

The Reserve on the Eagle River
Board Meeting Minutes
Monday, June 16, 2014, at 6:30 PM
The Reserve Clubhouse

BOARD MEMBERS PRESENT: Scott Ashburn, Janet El-Bitar, Jess Frieze, Marilee Horan, Lauren Immel, Matt Lydens and Tim Sullivan

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

OTHER MEMBERS PRESENT: Kirkwood (A-102), Wodlinger (C-101), Dowling (D-201), Luling (E-202), Abraham (F-201), Ferrari (F-202), Desmone (F-204). Young (F-302), Forsline (G-201), Guerrette (I-203), Drabant (J-201), Jacaruso (L-103), Shiao (O-104), Rives (P-204), Schneiter (Q-201) and Peterson (Q-204)

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

- II. Review and Approval of the Minutes of the May 19, 2014, Board of Directors Meeting. These minutes were drafted and distributed to all of the Board members prior to the meeting. Matt Lydens had one suggested changed to the second section of the minutes (Approval of Meeting Minutes – April 2014). That change was incorporated, and there was a MOTION: TO APPROVE THE MINUTES OF THE MAY 19, 2014, BOARD MEETING. The motion was duly seconded and carried unanimously.

- III. Financial Review. Kay Cheney, bookkeeper for the association, prepared the current financial reports (as of May 31, 2014) and Dan McNeill presented them to the Board.

According to the Balance Sheet, the association has \$204,579.24 in total current assets including \$25,090.38 in accounts receivable and \$38,545 in prepaid expenses. A Collection Status Report was compiled by legal counsel and distributed to all Board members. The loan from Guerrero Roofing should be reflected as a liability on the Balance Sheet.

The Profit and Loss Statement reveals that the association has total income of \$143,169 through May 2014; this compares to budgeted income of \$172,789 at this point in the year (the difference is primarily due to \$27,208 in accounts

receivable over 90 days). Operating Expenses total \$115,707. This compares with budgeted expenses of \$147,829 at this point in the year. Savings have been garnered in the line items of Common Repair, Common Maintenance, Snow Removal, Accounting, Insurance and Water & Sewer. Overages have been experienced in the line items of Legal and Common Electric.

The 2014 beginning balance in the Replacement Reserve Account was \$59,688.95. Current year funding totals \$40,307. 2014 Capital Expenditures total \$27,160 so far for the roof replacement loan payback to Guerrero's Roofing at the rate of \$5000 per month until all the roof work loan is fully paid in 2016. The ending balance in the Replacement Reserve Account is \$72,835.95. Dan commented that the expenses for roof replacement contract are being paid out at the rate of \$5000 per month until fully paid in February 2016.

Dan recommended that the Board consider having a financial audit or limited review of the accounts. He has two proposals so far and is waiting on a third. Once all are garnered, he will distribute to the Board for review and a decision.

Dan has compiled a first draft of a Reserve Study and capital spending plan. The Reserve Study identifies all of the common elements that the association is responsible to repair and replace, estimates a useful remaining life for each, and the cost for replacement. The Board and management will use the Reserve Study and the capital spending plan as tools to plan and pay for capital projects in a comprehensive manner. Deb Forsline voiced her concern that capital projects NOT be funded by the sale of any common land; nor should any spending occur without a clear, documented spending plan. Dan responded that that the intention of the Board and management is to work to achieve a clear spending plan; sale of any land could not occur without 67% approval of the membership and an amendment to the Declarations and Condominium Map.

The only capital project currently being undertaken is the Landscaping Architect Plan.

Members of the Board and management met last week to review the approved 2014 Operating Budget and the on-going expenses. Dan had several suggestions for breaking down specific line items and re-grouping them for ease of tracking. Management prepared a Budget Explanation Sheet that details the specific components of each line item in order to gain a better understanding of the budget. After some discussion, there was consensus to operate with the approved budget for the rest of the year and not to adopt a revised budget at this time.

There being no further discussion or questions, there was a MOTION: TO APPROVE THE MAY 31, 2014, FINANCIAL REPORTS. The motion was duly seconded and carried unanimously. There was a MOTION: TO APPROVE THE MARCH 31, 2014, AND THE APRIL 30, 2014, FINANCIAL REPORTS. This motion was seconded and carried unanimously.

