

The Reserve on the Eagle River
Board Meeting Minutes
Monday, July 21, 2014, at 6:30 PM
The Reserve Clubhouse

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

BOARD MEMBERS REPRESENTED BY PROXY: Matt Lydens

BOARD MEMBERS NOT PRESENT: Tim Sullivan

ALSO PRESENT: Dan McNeill, Managing Agent, Scott Sones and Seth Hostvet with Ceres Land Care and Sara Thurston McNeill, Secretary to the Meeting

OTHER MEMBERS PRESENT: Dudar (Unit E-102), Lord (F-102), Forsline (G-201), Guerrette (I-203), Vining (L-204), Thayer (M-201), Cummings (O-103), Shiao (O-104) and Schneider (Q-201)

- I. Roll Call. With six of seven Board members either present in person or represented by proxy, a quorum was established. Dan McNeill called the meeting to order shortly after 6:30PM.

- II. Homeowner Forum. All homeowners present were given the opportunity to weigh in with opinions regarding recent happenings and address the Board and management with questions. Discussion included the following:
 - The Forslines indicated that they do not want to be billed for work related to the deck assessment that was not done properly or at all; management will meet on site with the deck contractor to get clarity on the situation and get direction from a legal advisor regarding the association's responsibility for the repair / replacement of various general and limited common elements.
 - Linda Guerrette was concerned about real estate brokers repeating hearsay about the association's plans to sell and /or develop the common land that sits on the north side of the property. The Board and management emphasized that there are NO PLANS TO SELL OR DEVELOP common land at this time. Any plan of this nature would require 67% of the membership's approval for the plan, along with an amendment to the Declaration and the Condominium Map.
 - One owner had concerns about spiders (and webs) inside of her common hallway. Management will get a proposal for pest control for the Board's consideration.

- Kathy Cummings asked that her drains be included in the camera inspections.
- One owner asked that the Board consider installing a speed bump on the road to Millers Creek in front of Buildings A-B-C to slow traffic.
- There was a request to install more 15 MPH signs along the driveway.
- There was discussion about trash (firewood, construction materials, moving blankets) in the “back lot,” storage of unregistered vehicles and trailers, and the on-going maintenance of various recreational vehicles in the “back lot.” Management has been working to get all the vehicles at the Reserve registered; only about 60% of owners have returned completed Resident Information Sheets. Moving forward MPM will ticket vehicles that are not in compliance with the Rules & Regulations. All residents will be notified via door-to-door memo that all items being stored on common land throughout the parking lots will be removed by Management by August 1, 2014.

III. Financial Review. Kay Cheney, bookkeeper for the association, prepared the current financial reports (as of June 30, 2014) and Dan McNeill presented them to the Board.

According to the Balance Sheet, the association has \$245,489.31 in total current assets including \$44,513.47 in accounts receivable and \$38,172.00 in prepaid expenses. As of July 18, 2014, accounts receivable was reduced to \$15,520.00, with the payment of the current quarter billing by most owners. Dan reported that there are seven accounts being handled by Hindman Sanchez, legal counsel and an additional three accounts that are now more than 90 days in arrears will be turned over to HS for collections. Management sends out reminder letters to owners who are more than 30 days past due as part of the adopted Collections of Past Due Assessments Policy.

The Profit and Loss Statement reveals that the association has total income of \$186,922.00 through June 2014; this compares to budgeted income of \$207,347.00 at this point in the year (the difference is primarily due to \$19,927.00 in accounts receivable over 90 days). Operating Expenses total \$152,186.00. This compares with budgeted expenses of \$183,296.00 at this point in the year; therefore, the association is \$31,110.00 better than budget.

The 2014 beginning balance in the Replacement Reserve Account was \$59,688.95. Current year funding totals \$48,368.00. 2014 Capital Expenditures total \$32,160.00 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. The ending balance in the Replacement Reserve Account is \$75,896.55. The loan to the association from the roofing contract with Guerrero’s Roofing still needs to be reported on the Balance Sheet as a liability.

There was a MOTION: TO APPROVE THE JUNE 2014 FINANCIAL REPORTS AS PRESENTED. The motion was seconded and a vote was taken: three Directors voted FOR the motion and three Directors voted AGAINST the motion (with Scott Ashburn voting with Matt Lydens' proxy). The motion did not pass. Those that voted against the motion indicated they were doing so because the roof loan needs to be reflected on the Balance Sheet.

Scott Ashburn asked why the association was over budget in legal expenses. Jess Frieze responded that the amount budgeted for 2014 is significantly less than that expensed in 2013; the amount expensed in 2013 was \$5,077.00 and this category was reduced for the 2014 budget to only \$1,545.00. Legal expenses this year total \$4,968.00.

