

The Reserve on the Eagle River  
Board Meeting Minutes  
Monday, August 15, 2016, at 6:30 PM  
The Reserve Clubhouse

BOARD MEMBERS PRESENT: Deb Forsline, Jess Frieze, Linda Guerrette, Marilee Horan and Brian Woodell

BOARD MEMBERS NOT PRESENT: Andrew Abraham

ALSO PRESENT: Sara Thurston McNeill, Secretary to the Meeting

HOMEOWNERS PRESENT: Katy Jacaruso (Unit L-103), Matt Dabrant (Unit J-201), Brian Forsline (Unit G-201), Samantha Lucas (Unit F-302), Theresa Luling (Unit E-202) and June Misner (Unit N-203)

- I. Roll Call. With five of six Board members present, a quorum was established. Deb Forsline, President, called the meeting to order shortly after 6:30PM.
  
- II. Effective Traits of Board Members. Prior to the meeting, Deb Forsline circulated a handout that describes eight traits of effective Board Members, attached hereto. She read the document to all present. Marilee asked what Deb's intention or motive was behind the presentation of the document. Deb responded that she would like Board consensus that these eight traits were a baseline for standard behavior at and between Board Meetings. Since the document was circulated just prior to the meeting, further discussion was tabled until the September Board Meeting to give all Board Members a chance to review it in detail.
  
- III. Lucas Wedding Presentation. Samantha Lucas and her fiancé Burton attended the meeting to give the Board an overview of their application (dated June 30, 2016) to rent the Clubhouse on September 18<sup>th</sup>. Samantha and Burton plan to use the Clubhouse for the storage, staging and preparation of the food and use the restroom for their guests. They plan to erect a 30 foot by 45 foot tent on the south side of the Clubhouse on Saturday, September 17, and remove the tent on the morning of Monday, September 19. They anticipate hosting 75 guests under the tent from 3PM to 8PM on Sunday. A majority of the guests will be staying at the Inn at Riverwalk and will walk to and from the wedding, eliminating the need for parking at The Reserve. There will be no smoking permitted at the wedding, beer and wine will be served along with food and soft drinks, and all guests will be gone before 10:00PM.

The Board thanked Samantha and Burton for their presentation and they excused themselves from the meeting.

IV. Review and Approval of the Minutes of the July 18, 2016, Board of Directors Meeting. These minutes were drafted and circulated to all Board members for review via email prior to the meeting. There being no suggested changes, there was a MOTION: TO APPROVE THE MINUTES OF THE JULY 18, 2016, BOARD OF DIRECTORS MEETING AS PRESENTED. The motion was seconded and carried unanimously.

V. Homeowner Forum. June Misner reported that during the recent replacement of a board on her deck, a rotten support was discovered under her deck on Building N. The Board thanked her for attending the meeting and assured her that the Reserve Study has been modified to expedite the inspection of all deck supporting posts and their replacement as needed.

The remainder of the Homeowner Forum included detailed discussion regarding parking and trailer storage at The Reserve. There was a MOTION: TO REQUIRE THAT ALL TRAILERS CURRENTLY PARKED WEST OF THE WEST DUMPSTER (IN FRONT OF BUILDINGS P AND Q) BE MOVED TO ANOTHER DESIGNATED LOCATION ON THE PROPERTY (TO BE DETERMINED). The motion was seconded and carried unanimously. Management will work with the owners of the trailers to get them repositioned in a timely manner.

The Board discussed other possible solutions to parking problems at The Reserve, including painting lines for diagonal parking in the back lots, assigning parking spots in front the buildings, creating a locked lot for storage, and possibly charging fees for the storage of trailers, RVs and other large vehicles.

VI. Financial Review. Kay Cheney, bookkeeper for the association, prepared the current financial reports (as of July 31, 2016) and Deb Forsline presented them to the Board.

According to the Balance Sheet, the association currently has \$71,900.76 in the regular checking account and \$157,113.05 in the liquid asset replacement account. Accounts Receivable as of August 13, 2016, was <\$12,476.96.> There is one account of concern. Management has been in touch with the owner and discovered that her automatic payments ceased when she changed banks. The owner is working to get the deficiency rectified.

The Profit and Loss Statement reveals that the association has operating expenses of \$246,465 for the first seven months of the year. This compares with budgeted expenses of \$277,142. Jess noted that the General Common Improvements line item is a “contingency” fund out of which nothing has been expensed yet this year. Net Income is \$6709.