- IV. Manager's Report. Dan reported that the management turnover has been progressing fairly smoothly, but only 25% of owners have returned their resident information sheets so far. This information is essential for parking permits and contact information. Owners that rent their units need to provide all the names and contact information for their tenants along with signed leases. Management must have a working key (or access code) for emergency entry to every unit.

Some code violations have been reported to management this month. Primarily these are issues with parking, clutter and smoking odors.

Dan explained that MPM has a full time code enforcement officer. Jennie Lewis makes weekly inspections of the complex. The time and day of inspections is subject to change. Residents can contact Jennie directly by calling her phone at 970-904-0519 or sending an email to jennie@mcneillinc.com. Photos are very useful when reporting code violations. Written citations are delivered to the offender, the owner, and kept on file in the management office. Management keeps a detailed log of all violations so that a record of any repeat offences can easily be accessed and tracked. It is not management's intention to create a top-down regime based on rules enforcement; rather, rules will be enforced in order to create an enjoyable and positive living experience for all residents.

Members of management and the Board met on site today to conduct the Spring Walk Through and compile the 2014 Projects List. The list will be circulated to all owners for comments and additions. Projects will be prioritized, then completed throughout the summer and fall months according to budget constraints. Dan asked how the Board wants to handle any essential but non-recurring maintenance expenses. After some discussion, there was a MOTION: TO GARNER PRIOR BOARD APPROVAL FOR ANY ONE EXPENSE THAT EXCEEDS \$250 WITH A \$1000 THRESHOLD IN ANY GIVEN MONTH. The motion was seconded and a vote was taken. Six Directors voted FOR the motion, one voted AGAINST the motion. The motion passed. This process would not involve any bid-approved service that is being provided by Avalanche or MPM (ie: pool care).

Dan provided a Bid Spreadsheet for all of the contracts that are currently in place or needed at The Reserve, including lawn care, irrigation, tree and turf spraying, pool service and janitorial services. Management reviewed all of the current contracts in place, garnered two or three additional comparable proposals for each and made recommendations to the Board. There was general consensus to keep all current service providers in place at this point. MPM has been opening and closing the pool daily and will be employing an on-site person to take these tasks over; MPM provides cleaning and testing of the pool three times per week.

The association currently has a tree and turf spraying contract in place with Ascent. It has come to the attention of management that Eagle County requires weed remediation and Dan garnered the cost to do with both Ascent and Ceres. After discussion, there was a MOTION: TO APPROVE THE WEED REMEDIATION PROPOSAL WITH ASCENT AT A COST OF \$850.00. The motion was duly seconded and carried unanimously.

The alarm panel in Building G needs to be replaced because it was damaged by lightning. Management has one bid from Best Electric (the current association contractor for the fire alarm system) for \$1880; another bid is forthcoming.

- V. Other Business. Jess Frieze reviewed all of the invoices related to the Deck Railing and Post Replacement Project. Two of these invoices have been coded for the appropriate bill back amounts to individual owners. Although the work was completed in the fall of 2013, only one of the five invoices was received by the manager in December. Management reviewed the invoices, and returned them with some corrections. Due to medical issues experienced by the contractor, the corrected invoices were not delivered until late May 2014. There was Board consensus to have the association pay the invoices and bill individual owners back accordingly. It was noted that some owners may be unaware of these charges. Therefore, Jess will draft a cover letter to accompany these invoices.

Management drafted a Clubhouse Rules & Rental Policy with the associated application and forms for review by the Board prior to the meeting. After some discussion, there was a MOTION: TO ADOPT THE CLUBHOUSE RULES AND RENTAL POLICY. The motion was seconded and carried unanimously. The rental rate is now \$200 per usage, plus a \$350 refundable deposit. Management will meet on site with the resident who is renting the Clubhouse, deliver the key, and then do a post-usage inspection of the Clubhouse and retrieve the key for a \$50 fee (to be paid out of the rental rate). These rules are now posted on the website at www.thereserveontheeagleriver.com.

Management also drafted revised Pool Rules and distributed to the Board. There was consensus to distribute the proposed revised Pool Rules to all owners for a 15 day comment period. Comments returned can then be incorporated into the Rules and will be reviewed, discussed and voted upon by the Board at the next meeting.

The Board discussed the restoration of Building A. The final payment has been delivered to Blu Sky Restoration and a lien release has been returned. Management will make sure that the lien release is unconditional. Sod repairs around Building A have been completed; tree removal is still pending. Bids on tree removal are still being garnered, and it is anticipated that the trees will be taken down within one month.