Dan presented three bids for an accounting Limited Review. It was noted that the scope of work in the proposals does not include income tax preparation. After some discussion, there was a MOTION: TO ENGAGE DAVID ZIPPPIE, CPA TO CONDUCT THE LIMITED REVIEW AT A COST OF \$2,500.00. The motion was duly seconded and carried unanimously. It is hereby noted that the amount budgeted for accounting limited review was \$5,000.00, whereby saving the association \$2,500.00.

Jess Frieze presented the Board with some receipts for materials he purchased in conjunction with cleaning of the Clubhouse, painting the Clubhouse trim and pass through shelf, painting the exposed wood on the gas meter covers on all the Reserve buildings, and replacing the bulbs in the woman's bath room in the Clubhouse. Jess volunteered his time for these tasks and requested reimbursement for materials only, and not his labor. There was a MOTION: TO REIMBURSE JESS FRIEZE \$266.00 FOR CLEANING SUPPLIES AND PAINTING MATERIALS. The motion was seconded and approved unanimously.

IV. Long Term Landscaping Plan Presentation. Scott Sones and Seth Hostvet of Ceres Landscape Architecture addressed the Board and those homeowners present at the meeting. A conceptual landscaping master plan has been put together by Ceres with guidance from the Landscaping Committee. Scott and Seth presented their preliminary plan, explaining that there are several key components, including:

- Tree Care and Removal
- Reducing Dependence Upon Irrigation
- Entry Signage and Enhancements
- Berm Enhancements
- Landscape Enhancements Around Buildings

Scott and Seth explained that some of the aging Cottonwood trees throughout the property represent a safety hazard to residents and structures and should therefore

receive priority for consideration for removal in the long term plan. The Plan also addresses the expansive lawn areas and proposed that native grasses be worked into the borders of the turf areas to eventually reduce the requirements for irrigation. The irrigation system can be modified to work with the new landscaping elements as those elements are installed. The Plan will need to be implemented in phases due to costs and budgeting consideration.

After a question and answer period, the Board thanked Scott and Seth for their presentation and they excused themselves from the meeting.

- V. Manager's Report. During the past month, management garnered competitive bids for several upcoming projects including asphalt work, sewer / drain line work, exterior painting of three buildings, window washing and carpet cleaning. Following is a summary of the proposals, decisions and costs.

Dan presented the Board with two proposals for asphalt work, including crack filling, infrared patching, and parking line painting. The proposals were as follows:

- Double M Asphalt \$13,147.00
- Mountain Maintenance \$19,010.00

After discussion, there was a MOTION: TO AWARD THE CONTRACT FOR ASPHALT WORK TO DOUBLE M ASPHALT AT A COST OF \$12,050.00 WITH \$628.14 OF THAT WORK TO BE BILLED BACK TO AND PAID BY MILLERS CREEK HOMEOWNERS ASSOCIATION. The motion was seconded and carried unanimously.

The parking line painting was not included in the approved contract price. Jess asked Dan to have Double M Asphalt add the repair of the asphalt in front of the east dumpster and add line painting indicating no parking in front of the fire hydrants.

There was consensus that if the installation of a speed bump was \$500.00 or less to move forward with that work.

The capital budget for 2014 provides for only \$5,000.00 for Parking Lot Repairs. Dan suggested that some cost savings could be achieved in both hallway refurbishment and pool equipment replacement, and that these savings could then be applied to asphalt work. In addition, \$5,000.00 for bridge work is budgeted; however, Dan anticipates that only \$3,000.00 of that amount will need to be spent this year.

Drain cleaning and water damage from water backups have been a chronic problem in the past. In 2013 the association paid a little over \$7,500.00 as a result of these problems. In an attempt to be more proactive and save money and

inconvenience to owners caused by the drain problems, Dan presented the Board with two proposals for Drain Line Cleanouts and camera inspections. The contractors submitting prices were PSI and CNC. After discussion, there was a MOTION: TO WORK WITH PSI ON THE CAMERA INSPECTION OF TWO DRAIN LINES AT A COST OF \$590.00. The motion was seconded and approved unanimously. After the reports are delivered from the camera inspection, the Board will make a decision on a proactive approach of cleaning the drain lines of the units with a history of problems caused by chronic water backups. These costs will be an operating budget expenses to be paid out of the Common Repair line item.

Dan then presented the Board with four detailed proposals for the exterior painting of Buildings F, H and L (two large and one small building). The specifications include a “light” power wash of each structure, removal of any loose paint, refastening of any popped nails and screws, caulking, reporting rotten siding, and two coats of paint to the siding and trim. The proposals were as follows:

- Happy Painter \$19,140.00
- Leyba Painting \$24,725.00
- Intermountain Painting \$41,690.00
- Water Based Painters \$38,000.00

There was a MOTION: TO AWARD THE 2014 PAINTING CONTRACT TO THE HAPPY PAINTER (HANSI GRUNER) AT A COST OF \$19,140.00. The motion was seconded and carried unanimously. The association budgeted \$35,000.00 for painting in 2014, so this represents a significant savings of \$15,860.00.

