

The Reserve on the Eagle River
Board Meeting Minutes
Monday, January 19, 2015, at 6:30 PM
The Reserve Clubhouse

BOARD MEMBERS PRESENT: Scott Ashburn, Deb Forsline, Jess Frieze, Marilee Horan, Lauren Immel and Peter Lord

BOARD MEMBERS NOT PRESENT: Matt Lydens

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

OTHER MEMBERS PRESENT: Guerrette (I-203), Woodell (C-302) and Forsline (G-201)

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

- II. Minutes of the November 17, 2014, Board 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 17, 2014, BOARD OF DIRECTORS MEETING. The motion was seconded and carried unanimously.

- III. Homeowner Forum. The floor was opened to the three homeowners that attended to the meeting. No specific comments or questions were returned. Dan asked if the parking situation in front of Buildings A, B and C was any better now that code enforcement inspections have been increased. Brian Woodell commented that he has not had any problems getting parking in front of his building, but he arrives home earlier in the day than many residents.

- IV. Preliminary 2014 Year-End Financial Review. Kay Cheney, bookkeeper for the association, prepared the current financial reports (as of December 31, 2014) and Jess Frieze presented them to the Board.

According to the Balance Sheet, the association has \$49,115 in the regular checking account and \$127,558 in the liquid asset replacement account. The

balance on the roof loan to Guerrero's Roofing is \$73,513. Net income at the end of the year equals \$16,749.70.

The Profit and Loss Statement reveals that the association has total income of \$413,010 through December 2014; this compares to budgeted income of \$414,692 at this point in the year (the difference is primarily due to lower than anticipated finance charges). Operating Expenses for the year total \$394,480. This compares with budgeted annual expenses of \$412,602; therefore, the association is \$18,530 under budget on Operating Expenses. Cost savings have been garnered in the line items of Common Repair, Accounting, Pool (Gas), Management Fee, Water & Sewer, General Common Repair, Paint Buildings and Siding Replacement & Repair. Overruns have been experienced in the line items of Common Maintenance, Snow Removal, Legal, Pool (Supplies and Maintenance), Insurance, and Office Expense/Board Meetings. It should be noted that Operating Expenses of \$18,933 for the 2013 Deck Railing Cost Overage (Post Replacements) and \$896 for the 2013 Building A Fire Repairs Overage reduced the 2014 net income. Also, there may still be some operating expenses yet to be posted for 2014, so net income may change somewhat once the year-end financial reports are finalized.

The 2014 beginning balance in the Replacement Reserve Account was \$59,688.95. Annual funding through Replacement Reserve Assessments totals \$96,739. 2014 Capital Expenditures total \$73,881.86, the majority of which is for the roofing contract loan payback to Guerrero's Roofing at the rate of \$5,000.00 per month until all the roof work loan is fully paid in 2016. Asphalt crack filling and patching was completed for the cost of \$11,721.86 and heat tapes and gutters were replaced at the cost of \$2160. The ending balance in the Replacement Reserve Account as of December 31, 2014, is \$82,545.69.

The Board then reviewed the list of delinquent accounts with management. Three owners have recently been sent first demand letters from management. A fourth delinquent account has been sent to legal counsel for collections. A fifth owner that was previously on a payment plan has fallen behind again; there was consensus not to waive any late fees and finance charges at this point. Accounts receivable of over 90 days is now under \$2800.

After some discussion, there was a MOTION: TO TRANSFER THE YEAR-END NET SURPLUS OF \$16,749.70 FROM THE OPERATING ACCOUNT TO RESERVES. The motion was seconded and approved unanimously.

- V. Manager's Report. Mike Skellion, Maintenance Manager reported on the following items in his written report to the Board:

- The roof above the Building C and Building O east entry recently leaked. The valley above the dormer should have heat tape installed. There is minimal drywall damage in the interior hallway.
- Two roof leaks recently occurred in Building L on both sides of the entry dormer. This building was also leaking last year. Guerrero's Roofing had supposedly corrected the problem, but apparently more work is needed.
- Our roof shoveling crew removed ice around the buildings' perimeters in order to minimize leak potential. Given the scope of ice dam size and freeze—thaw cycle, relatively few leaks occurred.

Dan and the Board discussed the probable causes of the roof leaks: most likely ice and water shield was not installed high enough on the side walls of the dormers and flashing in the valleys could have been improperly installed. Management will make sure that Guerrero's Roofing comes back in the spring to address these areas of concern, possibly in conjunction with exterior painting and siding replacement. Additionally, heat tape and gutters may need to be installed in areas with recurring problems. If any asphalt shingles were damaged during the ice dam removal process, management will replace these shingles at no cost to the association.

Dan and the Board reviewed the proposals for the interior hallway painting project. The scope of work includes Building B, Building C, Building D, Building F, Building I—west side only, Building L, Building N, Building O, Building P, Building Q—east side only. Painting will be begin in March and also includes repair of holes and cracks, painting of all walls, ceilings, painted doors, handrails, trim, stair stringers and sanding, cleaning, and sealing all wooden doors, railings, handrails, base and trim. The Happy Painter's bid came in at \$23,050 and Intermountain Painting's bid was \$39,200. After brief discussion, there was a MOTION: TO AWARD THE INTERIOR HALLWAY PAINTING CONTRACT TO THE HAPPY PAINTER. The motion was seconded and carried unanimously.

