

The Reserve on the Eagle River
Board Meeting Minutes
Monday, January 18, 2016, at 6:30 PM
The Reserve Clubhouse

BOARD MEMBERS PRESENT: Scott Ashburn, Deb Forsline, Jess Frieze, Linda Guerrette, Marilee Horan, Jim Little and Brian Woodell

MEMBERS NOT PRESENT: Andrew Abraham

ALSO PRESENT: Dan McNeill, Managing Agent and Sara Thurston McNeill, Secretary to the Meeting

OTHER MEMBERS PRESENT: Brian Forsline (G-201)

I. Roll Call. With seven of eight Board members present, a quorum was established. Jess Frieze welcomed all to the meeting and called it to order shortly after 6:30PM.

II. Edwards Metropolitan District Presentation. Ken Marchetti, administrator of the Edwards Metro District addressed the Board with regard to proposed highway, sidewalk and trail/path needs for the Edwards area, and funding sources for the proposed improvements. He explained that the EMD is targeting improvements to the Edwards Spur Road / Highway 6 intersection in within the next two to three years, and has commitment from the Colorado Department of Transportation to install a round-about, bridge improvements and pedestrian upgrades up to \$8 million. To guarantee that commitment, CDOT will require an additional \$1 million from the EMD and another \$1 million from Eagle County in the form of “matching funds” in order to move forward with these improvements.

Ken further explained that future improvements to Highway 6 west of the interchange are planned for the Lake Creek intersection and Hillcrest Drive interchange. Improvements to the Eagle Valley Regional Trail System are also targeted.

To fund for this work, EMD is proposing to implement (with the approval of voters in the Edwards Metro District) a small sales tax increase (0.5% for operations, maintenance and replacement – which will continue indefinitely) and 0.45% for debt that won’t start until the debt is issued and will sunset when the debt is repaid. The sales tax will be used to fund Edwards’ contribution to these improvements. A property tax was considered, but the EMD believes the sales tax to be more closely aligned with the impacts creating the needs for the improvements. Groceries would not be taxed. Consumer goods and services that

are currently taxed in Edwards would bear this incremental increase, including restaurant meals, clothing, sporting goods, etc. Ken pointed out that the sales tax in Avon is currently 8.4%, the sales tax in Eagle-Vail is 4.4% and the Vail sales tax is now 8.4%. If voters approved the EMD tax increase, the sales tax in Edwards would be 4.9% in the long term (after any debt is repaid).

The EMD has not yet decided whether or not to put the sales tax question on the May 2016 ballot for approval, and is currently seeking feedback. The EMD meets Thursdays at noon at the WECMRD Fieldhouse and welcomes input from Edwards residents. A decision about the ballot issue will be made in early March.

After answering some questions, the Board thanked Ken for his presentation and he excused himself from the meeting.

- III. Review and Approval of the Minutes of the November 16, 2015, Board of Directors Meeting. These minutes were drafted and circulated to all Board members for review via email. There being no suggested changes, there was a MOTION: TO APPROVE THE MINUTES OF THE NOVEMBER 16, 2015, BOARD OF DIRECTORS MEETING AS PRESENTED. The motion was seconded and carried unanimously.

It was duly noted that the 2015 Annual Meeting Minutes were approved by the Board of Directors for distribution to the membership. All members were mailed a copy of the minutes, and those that were not present also received the key meeting handouts. The 2015 Annual Meeting Minutes are posted to the website: www.thereserveontheeagleriver.com. They will not be fully approved and part of the official records of the association until they are approved by the membership at the 2016 Annual Meeting.

- IV. ELECTION OF OFFICERS. The following Directors were elected to the following positions:

Deb Forsline	President
Scott Ashburn	Vice President
Marilee Horan	Treasurer
Brian Woodell	Secretary

- V. Homeowner Forum. The floor was opened to the homeowners that attended to the meeting. There were no comments or questions.

VI. Financial Review. Kay Cheney, bookkeeper for the association, prepared the 2015 year-end financial reports (as of December 31, 2015) and Jess Frieze presented them to the Board.

According to the Balance Sheet, the association ended the year with \$53,193.53 in the regular checking account and \$112,508.57 in the liquid asset replacement account. The balance on the roof loan to Guerrero's Roofing is \$13,513.

The Profit and Loss Statement reveals that the association had total income of \$400,767 in 2015. Operating Expenses for the year totaled \$422,213. This compares with budgeted expenses of \$400,695; therefore the association ended the year with a net deficit of \$22,364. Cost overruns were experienced in the Land Design, Insurance Claim (\$12,377 over budget), Snow Plow, Snow Removal- Roof, Paint Hallways, Common Repair and Maintenance, Water & Sewer (\$12,701 over budget), Lawn Care & Landscaping, Association Insurance (\$5,658 over budget), and Office Expense/Board Meetings line items. Savings were garnered in the Irrigation, Tree Spraying, Fire/Life/Safety, Accounting, Legal, Janitorial, Snow Removal-Walks, Pool-Gas, Electric - Common, Trash Removal, Plumbing, Paint Buildings, Siding Replacement & Repair and General Common Improvements Line items.

