board meetings so that we can demonstrate our continued commitment to managing and governing together.”

IV. Financial Report. Kay Cheney of Intermountain Bookkeeping, prepared the current financial reports (as of October 31, 2016) and Dan McNeill presented them to the membership.

According to the Balance Sheet, the association has \$160,768.59 in the regular checking account and \$103,961.15 in the liquid asset replacement account. Accounts Receivable totals \$4315.79 for regular dues and \$25,728.74 for the irrigation project special assessment (these owners are on payment plans). Prepaid expenses total \$29,017.30.

The Profit and Loss Statement reveals that the association has total income of \$361,740 through October 31, 2016. Operating Expenses for the first ten months of the year total \$366,873. This compares with budgeted expenses of \$368,805. Net ordinary income is <\$5133>; this compares to a budgeted deficit of \$8044. Therefore, the association is \$2911 ahead of budget. Cost overruns have been experienced in the Common Repair & Maintenance, Pool Supplies & Maintenance and Water & Sewer line items. Savings have been garnered in the Lawn Care & Landscaping, Snow Removal and Pool Gas line items.

The 2016 beginning balance in the Replacement Reserve Account was \$107,305.28. Current year funding through October the Replacement Reserve Assessments totals \$69,960 and \$257,292 was added from the Special Assessment (to fund the Irrigation System Replacement Project). 2016 Capital Expenditures so far total \$260,163 and include \$13,224 for asphalt sidewalk improvements, \$11,401 for new gutters, \$13,513 to Guerrero's Roofing (the loan for the Roof Project is now fully paid), \$127,299 for the first phase of the Irrigation System Replacement Project, \$3356 for upgrading exterior lighting fixtures, \$2235 for alarm panel work, \$6048 for the Governing Documents Revision Project, \$4080 for sealing of the concrete bridge surfaces, \$3200 for the professional Reserve Study, \$1489 for the new Knox Box and \$10,718 for replacement of several deck support posts. The balance in the Replacement Reserve Account as of October 31, 2016, is \$108,002.

Dan then reviewed the approved 2017 Operating Budget with the membership. The association is expected to end this year very close to budget in the Operating Account. However, increases for Insurance and for Water & Sewer and the added cost to stripe the parking lots are expected in the coming year. Additionally, the Board wants to continue to contribute incrementally to reserves to help cover future capital projects facing the association in the next few years, including: the second phase of the irrigation system replacement project, the cyclical replacement of deck support posts, execution of the next several phases of the long term landscaping plan, painting and carpet replacement in common hallways, the additions of gutters and downspouts, asphalt work and more. Therefore, after very careful deliberation, the Board approved a 5% increase in regular dues for the coming year. In 2017, the total budgeted operating assessments are \$417,500

and the annual reserve contribution is budgeted at \$116,038. Beginning on January 1, 2017 dues will be:

\$316.85 per month for small two bedroom units

\$345.19 per month for large two bedroom units

\$446.98 per month for three bedroom units

Management distributed was an updated Dues Comparison. This compares the regular, monthly assessments at the Reserve (on a per square foot basis) to other, similar associations. Management also prepared and distributed a Budget Explanation Sheet that details the components of each line item.

- V. Manager's Report. Dan McNeill addressed the membership and referred to the 2016 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.

Dan reviewed the Reserve Study with the membership. This long term capital plan is a tool that the Board and management use to plan and budget for future capital projects. The Study identifies every element that the association is responsible to repair and replace (Component List), assigns a useful remaining life to each element and its estimates its year of replacement, along with replacement costs for each element. Capital projects slated for 2017 include the second phase of the Irrigation System Replacement Project, installation of the entryway garden around Building D and asphalt striping. Also under consideration for 2017 are: asphalt crack-filling and patching, speed bump work, installation of signs for assigned parking, drainage work, the continued replacement of rotten deck posts and joists, the continued installation of gutters and heat tapes on buildings that are painted, and the anticipated completion of the Governing Documents Revision Project.

Management distributed the Insurance Claims Procedure sheet to all. All insurance claims must go through management. The association's carrier is Assured Partners, 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.

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. **Residents are asked to contact management immediately whenever a slow drain or drain back up occurs;** a clean out will be scheduled on that line. 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 Board recently worked to revise the Parking Rules & Regulations and the updated document was distributed to all residents. Management is working to redistribute parking permits to all residents. One permit per legal bedroom is the standard by which the new permits are being issued. Trailers are to be moved to a designated lot on the north side of the property and one reserved parking spot in front of each building will be designated. **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.** Photos are very useful when identifying code violations.

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. **Committee Reports.** Kerry Wallace then addressed the membership with regard to the ongoing Governing Documents Revision Project. Last year, the membership adopted CCIOA and the Board put the updated and required Responsible Governance Policies in place. The Board has reviewed the first draft of the Amended & Restated Declarations, returned several changes, and are now in receipt of the red-lined version. Once Board-adopted, the A&R Declaration will be presented to the membership and a special meeting will be scheduled to answer any questions. Homeowner feedback has been solicited and has been very useful to the process, so far.

