

The Reserve on the Eagle River
Board Meeting Minutes
Monday, June 15, 2015, at 6:30 PM
The Reserve Clubhouse

BOARD MEMBERS PRESENT: Scott Ashburn, Jess Frieze, Deb Forsline and Marilee Horan

NOT PRESENT: Lauren Immel and Peter Lord

ALSO PRESENT: Dan McNeill, Managing Agent, Kerry Wallace, Legal Counsel and Sara Thurston McNeill, Secretary to the Meeting

OTHER MEMBERS PRESENT: Brian Forsline (G-201), Denise (J-101), Green-Bennett (D-204), Guerrette (I-203), Thayer (M-201), Wodlinger (C-101) and Woodell (C-302)

- I. Roll Call. With four of six Board members present, a quorum was established. Jess Frieze welcomed all to the meeting and called it to order shortly after 6:30PM.
- II. Homeowner Forum. The floor was opened to the homeowners that attended to the meeting. Lynn Bennett-Green asked the Board what the “policy” is regarding storage closets in common areas (Building D has one, and some other buildings do, as well). Her neighbor, Shelly Mello (D-102) has new tenants moving into her unit and would like to offer them the ability to store possessions in the common closet. The Board responded that there is no formal policy regarding these storage closets; any resident can use them. The Board may choose to address any future policy regarding storage closets in the proposed revised Rules and Regulation (as part of the larger Governing Documents Revision Project).
- III. Minutes of the May 18, 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 being no further suggested changes, there was a MOTION: TO APPROVE THE MINUTES OF THE MAY 18, 2015, BOARD OF DIRECTORS MEETING AS PRESENTED. The motion was seconded and carried unanimously.
- IV. Proposed Amended and Restated Responsible Governance Policies. Kerry Wallace, legal counsel addressed the Board and asked whether there were any questions related to the Policies that she distributed prior to the Board Meeting. She addressed each Policy separately.

Enforcement of Covenants and Rules Policy. The primary change to this existing policy is with regard to the ability for a homeowner to request an unbiased hearing prior to the escalation of fines. The Board will have the ability to modify the fines structure from time to time to accommodate various homeowners' needs, pursuant to an amendment to the Rules & Regulations.

Deb asked the following question: Is there enough due process for homeowners in this policy in light of these statements? Kerry responded: "the Board may implement penalties and address violations as it deems appropriate. The Board may also engage legal counsel at any time for advice and assistance. Any attorney fees accrued may be assessed against the offending owner regardless of the hearing process."

Deb then asked a follow-up question: Is the Board required to give due process to every owner? Kerry responded by referring to the hearing clause: "If an owner makes a timely challenge and in the challenge requests a hearing, the hearing shall be scheduled at the Board's discretion and shall be before an impartial decision maker appointed by the Board. The hearing shall afford the alleged violator a reasonable opportunity to be heard during a time period that can be reasonably limited by the decision maker or the Board."

Deb then asked another follow-up question: How does the Association find an impartial decision maker? Kerry responded that depending upon the situation, the impartial decision maker could be a member of management, legal counsel or a person hired by the Board (such as a mediator).

Records Inspection Policy. Changes to this policy (state-required as of 2013) define which records are considered "public" and appropriate for inspection.

Deb asked the following question: Can association members request to view ballots, proxies and other records related to voting by owners for one year after an election, action or vote to which they relate? Kerry answered yes.

Deb then asked in what manner can owners contact other owners for the purposes of expressing opinions or soliciting votes or proxies? Kerry responded that the names of owners and their mailing addresses of public record are one method. Door-to-door visitation is another method. Owners can contact any other owners for which they have personal contact information that was provided by that owner (such as an email address or phone number), however, a membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to an owner's interest as an owner without prior written consent of the Board. Based upon a Colorado statute that took effect in July 2014, personal contact information (such as emails and cell phone numbers) may NOT be distributed to members without an owner's prior, written consent. It was suggested that anyone in possession of a Reserve Owners List should destroy it.

