

The Reserve on the Eagle River  
Board Meeting Minutes  
Monday, May 18, 2015, at 6:30 PM  
The Reserve Clubhouse

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

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

OTHER MEMBERS PRESENT: Cummings (O-103), Dowling (D-201), Ferrari (F-202), Brian Forsline (G-201), Guerrette (I-203), Mizner (N-203), Woodell (C-302) and Young (F-302)

- I. Roll Call. With all six Board members present, a quorum was established. Jess Frieze welcomed all to the meeting and called it to order at approximately 6:35PM.
  
- II. Minutes of the April 20, 2015, Board Meeting. These minutes were drafted and circulated to all Board members for review via email. Several changes were incorporated and then they were re-circulated to the Board. There was one further suggested change (four Directors were elected at the 2014 Annual Meeting, including Marilee Horan). There was a MOTION: TO APPROVE THE MINUTES OF THE APRIL 20, 2015, BOARD OF DIRECTORS MEETING SUBJECT TO THIS FINAL CHANGE. The motion was seconded and carried unanimously.
  
- III. Homeowner Forum. The floor was opened to the homeowners that attended to the meeting. Linda Guerrette asked for an update on the progress of the Capital Improvement Plan Committee. Marilee reported that progress has been slow with the Committee meeting only once earlier this year. Management has put together a spreadsheet that identifies all of the elements that the association is responsible to repair / replace, but does not have “real time” or updated costs to enter into the document.

The Capital Improvement Plan Committee is comprised of Marilee Horan, Chair, Jess Frieze, Kelly Young, Linda Guerrette and Lynn Green. Jess mentioned that the CIP Committee is waiting on input from the Long Term Landscaping Committee and how to phase the different aspects of the Landscaping Plan. Dan noted that most homeowner associations that he works with hire a professional Reserve Specialist to tackle this job because of the intricacies involved in pricing,

timing and funding capital projects. This is an option for The Reserve if the Committee chooses not to rely on volunteers to put together this important working document.

IV. Financial Review. Kay Cheney, bookkeeper for the association, prepared the current financial reports (as of April 30, 2015) and Jess Frieze presented them to the Board.

According to the Balance Sheet, the association has \$57,456.65 in the regular checking account and \$153,849.66 in the liquid asset replacement account. The balance on the roof loan to Guerrero's Roofing is \$53,513.

The Profit and Loss Statement reveals that the association has total income of \$133,506 through April 2015. Operating Expenses for the first four months of the year total \$112,988.33. This compares with budgeted expenses of \$113,178.28; therefore the association is \$189.95 ahead of budget. Cost overruns have been experienced in the Land Design, Snow Plow, Snow Roof and Common Electric line items. Savings have been garnered in the Common Repair & Maintenance, Plumbing and General Common Improvements Line items. Net income for the first four months of the year is \$20,517.66.

The 2015 beginning balance in the Replacement Reserve Account was \$92,468.26. Current year funding through Replacement Reserve Assessments totals \$45,284.40. 2015 Capital Expenditures so far total \$31,139.92, \$25,000 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 (\$4513.92) and work on the gravel walkways (\$1626). The balance in the Replacement Reserve Account as of April 30, 2015, is \$106,612.74.

Jess reported that the association is in good shape with regard to accounts receivable, with two owners having prepaid their dues a year in advance. Accounts receivable over 90 days is negative \$4398.83. Jess noted that the adoption of the Collections Policy and communication from management has helped to keep owners current with their assessments; several owners are on payment plans to help them get caught up. Hindman—Sanchez has been overseeing collections since 2012, and reported that \$23,700 was collected from past due accounts in 2012, \$22,600 was collected in 2013, \$34,900 was collected in 2014 and \$1970 has been collected as of May 15, 2015. As economic conditions continue to improve, so does the Balance Sheet of the association.

There being no further discussion regarding the financial reports, there was a MOTION: TO APPROVE THE APRIL 2015 FINANCIAL REPORTS AS PRESENTED. The motion was duly seconded and carried unanimously.