The A&R Declaration will include exhibits (charts) that clearly define the responsibilities for insurance and maintenance of every element at The Reserve. 67% of the entire membership will need to vote in favor of its adoption in order to garner its 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 signed into effect and recorded, whereby invalidating the previous and original Declaration.

Once the Declaration is adopted, legal counsel will work with the Board to ensure that a comprehensive and enforceable Amended & Restated Rules and Regulations document is put into place. Parking, Pool and Clubhouse use, rentals and other restrictions on use will be carefully spelled out and tie into the Enforcement Policy.

Finally, the Bylaws of the association will be amended and restated. This document addresses (among other things) how meetings are to be held, Board members elected and the number of owners required for a quorum at the Annual Meeting. There was a suggestion to reduce the number of owners required for a quorum at the Annual Meeting. The Bylaws currently in effect call for at least 30% of the membership to be present in person or by proxy to achieve a quorum.

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

Linda Guerrette then reported on the progress of the Landscape Committee. The first phase of the Irrigation System Replacement Project is now complete, including the installation of the main line and the feeder lines to Buildings A through D. Beginning next spring, the remainder of the feeder lines and the Landscape Entry Project will be undertaken. The latter includes garden beds and berms around Building D, including the planting of trees, shrubs, grasses and some flowers. Signage will be incorporated using engraved boulders.

The goal of the Irrigation System Replacement Project is to reduce water usage and incorporate more drought resistant plants throughout the common areas.

Chris Dudar is heading up the Garage Feasibility Committee. A homeowner survey will be forthcoming at the beginning of next year so that the Committee can gauge interest and support for the construction of garages. Any new construction on the common elements will require a change to the Plat Map (and 67% membership approval). The Board will discuss this further at the January Board of Directors Meeting.

Dan reminded all owners that they are welcome at any Board Meeting, typically held at 6:30PM on the third Monday of every month in the Clubhouse.

- VII. Board of Director Elections. The current Board consists of Andrew Abraham, Deb Forsline, Jess Frieze, Linda Guerrette, Marilee Horan and Brian Woodell. Deb, Marilee and Jess have terms that expire at the Annual Meeting and have all agreed to serve another two year-term, if re-elected. Management

asked for additional volunteers prior to the meeting and Susan Ferrari offered to serve.

There was a MOTION: TO CHANGE THE SIZE OF THE BOARD OF DIRECTORS FROM SIX TO SEVEN MEMBERS. The motion was duly seconded and carried unanimously.

Ballots were distributed prior to the meeting and given to those owners who attended the meeting in person. Management tallied the returned ballots and Jess, Marilee, Deb and Susan were all elected to the Board for two-year terms. Officers will be elected at the next regular Board of Directors Meeting, scheduled for Monday, January 16, 2017, at 6:30PM.

VIII. Old / New Business. The membership discussed the proposed changes to the Declaration with regard to insurance requirements. The Board is attempting to shift more of the burden for insurance to individual owners in order to achieve some savings in its yearly premiums. Due to several large and recent claims, The Reserve has fallen into a higher premium category.

One owner asked whether the Declaration will place any restrictions on rentals. Deb Forsline responded that limitations on short term or nightly rentals has been discussed. Another owner noted that when a high percentage of units are designated as “rentals” it becomes harder to secure mortgages with competitive interest rates, so it may be in the best interest of the association to limit rentals in some manner. Dan commented that The Reserve does not lend itself well to short term or nightly rentals, given the nature of its location.

Another owner brought up concerns about storage at The Reserve. It was suggested that the revised governing documents permit residents to store some recreational equipment on decks and in common area closets. When asked whether the association has any plans to build additional storage areas or containers, Dan responded that was not in any long range plans at this time.

IX. Adjournment. There being no further business to come before the membership, the meeting adjourned at approximately 7:50PM.

Respectfully submitted,

Secretary to the Meeting

MEMBERS IN ATTENDANCE:

Bennett	D-204
Blackslee	D-203
Brackeen – Desmone	F-204
Brock	Q-202
Chadwick	B-203
Dabrant	J-201
Dudar	E-102
Ferrari	F-202
Glotzer	L-303
Graf	G-102
Larson	P-302
Luling	E-202
Lydens—Thayer	M-201
Mothershed	G-303
Murphy—Nilsson	L-104
Peck	Q-203
Peterson	Q-204
Schneiter	Q-201
Seehafer	J-202
Shiao	O-104
Sloniker	I-201
Terrazas	B-103
White-Hubbard	M-101
Wodlinger	C-101
Woodell	C-302
Young	F-302

MEMBERS REPRESENTED BY PROXY:

Abraham	F-201
Bellingrath	B-201
Bryant—Rives	P-204
Cummings	O-103
Dowling	D-201
Erikson	F-103
Gans	C-104
Gillie	N-302
Foster	P-202
Jacaruso	L-103
K2F Investments	B-303
K2F Investments	C-201
Little	N-201
Murphy—Nilsson	L-104
Pelchat	L-201
Pickle	G-203
Shackleford	O-303
Snyder	K-203
Sullivan	Q-103