The 2016 beginning balance in the Replacement Reserve Account was \$107,305.28. Funding totals \$44,520.00 (through July 31, 2016) and 2016 capital expenses total \$60,068.56 and include \$13,513 to Guerrero’s Roofing, \$2234.70 for smoke detector replacement, \$1193.76 for the new Knox Box, \$446.28 for wiring for new heat tapes, \$3668 to Goodman Wallace for work on the Governing Documents Revision Project, \$3200 for the professional Reserve Study, \$1705 for the replacement of a deck support post on Building G, \$2359.50 for the replacement of a deck support post on Building N, \$10,955 for new gutters, \$522.50 for deck post inspections, \$12,000 for new asphalt sidewalks and \$5440 for the irrigation system design. The ending balance in the Replacement Reserve Account is \$94,850.48.

VII. Manager’s Report. Since Dan could not be present at the meeting, he submitted a written report prior to the meeting and Sara McNeill discussed various aspects of his report with the Board, including:

- The exterior painting of Buildings D and N is complete. The Happy Painter will paint Building G at the end of August and then complete any punch list work.
- A fair amount of siding was replaced, mostly at roof lines and around chimneys. We continue to run into areas around decks where we have some soft wood from moisture absorption over the years and are replacing as needed. We also have replaced two deck support posts and suggest that we replace the remaining 32 rotting posts of concern in 2017. This was added to the Reserve Study.
- Gutters and downspouts have been added on each of the buildings being painted. We allocated funds in the reserve plan to continue with this over the next several years when we paint a specific building.
- Roof inspections are slated to occur prior to winter; any missing shingles will be replaced.
- The final engineering report on the bridge has been delivered and we are awaiting the costs for the proposed railing work. We have ordered the sealant for concrete decking. We need to come up with plan to mitigate erosion on the bank.
- Asphalt sidewalk replacement is now complete. We brought in some top soil to fill around them. These areas may need some grass seed.
- Dan suggests replacing the antiquated and failing landscaping lights when Phase 2 of the irrigation system replacement project is undertaken in 2017,

since the trenching machines will be on site. Jess did a complete inventory of all of the existing ballards.

- Some adjustments were made to the Reserve Study to prioritize fire/life/safety concerns and the structural integrity of building elements.
- The first phase of the irrigation system replacement project is in full swing and schedule has been sent to all owners.

Jennie Lewis, Code Enforcement Officer prepared her bi-weekly report and it was distributed at the meeting. She continues to work to get all residents in compliance with the **4 vehicles only rule** and making sure that all parking permits on vehicles are currently registered with a unit and to get current leases on file in the office. After some discussion, there was a MOTION: TO DIRECT MANAGEMENT TO IMMEDIATELY TOW ANY TRAILER THAT IS NOT REGISTERED TO AN OWNER OR CURRENT LESSEE. The motion was seconded and approved unanimously.

Deb Forsline discussed the somewhat modified Reserve Study with the Board. Color coding was added for ease of review.

Yellow = fire / life / safety element  
Orange = replace after useful life expires  
Gray = governance items  
Blue = structural integrity items  
Green = curb appeal items  
Purple = long term, aesthetic items

Linda commented that prioritization of capital projects is critical to properly manage the limited funds available to the association. It is also important to not neglect or ignore any of the items in the Study. The Reserve Study is a “working document” and is subject to change.

VIII. Committee Reports. Deb Forsline reported that she hopes to have the revised (red-lined) proposed Amended & Restated Declaration to all Board members to review prior to the next Board meeting, targeting a vote and adoption of the Declaration and Bylaws at the 2016 Annual Meeting. Legal counsel has been in contact with the surveyor to update the Plat Map.

Linda Guerrette reported that Phase 1 of the Irrigation System Replacement Project is now underway. The contractor has not uncovered any unexpected issues at this point. New taps and meters will be installed between Buildings B and C and Buildings F and G. When ERW&SD installs the new meters, they will test the backflow valves.

The entry landscaping project around Building D will enlarge the three existing beds and reduce the turf area. A stone monument engraved with The Reserve on

the Eagle River will be a focal point of this project. Other boulders and trees will become a part of this project, intended to look similar to the landscaping at the Edwards roundabouts near the I-70 interchange. No tall plantings will be placed near the road in order to maintain a safe sight distance at the intersection.

The Garage Feasibility Committee plans to meet on Tuesday, September 6 at the Clubhouse.

IX. Old / New Business. Management was directed to order two more NO FISHING ACCESS signs and to erect the three signs on common area.

Four Board Members voted to allow the Lucas Wedding to proceed on September 18<sup>th</sup> (Linda Guerrette abstained from voting because she is the wedding photographer). Management was directed to determine if any additional liability insurance would be needed for this type of event, and if so, the bride and groom would be required to pay for it. The Board also agreed to keep the usage fee at \$100 (plus a damage deposit of \$350).

VIII. Adjournment. There being no further business to come before the Board, the meeting adjourned at approximately 8:20PM.