V. Manager's Report. Dan McNeill reported on the following:

- The hallway painting project has resulted in strong odors in several buildings. Dan met on site with Scott, Mike Skellion, and Will from the Paint Bucket recently and it was determined that although exterior paint was specified for the project (since the hallways are unheated). It will take approximately four weeks for this paint to “cure,” during which time the unpleasant odors may continue to be apparent.
- Moving forward, management will coordinate the specifications for all painting projects with the Board. The specs will detail all of the elements to be painted and the types of paint that are recommended for each project.
- The priming and rust treatment for the Bridge Restoration Project will use different specifications than the Hallway Painting Project and Building Exterior Painting Project.
- The Board, members of management and several owners conducted the Spring Walk Through on Wednesday, April 22, 2015. The 2015 Projects List was compiled and circulated to all owners for comments and additions. Management will prioritize the projects on the List and complete according to budget constraints over the coming months.
- The flat roof repair on Building K is now complete, along with repairs to some skylights. Guerro's Roofing has also completed the shingle installation on all trash shed roofs.
- During the Spring Walk Through, six buildings were identified as needing exterior paint this year, although only three are in the capital improvement budget for 2015. Dan suggested that some other capital projects (such as walkway work) be moved to 2016 in order to paint these structures in 2015. Gutters should be installed where needed after painting in order to protect the siding from water damage. Siding that needs to be replaced in conjunction with painting will be done on a time and materials basis, with new waterproof membrane installed beneath larger sections.
- Other items that were identified during the Spring Walk Through include the restoration of all front doors to the buildings, weeding and mulching of all frontal beds, parking lot striping and tree pruning.
- Owners that wish to plant flowers in the beds around their buildings are encouraged to do so and to maintain these beds throughout the growing season.
- In April a hot water heater leaked in a second floor condominium in Building F and caused damage to the first floor units. Remediation is now complete. The owner has submitted a claim to his insurance agent for reimbursement of the remediation costs.
- A second story bathtub in Building I recently leaked and caused damage to two first floor condos. Repairs are now complete and all of the invoices have been sent to the upstairs owner who is responsible to pay them.
- Dan met on site last month with a sound specialist to determine if the noise from two different upstairs units that have hard flooring is rated as unacceptable. In both cases it was determined that noise was greater than 85 decibels (similar to the sound of city traffic from inside of a car). Both

upstairs owners were amenable to reasonable mitigation efforts, including the use of area rugs on hard flooring to deaden sound.

- The repair to the pool drain is now estimated to cost about \$2150 and will be undertaken in mid-June. The pool is still scheduled to open on Memorial Day Weekend.
- Jennie Lewis, Code Enforcement Officer for MPM compiled the bi-monthly code enforcement spreadsheet and it was forwarded to the Board prior to the meeting. Early May code enforcement items included some parking violations and clutter in hallways and on decks. Although 14 “deck clutter” violations were distributed no one has been fined. Seasonal lights should be taken down at this point in the year. During the Spring Walk Through, attendees asked management to send out spring reminders for clutter; however, at the meeting, management was asked to be more lenient with regard to sporting equipment stored temporarily on decks. It was noted that the Board will carefully review the Rules & Regulations as part of the Governing Documents Revision Project and fine tune what is permitted to be stored on decks.

Management garnered three competitive proposals for carpet cleaning of all interior hallways. The Mr. Vac bid came in at \$3488.60, the Workforce Solutions bid came in at \$3818.70 and the Rocky Mountain Carpet and Upholstery Cleaning bid came in at \$3600. RMCUC was the contractor who did the work last year, and the Board was generally satisfied with their work. After brief discussion, there was a MOTION: TO AWARD THE 2015 CARPET CLEANING BID TO ROCKY MOUNTAIN CARPET AND UPHOLSTERY CLEANING. The motion was duly seconded and it passed with five Directors voting FOR the motion and one Director voting AGAINST the motion. Management was directed to remind RMCUC to pick up all of the mats prior to cleaning the carpets, to clean the mats, and to clean the carpet in the Clubhouse. All owners will be notified of the carpet cleaning and can contact RMCUC directly if they would like to the carpets inside their condo cleaned at a discounted rate.

VI. Committee Reports. The Long Term Landscaping Plan Committee Chair, Linda Guerrette asked the Board for some direction on how the amount of time they consider reasonable for the implementation of the Plan commissioned by Ceres since the Association cannot afford to pay for all of the aspects of the Plan at once. Most Board members felt that the Plan could be implemented over a 5 or 10 year period.

After detailed discussion, there was consensus that the Association should tackle the entry area and the irrigation system first. These two aspects of the Plan are estimated to cost about \$200,000, or \$1549 per unit on average. The Board asked the Committee to work towards garnering competitive bids for the entry area and the new irrigation system so that actual costs for this work can be budgeted

accordingly. Linda noted that the design of the entry area improvements could be modified somewhat from the Ceres Plan to try and achieve some cost savings.

Implementation of the entry area work and new irrigation system is targeted for 2016. Funding for these projects will require a special assessment. Once the new irrigation system has been installed, the Association can then phase the landscaping work to both repair the disturbed areas and to change the nature of the plantings for reduced water consumption. No major landscaping changes are planned for the summer of 2015.