Reserve Study Policy. This policy states in broad terms that the association maintains a separate fund for capital projects and assesses each owner to fund the projects identified in the Capital Improvement Plan.

Assessment Collection Policy. Kerry corrected some conflicting language between the Declaration and this Policy and added the CCIOA requirement that the Board must offer a payment plan to a delinquent owner, and then if the owner falls back into default, the Board must pass a resolution prior to proceeding with a foreclosure action.

There was consensus to approve the Amended & Restated Responsible Governance Policies subject to the corrections and clarifications discussed at the meeting. Once signed by Jess Frieze, President, management will post these to the website and send an email to all owners asking them to review them at their earliest convenience and return any comments to management within 30 days. Management will then forward all comments to the Board for consideration.

There were several other questions posed to Kerry, including:

- How do Proxies and Ballots differ from one another and which form governs how a person designated as an owner's proxy votes at a regular Annual Meeting? Kerry responded by indicating that a Ballot "trumps" how a proxy votes at a meeting for Board of Directors, although if a separate Ballot is not returned the person who is proxied may vote as he sees fit (unless specific instructions are given on the Proxy form).
- Is there any policy in our Responsible Governance Policies, CCIOA, our documents or the Revised Non-Profit for Corporations Act that suggests:
 1. Directed proxy for the election of Directors? Yes: there is a space for specific instructions that any member can fill out; the proxy must then vote according to these instructions.
 2. Limits the number of proxies any Director can vote? No
 3. Opens the way for absentee voting, email voting or other options that engage owners in the voting process? Yes; the bylaws will provide for email voting and conference call participation. Alternatively, ballots can be mailed, faxed or emailed to the manager prior to the meeting.
- When will the membership vote to adopt the Colorado Common Interest Ownership Act (CCIOA)? Kerry responded that this can be done at the 2015 Annual Meeting.
- Is the Reserve on the Eagle River Association registered with the State of Colorado? Dan responded that management registers the association annually with both the Secretary of State and the Division of Regulatory Agencies.
- How are conflicts between homeowners and the Board of Directors handled? Kerry referred to the Alternative Dispute Resolution Policy: a complaint is

registered with management, a hearing is scheduled and held, and mediation is conducted if no satisfactory resolution is reached at the hearing.

- What does the association need to vote on with regard to the Governing Documents Revision Project? The membership will need to vote to adopt CCIOA and the Amended and Restated Declaration. The Board can vote to adopt the Amended & Restated Bylaws and the proposed revised Rules and Regulations.
- Can a Director who tendered his resignation to the Board rescind that resignation? Kerry responded that he cannot if someone has been appointed to fill the vacancy. If the vacancy has not been filled, that Director could offer to fill out the remainder of his term.

There being no further questions for Kerry, the Board and others present at the meeting thanked her for her presentation and she excused herself from the meeting.

V. Financial Review. Kay Cheney, bookkeeper for the association, prepared the current financial reports (as of May 31, 2015) and Jess Frieze presented them to the Board.

According to the Balance Sheet, the association has \$25,050.77 in the regular checking account and \$162,906.54 in the liquid asset replacement account. The balance on the roof loan to Guerrero's Roofing is \$48,513.

The Profit and Loss Statement reveals that the association has total income of \$166,893 through May 2015. Operating Expenses for the first five months of the year total \$148,205. This compares with budgeted expenses of \$148,024; therefore the association is \$181 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 five months of the year is \$18,689.

The 2015 beginning balance in the Replacement Reserve Account was \$92,468.26. Current year funding through Replacement Reserve Assessments totals \$54,341.28. 2015 Capital Expenditures so far total \$36,139.92, \$30,000 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 \$110,669.62.

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 \$3176.37.

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

Scott Ashburn resigned from his recent appointment as Treasurer. There was a MOTION: TO APPOINT MARILEE HORAN TO THE POSITION OF TREASURER. The motion was seconded. Marilee is already a signer on the regular checking account. The motion carried unanimously.