Lauren Immel volunteered to chair the Design Review Committee and work on the interior paint selection and will present paint color options at the February Board Meeting.

Management compiled a Painting Schedule for the entire complex that identifies which buildings will be painted (interior or exterior) through 2017. Presumably the cycle will begin over again in 2018.

Dan distributed a draft of the Reserve Spending Plan and reviewed it with the Board. The Plan indentifies all of the common elements that the association is responsible to repair and replace, estimates a useful remaining life for each element and its year(s) for replacement, and assigns costs to each project. Dan specifically noted that not all costs have been garnered yet; for example, Ceres Landscaping due to provide cost breakdowns for each portion of the Long Term

Landscaping Plan in February. The Plan is a tool that the Board and management will use and modify as needed.

Projects under consideration for 2015 include seal coating (and line painting) of the asphalt, cottonwood tree removal around the Clubhouse, walkway lighting work, hallway light fixture replacement, hallway carpet replacement in Building I, swimming pool drain leak detection, bridge joint repairs, the Governing Document Revision Project, continuation of payments on the roof loan and gutter and heat tape additions / repairs.

During the Spring Walk Through, the Board will look at the need for each of these projects and prioritize them based on consideration to fire / life / safety issues and the continued maintenance of all structures. It is noted that Dan had included the replacement of all exterior light fixtures on the back sides of the buildings and dryer vent cleaning in the Reserve Spending Plan, but these are currently the responsibility individual owners per the Declaration.

Dan delivered a detail Rules & Regulations Report to the Board. Code enforcement activities in the past couple of months have been stepped up, and the result has been numerous parking issues. Also, deck clutter, the removal of a fire pit on common area, late night noise concerns, RV parking, excessive smoke and a kitchen fire have been addressed. The tenants in Unit D-202 are being evicted by the owner for numerous violations; this owner has been fined several times.

The Board held a lengthy discussion about the association's ability to limit the number of long term rentals, put greater restrictions on rentals, and to levy fines for failure to comply with the Rules and Regulations. In conjunction with the Governing Documents Revision Project, the Board can address the need to control rentals, possibly requiring the use of one, standard lease form, renter's insurance for all long-term tenants, the number of vehicles allowed for each long-term lease, and the like. It is not the intention of the Board to limit property values by controlling an owner's ability to lease their home, but rather to enhance property values by trying to ensure a high quality of life for all residents at The Reserve.

Management will put together a memo for distribution to all owners who rent their units and include a friendly reminder about the Rules and some suggestions on how to find the best tenants.

Management was directed to garner two more proposals for the Governing Documents Revision Project from local attorneys. The Board already has one proposal from Hindman Sanchez, a firm based out of Arvada. The Board hopes to make a selection on an attorney at the next Board meeting and have a first draft of the Amended and Restated Declaration done by the 2015 Annual Meeting.

VII. Election of Officers. Since it was the first meeting after the 2014 Annual Meeting, the next order of business was election of officers. After some discussion, the following slate was nominated:

Jess Frieze, President
Lauren Immel, Vice President
Peter Lord, Treasurer
Marilee Horan, Secretary

There being no further nominations, there was a MOTION: TO ELECT THE SLATE AS PRESENTED. The motion was duly seconded and carried unanimously.

Tim Sullivan, former Treasurer, will need to be removed from the signature cards at the bank, and Peter Lord will be added.

VIII. Old / New Business. Scott Ashburn emphasized that the Governing Documents Revision Project should be an important focus of the Board of Directors in the coming year. Once the Declarations are revised and brought into compliance with current Colorado statutes, including the Colorado Common Interest Ownership Act, the responsibilities for insurance and maintenance of all common elements can be clarified. Deb Forsline and Scott offered to serve on the Governing Documents Revision Committee.

Jess Frieze reported that the attorney representing the association's insurance company in the pending speed bump litigation has stated that the discovery phase has been extended through April 10, 2015.

Dan distributed the revised 2015 management contract to all Board members a few hours prior to the meeting. He met with Jess recently to clarify some of the provisions in the contract; the management fee will remain the same for the coming year. Jess asked all Board members to review the contract and to get back to him with questions within one week. The Board will vote to approve the management contract via email, and the results will be reported in the February 2015 Board Meeting Minutes.

Lauren asked whether there should be some follow up to Dave Zippie's Limited Financial Review. A draft of his findings was distributed to the Board and discussed at the November 2014 Board Meeting. Jess and Dan noted that his recommendations have been implemented, including streamlining the Balance Sheet (by removing the Deck Assessment bill backs and the loan to Guerrero's Roofing), coding expenses more carefully for better tracking, having the Treasurer sign all checks, keeping all files in MPM's office, garnered competitive bids and then getting Board-approval of all contracts for substantial work, and

reducing the number of reimbursements for supplies. Jess will meet with Dave in the coming weeks to determine if further steps are warranted and ask him to deliver his final report prior to the February 2015 Board Meeting. The Board wants to act in the best interest of the association and provide the oversight that is necessary moving forward.

Scott requested that the general ledger be distributed to the Board along with the monthly financial reports. After brief discussion, there was consensus to do so.

The Board plans to meet informally in the coming weeks and hold a planning session to set goals for 2015. Lauren asked that all Directors come up with a list “hot topics” for the planning session.

IX. Adjournment. There being no further business to come before the Board, the meeting adjourned at approximately 8:00PM.

Respectfully submitted,

Secretary to the Meeting