Deb Forsline, Chairperson of the Governing Documents Revision Committee reported that distributed a Charter and Goal Sheet to the other Committee members, and she is happy to report that the Committee is comprised of several different types of homeowners (owner occupants, second homeowners, short-term rental owners and long-term rental landlords) in order to represent the different interests at The Reserve.

Kerry Wallace sent her Letter of Engagement to management and the Board several hours prior to the meeting. The Letter mirrors her proposal (both written and oral) delivered in January. After some discussion, there was a MOTION: TO SIGN THE LETTER WITH GOODMAN WALLACE FOR THE GOVERNING DOCUMENTS REVISION PROJECT. The motion was seconded and discussion continued.

At least two Board members had not had a chance to review the Letter in any detail prior to the meeting, so the MOTION WAS AMENDED: TO SIGN THE LETTER UPON THOROUGH REVIEW BY ALL BOARD MEMBERS UNLESS ANY OBJECTIONS ARE RETURNED TO MANAGEMENT BY FRIDAY, MAY 22, 2015. The amended motion was seconded and a vote was taken. The motion passed unanimously.

Legal counsel also sent along several state-required Responsible Governance Policies for the Board's review and adoption, but since no Directors had yet had a chance to review these, their adoption was tabled until the June Board Meeting.

Deb Forsline then addressed the Board and the owners present at the meeting saying that once the Letter of Engagement is signed and Kerry Wallace begins to work with the GDR Committee, the first step will be a decision about whether to adopt the Colorado Common Interest Ownership Act (CCIOA). Deb explained that CCIOA is a comprehensive statute covering the creation and operation of common interest communities. Its goal is the effective and efficient operation of homeowner associations in the areas in which associations are involved, such as assessment collection, insurance, rules and regulations, and the maintenance of common elements. The Act provides a framework for responsible governance but also adds more restrictions for HOAs. The Committee will work to keep all homeowners informed throughout the Revision process.

VII. Other Business. Jess updated all of the attendees with regard to the pending lawsuit filed by a party injured from a bike accident occurring at The Reserve last summer. Nonbinding mediation between the Association's insurance carrier (CAU) and the plaintiff occurred in April with no acceptable resolution. A trial date is to be set in June. The trial will occur in Eagle County and will be set to occur between six and 12 months from now, depending upon the Court's docket.

The association's insurance policy with CAU comes up for renewal on July 17<sup>th</sup>. Management has been attempting to garner a renewal proposal from the current carrier, and from two different agents, both Peliton and American Family. With the high claim history at The Reserve, the Board can expect that a rate increase is likely. Management hopes to have more information at the June Board Meeting.

Management sent an email to all owners last month asking for anyone interested in performing the daily opening and closing duties at the pool and Clubhouse to respond. One owner expressed interest, and management was directed by the Board to respond to this owner with a detailed job description and rate of compensation. Since Avalanche will be relieved of several duties with regard to the pool and Clubhouse, there will be a discount from the contract price approved at the April meeting.

The owner of Unit J-101 is seeking reimbursement for some damage to his windows, incurred during the exterior painting of his building in 2013. The owner incurred \$320.07 of expenses to replace the weather stripping on three windows. After some discussion, there was a MOTION: TO APPROVE THIS ONE-TIME REQUEST. The motion was seconded and carried unanimously. The owner will receive a check instead of a credit on his monthly dues statement.

The next topic of discussion was the appointment of an owner to fill the vacancy created by Matt Lyden's resignation from the Board of Directors in April. Several owners spoke on behalf of the idea of appointing the candidate who received the highest number of votes after the four elected Directors were chosen at the 2014 Annual Meeting. This appointee would be Linda Guerrette. The Board has done this in the past in at least one instance. Jess pointed out that the Board has taken several different approaches to appointing and electing Directors in the past, and that the Bylaws specifies that the Board can consist of between three and nine members, therefore an appointee is not required at this time.

Heated discussion ensued, resulting in a MOTION: TO REDUCE THE SIZE OF THE 2015 BOARD OF DIRECTORS FROM SEVEN MEMBERS TO SIX (THEREBY NEGATING THE NEED TO APPOINT ANOTHER DIRECTOR). The motion was seconded and discussion continued.

A vote was taken: four Directors voted FOR the motion and two Directors voted AGAINST the motion. The motion passed.

VIII. Adjournment. The meeting adjourned at approximately 9:22PM.

Respectfully submitted,

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Secretary to the Meeting