VI. Manager's Report. Dan McNeill presented the Board with two comparable proposals for insurance coverage. The association's current policy with CAU is due to expire on July 7th and with the high claim history at The Reserve, several carriers contacted by management declined to provide proposals. One proposal was garnered from Neil-Garing Agency (CAU) for a one year term only for the following rates:

\$37,555 for one year with a \$5000 deductible per insurable event or
\$35,952 for one year with a \$10,000 deductible per insurable event

A second proposal was garnered from American Family Insurance for a one year term only for the following rates:

\$31,090 for one year with a \$5000 deductible per insurable event or
\$29,667 for one year with a \$10,000 deductible per insurable event

Dan noted that both policies include guaranteed building replacement, building ordinance, general liability, director and officer liability and fidelity and crime coverage. CAU is a highly rated company and the association's current carrier; they are currently involved in both open claims (for the fire in Building A and lawsuit involving a bicycle accident). American Family is also a highly rated company, but they tend to start with a lower rate and then raise their premiums in subsequent years. The amount budgeted for insurance in the 2015 Operating Budget is \$32,000.

Deb had to leave the meeting unexpectedly due to a family emergency, so a quorum was no longer present. Without a quorum, a decision could not be made at the meeting so the Board will choose the insurance company via email decision.

Management asked Snow Cap Roofing to do an inspection of the roof on Building L. The inspection report returned some concerns, including:

- The waterproof shield on the sidewall only extends 18 inches in height (Guerrero's Roofing contract specifies 24 inches)

- Several areas in the valley center points indicate that mastic was installed as a patch over new shingles rather than replacing damaged shingles with new asphalt shingles
- There is damage along eave lines

After detailed discussion about how to proceed at this point, management was directed to contact George Guerrero and provide him with the inspection report. Further, George will be asked to provide management with photo documentation of the manner in which his work on Building L (and all of the buildings at The Reserve) was conducted and to provide proof that the roofs were installed according to the specifications designed by Roof Tech in 2007. Dan will report back to the Board with George's response at the July meeting. It is duly noted that the balance remaining of the loan to Guerrero's Roofing is over \$48,000.

Dan presented the Board with an updated bid for the exterior painting of four buildings from The Happy Painter. His bid is now approximately \$30,000. The cost for partial siding replacement is estimated to be \$16,000 (to be paid on a time and materials basis). Jess offered to oversee this part of the project. Since only \$25,000 was budgeted for the painting project, some contingency funds (\$10,000) will need to be used. Dan noted that the pool drain repair was less than budgeted at only about \$2500.

Other items discussed include:

- Bridge work is scheduled for this summer including sealing, painting and joint repairs.
- Once the four buildings are painted, gutters will be installed on the roofs to protect the siding.
- Mountain Maintenance will be painting parking lines in all of the frontal lots.
- The resident hired to open and close the pool daily signed an agreement drawn up by legal counsel whereby he provides his own liability insurance and holds the association and management harmless
- There was a suggestion to consider adding handicapped designated parking spots in front of buildings; management will certainly oblige if a resident requires this type of access
- There was a request to turn on common area lights earlier in the evening

VI. Committee Reports. The Long Term Landscaping Plan Committee Chair, Linda Guerrette reported that she has met with Pristine Landscaping to get direction on how to proceed with the new irrigation system. They propose to do this large-scale capital project over three to four years and will prepare a bid to design the schematics. Once the specifications are complete, management can then take the schematics to different contractors for competitive bids.

VII. Other Business. Scott Ashburn expressed his disappointment that no one has been appointed to fill the vacancy on the Board created by Matt Lydens' resignation, especially in light of the fact that two Board members could not attend this evening, and a third had to leave early. The remaining members could take no formal actions since a quorum was not present.

VIII. Adjournment. The meeting adjourned at approximately 8:45PM.

Respectfully submitted,

Secretary to the Meeting