The Board and management discussed how best to deal with the year-end net deficit in the operating account and how to address the increased cost for water & sewer in the 2016 operating budget. Dan explained that whenever a water bill is unusually high, Kay notifies management. Management then conducts an audit of the building with the high bill and distributes a memo (door-to-door) asking residents to report any leaking faucets and toilets. It is duly noted that only 10% of the water usage annually is attributable to irrigation. Water and sewer charges are expected to increase annually by about 5% over the next several years due to facilities upgrades.

After detailed discussion, there was a MOTION: TO REDUCE THE 2016 RESERVE CONTRIBUTION BY \$22,364 IN ORDER TO COVER THE 2015 YEAR-END OPERATING DEFICIT. The motion was duly seconded and approved unanimously.

There was another MOTION: TO INCREASE THE WATER & SEWER LINE ITEM IN THE 2016 OPERATING BUDGET BY \$10,000 FOR A TOTAL BUDGETED EXPENSE OF \$125,000, AND REDUCED THE RESERVE CONTRIBUTION BY \$10,000, WHEREBY NOT REQUIRING ANY INCREASE IN REGULAR DUES. The motion was seconded and carried unanimously. In 2016, the reserve contribution from regular dues will therefore be \$76,318.

The 2015 beginning balance in the Replacement Reserve Account was \$92,468.26. 2015 funding through Replacement Reserve Assessments totaled

\$108,682.56. 2015 Capital Expenditures totaled \$92,789.54, \$60,000 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 included gravel walkway (\$1626), gutters and heat tapes (\$6978), pool drain repair and pool pump replacement (\$4858), parking lot work (\$3491), lighting (\$1751), fire alarm panel work (\$4514), Governing Documents Revision Project (\$1970), bridge work, including a joint repair and painting of the railings (\$3570) and cottonwood tree removal (\$4032). The year-end balance in the Replacement Reserve Account was \$108,361.28.

As of January 12, 2016, accounts over 90 days past due total <\$349.92>. Currently, there are three delinquent accounts of concern: one has been turned over to legal counsel for collections, one has committed to a payment plan to get caught up within six months and the third has been sent a demand letter per the Collections Policy.

- VII. Manager's Report. Dan McNeill reported that he and his staff are working on three to four bids for the exterior painting of Buildings D, G, K and N, lawn care, irrigation, lawn and tree spraying and pool care. His intent is to get the contracts in place as early as possible in the year. Other projects that will be addressed on a time and materials basis will include sealing of the concrete surface of the bridge, gutter and heat tape additions on the newly painted buildings, smoke detector replacement and the Knox Box and key project.

The condition of all decks and deck posts will be inventoried. Any owner who needs to replace rotten deck boards will be notified by management. Management will provide the names and contact information of local contractors who can replace decking on behalf of owners; deck board replacement is an individual owner responsibility at The Reserve, per the current Declaration.

All owners will need to provide a working key to management for inclusion in the fire department's required Knox Box.

Recent winter maintenance activities include some roof raking and clearing ice and snow off of walkways. Several interior leaks have been reported recently, although no insurance claims needed to be made on the association policy. No roof leaks have occurred so far this winter season. Any roof shoveling will be done by Guerrero's Roofing in order to protect the warranty.

- VI. Committee Reports. Rick Agett, reserve specialist is planning to have his first draft to the Board for review at the February Board Meeting.

Jess and members of management will be meeting with Grand Junction Pipe and Supply on Wednesday, January 20th at the Clubhouse to review the plans for the

new irrigation system. The design can then be put out to bid to various contractors and the cost incorporated into the Reserve Study. As Landscape Committee Chair, the design plans will also be given to Linda Guerrette (she is unable to attend Wednesday's meeting).

Scott commented that the Board must consider the costs associated with the implementation of the rest of the Long Term Landscaping Plan. Areas of work will need to be prioritized and phased according to budget constraints.

Deb Forsline, as Chairperson of the Governing Documents Revision Committee expressed her disappointment at the slow progress of the Project in general. She was hoping to have the first draft of the Amended & Restated Declaration under review by the Committee at this point, but legal counsel has not provided it yet. The Board advised her to give Kerry Wallace an aggressive timeline for delivery or consider terminating her contract and working with another legal firm.

Deb then recommended to the Board that the Conflicts of Interest Policy be separated from the rest of the Responsible Governance Policies and updated. She took language from both CCIOA and the Non-Profit Act and drafted a replacement Policy for the Board's review. The new Policy is more detailed and will require a signature from every Director elected to the Board. She **will** emailed it to the Board for review and further discussion at the February Board Meeting.

VII. Other Business. The Board reviewed the annual contract presented from McNeill Property Management. Several changes were suggested and will be incorporated into a revised contract for Deb's signature.

The date for the February Board Meeting was changed to Tuesday, February 16, 2016, at 6:30PM. As usual, the meeting will be held in the Clubhouse. Dan requested that all Directors come prepared to make any decisions and that the length of the meetings be kept to no longer than 90 minutes. Management will clearly delineate any items that need to be voted on in the Agenda that is distributed to the Board about one week prior each meeting.

It has come to the attention of management that an owner at The Reserve is running a dog sitting business out of his home, and that, at times, there are upwards of six or seven animals inside of the unit. The Board will need to consider a maximum number of pets per unit and certain limits on home-based business in conjunction with the Governing Documents Revision Project. In the meantime, management will speak to this owner about limiting the number of animals in his unit.

VIII. Adjournment. There being no further business to come before the Board, the meeting adjourned at approximately 8:30PM.

Respectfully submitted,

Secretary to the Meeting