Respectfully submitted,

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Secretary to the Meeting

## Eight Traits of Highly Effective Directors

As we begin a new year as Directors of the Board for The Reserve on the Eagle River, may I suggest that we adopt these 8 Traits of Highly Effective Board Members as our professional norms of behavior. These traits have been identified as practices that make individuals outstanding participants in the governance of their homeowners' associations ("HOAs"). Presented for your review.

Trait #1: It's all about the HOA and not about their personal agenda.

A highly effective director understands that he/she has a fiduciary duty to act in the best interests of the association as a whole and is able to put aside his or her personal interests or agenda on any given issue. A highly effective director is also able to put the interests of the association ahead of the interests of neighbors or friends.

Trait #2: A highly effective director never attends an association meeting without having the governing documents of the association close at hand and routinely consults the documents for guidance.

A highly effective director understands that he/she has a duty to comply with and enforce the governing documents of the association. A highly effective director understands and is committed to consulting the governing documents of the association prior to making decisions. These directors always have the declaration, bylaws, SB 100 policies, and the rules and regulations of their association available for review at all meetings.

Trait #3: A highly effective director asks constructive questions and is an outstanding listener.

A highly effective director never believes their opinion is the only reasonable opinion and their solution is the only correct solution. Instead, a highly effective director always approaches issues and solutions in an open-minded way. These directors understand the value of soliciting input from others and really listening to what others have to say. Highly effective directors always listen respectfully to others and don't interrupt them. These directors understand when homeowners feel strongly about an issue and give them an opportunity to express their concerns and even anger. A highly effective director never permits their personal feelings about an individual to interfere with actively listening to that individual and giving their input fair consideration.

Trait #4: A highly effective director never acts as a Lone Ranger.

A highly effective director understands that he/she is only one member of a board of directors and has very little (if any) authority to make independent decisions on behalf of the board. These directors (including officers of the HOA) understand that any individual authority they may have is set forth in the governing documents of the association or is conveyed to the individual through formal action by the board. A highly effective director never makes promises to homeowners or others on how the board will act on any given

issue. Instead, these directors invite homeowners to attend meetings of the board to provide constructive input on issues that are important to them. A highly effective director never enters into contracts or binds the association to any particular action unless the governing documents provide the director with this authority or without first obtaining board approval.

Trait #5: A highly effective director passionately debates issues in the board room and then supports the ultimate decision of the board.

A highly effective director understands that the board room is the place to debate association issues. While these individuals are passionate proponents for their position, they are always constructive in their presentation and never engage in verbal attacks. If the board of directors votes to take a different approach than the position they advocated for, these directors understand that it's in the best interests of the association to speak with "one voice" and will never cause dissension in the community over the decision. Highly effective directors will support the decision within the community or if they cannot do so – they will say nothing at all.

Trait #6: A highly effective director is committed to governing with transparency.

A highly effective director understands and embraces the fact that their HOA is made up of members who have a right to observe the governance process and provide input to the board prior to important decisions being made. These directors do not use "working sessions" as an excuse for holding closed meetings. Instead, these highly effective directors provide notice to members of regular board meetings and invite their attendance. These individuals also understand that routinely carrying out the governance of their association via email does not promote the transparent governance of their association and should only be utilized when necessary. A highly effective director understands and complies with the open meeting requirements under the Colorado Common Interest Ownership Act ("CCIOA") and the right of members to speak to an issue prior to a vote being taken by the board.

Trait #7: A highly effective director strategically looks at and plans for the future.

A highly effective director understands that the directors of the HOA cannot afford to put their heads in the sand and not look to the future. Instead, these individuals encourage their boards to effectively address the issues of the day and to engage in strategic planning to look at the strengths, weaknesses, opportunities and threats (SWOT Analysis) facing their association and to appropriately set achievable goals and objectives to meet them. Highly effective directors encourage their boards to keep their eye on the ball and follow through with these goals and objectives. These individuals understand the financial and operational consequences of not planning for the future.

The final trait of a highly effective director addresses the importance of ethics and integrity in the governance of HOAs.

Trait #8: A highly effective director discloses and properly handles conflicts of interest.

A highly effective director is familiar with and complies with the SB 100 policy of his/her HOA relating to board member conflicts of interest. These individuals understand when they must recuse themselves from discussing and voting on matters relating to potential conflicts of interest. Highly effective directors understand that any monetary benefit the director, a family member or related business entity may ultimately receive relating to a business transaction with the association must first be disclosed to the entire board of the HOA before a decision is made on whether to enter into the transaction. These directors also understand that covenant enforcement actions against residents of the HOA which would uniquely benefit the director are also conflicts of interest and the director should recuse himself/herself from acting as an impartial decision maker on these enforcement matters. Highly effective directors never attempt to unduly influence other directors for personal or financial benefit.

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