In addition, the association paid \$27,810.00 to paint just two buildings (one large and one small) in 2013.

The best quality Benjamin Moore exterior paint will be used. In addition, \$21,000.00 was budgeted for siding replacement. Damaged and rotten siding will be identified on the buildings to be painted and will be replaced on a time and material basis before the buildings are painted.

The first draft of the Reserve Spending Plan was compiled using the 2014 Reserve Budget. Dan noted that not all common elements were included in this budget, and that the Long Term Landscaping Plan and common area lighting should also be worked into the Plan. A Capital Plan Committee comprised of Marilee Horan, Jess Frieze, Linda Guerrette and Deb Forsline was established. Management will email all owners to determine if there are others who would like to volunteer on this Committee.

One owner asked management to look into the cost for more recycling bins at The Reserve. As this cost is not part of the 2014 Operating Budget, there was Board consensus to table a decision on this request.

Dan reported that the warranty work on the roofs has been completed. The contractor has been very responsive. The roof replacement on the trash enclosures is scheduled for this summer.

Dan garnered three competitive, comparable proposals for cleaning the windows in all the common hallways and the windows at the Clubhouse. The proposals were as follows:

- Vail Window Washers \$650.00
- Avalanche Property Maintenance \$600.00
- Bob Strong \$400.00

There was a MOTION: TO AWARD THE WINDOW WASHING CONTRACT TO BOB STRONG. The motion was seconded and approved unanimously. Management will circulate a memo to all owners in advance of the common area window washing in case an owner wants to utilize Bob Strong's services and have their windows cleaned at the same time.

Dan garnered three competitive, comparable proposals for carpet cleaning in the common hallways. The proposals were as follows:

- Rocky Mountain Carpet and Upholstery Cleaning \$2,160.00
- Mr. Vac \$3,488.60
- Workforce Solutions \$4,922.04

There was a MOTION: TO AWARD THE CARPET CLEANING CONTRACT TO ROCKY MOUNTAIN CARPET AND UPHOLSTERY CLEANING. The motion was seconded and approved unanimously. Management will circulate a memo to all owners in advance of the common hallway carpet cleaning in case an owner wants to utilize RMCC's services and have their own carpets cleaned at the same time.

It should be noted that the association paid \$3,052.45 to clean the common hallways in 2013.

It was duly noted that the costs for window washing and carpet cleaning will be paid out of the Operating Budget's line item for Common Maintenance.

The Pool Maintenance Agreement for 2014 was signed into effect by Peter Lord and the association, at a monthly cost of \$300.00. Services include: cleaning three times per week, daily opening and closing of the Clubhouse, water testing, and trash removal, and maintaining a log of daily activities.

VI. Other Business. Management drafted a proposed Pool Rules and Regulations document for review by the Board. Some changes were incorporated and then this draft was emailed to all owners for a 15 day comment period. Several comments were returned from owners and then incorporated into the REVISED PROPOSED Pool Rules and Regulations. The Board then reviewed this draft and with one further change, there was a MOTION: TO APPROVE THE POOL RULES & REGULATIONS. The motion was seconded and carried unanimously. The Pool Rules & Regulations are posted on the website: www.thereserveontheeagleriver.com.

Dan reported that there are four parking lights that are out. Two of the lights appear to have an electrical short in the wiring and an electrician is currently working on their repair and will also replace the lamps in the other two parking lights.

An individual riding his bicycle through The Reserve on June 1, 2013 suffered some injuries after falling from his bicycle while riding over a speed bump in the parking lot. An insurance claim has been filed with the association's carrier, and the insurance company has hired legal counsel at no cost to the association to represent its and the association's interests. The attorney representing the association has advised us that depositions will have to be taken to establish the circumstances of the case and will notify the association as to how the case will be settled. Dan noted that even though the association had no responsibility for this accident or the fire in building A, the association is in danger of falling into a "high risk" category which could result in higher insurance premiums in the future. Bids from insurance carriers will be taken when the association's current insurance contract expires to obtain the best possible insurance coverage price.

There was a suggestion that a Design Review Committee be formed to address any proposed changes to the exteriors at The Reserve.

There was a suggestion to add interior common hallway lighting and exterior door knobs to the Reserve Spending Plan.

Dan reported on water usage for The Reserve. The meters used for irrigation are being billed according to Tier I rates, but a couple of the buildings' meters have fallen into Tier II rates, which have resulted in significantly higher costs.

A report on the irrigation system from Pristine Landscaping will be forthcoming.

Lauren brought a spreadsheet that compares the 2014 Budgeted Operating Expenses with Actuals, and offered to meet with any homeowners who were interested in examining the differentials after the meeting.

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

VIII. Adjournment. There being no further business to come before the Board, the meeting adjourned at approximately 8:50PM.

Respectfully submitted,

Secretary to the Meeting