Jess met with representatives from Eagle River Water & Sanitation District to discuss water usage at The Reserve. Water & Sewer represents almost 27% of the annual operating budget, and Jess wanted to get information to ensure that the association does all it can to avoid being charged for higher consumption rates. Water used for irrigation is billed at the Tier 1 Level, and according to the records, the association has fallen into the higher rates associated with Tier 2 usage four times in the past 10 years. ERW&SD gave the association a discounted rate last year when the raw river water contract was cancelled (representing a 25% savings off of regular rates). This discount was discontinued and combined with an overall rate increase in 2014, irrigation water bills are higher this year. Irrigation represents about 10% of the total water usage and domestic water use accounts for the other 90% of the costs.

Dan noted that the existing irrigation system has 80 different zones on only one meter. Because of this, pressure issues exist and some areas are not getting adequately covered.

Increasing irrigation water and domestic water (for indoor use) will result in higher costs. Therefore, management was directed to distribute suggestions for water conservation including reminding residents to fix leaky faucets and toilets. Irrigation can be cut back during rainy periods.

Scott of Ceres Land Planning is drafting a Landscape Master Plan for The Reserve. The Plan will include several components, including:

- Catalog and identify existing tree and planting bed locations and all relevant site elements on to a base map.
- Review existing as-built irrigation plan to provide general conceptual recommendations to modify and upgrade the system to conform to proposed landscape layout and to minimize water usage.
- Review existing grading and drainage and provide recommendations to enhance as appropriate.
- Landscape enhancement solutions to reduce maintenance and improve the health of existing trees including new sod layout that has design flow and form.
- Planting to highlight appropriate areas of the property and create cohesiveness throughout the project.
- Landscape methods to clean up and organize miscellaneous elements of the site.
- Enhancements of river access points.

The Plan will be reviewed and amended, then implemented in phases according to budget constraints. Dan commented that once the plan is finalized, management can then bid out the various components and establish costs to work into the Reserve Study for potential future phasing over time. Deb Forsline asked to join

the Landscape Committee, and she was directed to speak with Linda Guerrette (one of the committee members).

One owner present at the meeting requested that pet-friendly herbicides and insecticides be used on the property whenever possible.

Management distributed a proposed Hard Flooring Policy to the Board prior to the meeting. The purpose of the policy is to reduce noise between units when an owner of an upper unit intends to install wood, tile, or other hard-surfaced flooring. The proper sound insulating underlayment should be used in order to cut down on sound transfer. There was a question as to how to enforce such a policy for units that have already installed hard flooring. The Landlord and Valuation Committee will review the proposed Policy and return comments and recommendations to the Board.

The Board discussed the recently adopted Policy of the Collection of Unpaid Assessments. There was a comment that the Policy should be enforced unconditionally. An owner who is significantly in arrears has requested relief from late fees and interest charges if he pays the full amount owed. After some discussion, there was a MOTION: TO WAIVE 50% OF THE INTEREST CHARGES THIS OWNER HAS ACCRUED IF HIS ACCOUNT IS PAID IN FULL IN ONE PAYMENT BY THE END OF THE MONTH. The motion was seconded and a vote was taken. Five Directors voted FOR the motion, one voted AGAINST (Janet El-Bitar abstained from voting). The motion passed.

There was a suggestion to keep a drop box for dues payments on site at The Reserve for owners who want to deliver their checks each month. Management will defer to Kay Cheney, bookkeeper on a decision.

One owner voiced concerns over the ability to park in front of her unit, especially when she comes home late at night and is forced to park in a distant location. Discussion ensued as to how to ensure that each owner has the ability to park directly in front of their building. Dan recommended that the Board consider a system of assigning one spot for each unit in front of the building. There would be costs associated with this system, including the painting of lines on the parking lot and purchasing and installing signage. MPM will increase early morning inspections and tag any vehicles without Reserve parking permits.

Another owner asked about the process for paying invoices. Moving forward, Dan will review invoices twice a month and either approve for payment or send back to the service provider for correction. All approved invoices are then scanned to Intermountain Bookkeeping for payment. Kay Cheney cuts the checks and Tim Sullivan signs the checks as Treasurer. Any owner has the opportunity to review the scanned invoices by contacting management.

VI. New Business. There was no new business to discuss.

VII. Adjournment. There being no further business to come before the Board, the meeting adjourned at approximately 9:45PM.

Respectfully submitted,

Secretary to the Meeting