

The Reserve on the Eagle River
Board Meeting Minutes
Monday, August 24, 2015, at 6:30 PM
The Reserve Clubhouse

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

NOT PRESENT: Peter Lord

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

OTHER MEMBERS PRESENT: Guerrette (I-203), Forsline (G-201) and Frieze (N-101)

- I. Roll Call. With five 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. Linda Guerrette requested that her deck railing be repainted as soon as possible. It was scraped by a ladder during roof snow removal efforts last winter.

Deb Forsline had the following comments and directed management to add them to the minutes:

On July 28th and 29th group emails were sent misrepresenting my stated and documented position regarding financial management at The Reserve. A group email can end up in unintended email inboxes. For that reason, I am requesting that my consistent and previously documented position statement regarding a Reserve Spending Plan at the Reserve be documented, again, in these August 2015 Meeting Minutes.

In the Reserve on the Eagle River June 2014 Meeting Minutes, it is recorded that, as a homeowner, “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 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.”

As a Board member, I continue to state the same position, particularly in discussions at our June 2015 and July 2015 Board meetings. Our Association hired attorney, Kerry Wallace, to review our compliance with the Responsible Governance state statutes for HOA's, as listed in CCIOA 38-33.3-209.5. Responsible Governance Policies. A working Reserve Spending Policy was our single missing element. Now that we have legally re-stated our Association's intention to complete a Reserve Spending Plan, my position is:

1. The Reserve Spending Plan Policy should not be just a formality. We adopted it and we need to create it, professionally, based on at least 6 recommendations from various stakeholders, as documented in The Reserve Meeting Minutes from 2013-2015
2. As stated in my email to the Board on 7/28/2015, "I am committed to the documents revision project because all owners should be able to look at the big picture of our financial resources and proposed projects and be able to understand where we stand, what sacrifices may need to be made, and what benefits will be realized based on planned expenditures." Our Responsible Governance, Reserve Spending Plan, is part of this work.
3. That we begin the process of getting bids and hiring a Reserve Specialist to complete our Reserve Spending Plan, in consultation with Management and the Reserve Spending Committee, BEFORE any assessments or Capital expenditures, not already approved, are considered by this Board of Directors.
4. I have never, and will never propose or support the selling of our adjoining property as a funding source for meeting fiduciary responsibilities at The Reserve on the Eagle River. As stated in my email to our Board of Directors on July 28, 2015, let's lay this controversy to rest."

III. Minutes of the July 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 being no further suggested changes, there was a MOTION: TO APPROVE THE MINUTES OF THE JULY 20, 2015, BOARD OF DIRECTORS MEETING AS PRESENTED. The motion was seconded and carried unanimously.

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

According to the Balance Sheet, the association has \$57,952.97 in the regular checking account and \$151,060.81 in the liquid asset replacement account. The balance on the roof loan to Guerrero's Roofing is \$38,513.

The Profit and Loss Statement reveals that the association has total income of \$233,797 through July 31, 2015. Operating Expenses for the first seven months of the year total \$254,288. This compares with budgeted expenses of \$242,299; therefore the association is \$11,989 over budget. Cost overruns have been experienced in the Land Design, Snow Plow, Snow Roof, Paint Hallways, Landscaping (due to an extensive mulching project), Common Repair and Maintenance (due to lighting baluster replacement) and Common Electric line items. Savings have been garnered in the Common Repair & Maintenance, Plumbing and General Common Improvements Line items.

The 2015 beginning balance in the Replacement Reserve Account was \$92,468.26. Current year funding through Replacement Reserve Assessments totals \$63,398.16. 2015 Capital Expenditures so far total \$48,979.61, \$35,000 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 (\$4514), Governing Documents Revision work (\$1457), pool drain work (\$2351), work on the gravel walkways (\$1626) and tree removal (\$4032). The balance in the Replacement Reserve Account as of July 31, 2015, is \$106,886.81.

There are currently five owners who are more than 60 days behind in the dues payments. Management has been in contact with all of these owners, and plans to turn one of the accounts over to legal counsel for collections.

- V. Manager's Report. Dan McNeill distributed the updated 2015 Projects List to the Board, indicating that many of the items have been completed at this point. Paint touch up, front door work and the removal of some metal landscape edging still needs to be done.

The Painting / Partial Siding Replacement Project is underway. Building Q is complete, work continues on Building P and Building M should be done within the next few weeks. The painter will most likely not be able to get to Building K this year since he has surgery scheduled for the early fall. Building K will be a top priority next year. Once the painting of these three buildings is complete, gutter installation will occur to protect the siding.

The suggested fire mitigation work is now complete. Management removed dead trees and branches throughout the property. The pile of brush and debris across of Building G still remains, although it is not an immediate threat to any of the structures. Management was directed to contact the Eagle Fire Protection District to determine if they are interested in performing a controlled burn on the pile during a period of cooler and wetter weather.

Mike Skellion reported on the following items via email prior to the meeting: a leak in M-102 is being repaired today. The drain under the tub of M-202 was

leaking into M-102. The parking lot striping was completed about two weeks ago. Avalanche repaired a stuck zone on the irrigation system earlier this week. The pool is looking good and has been trouble-free recently.

Dan reported that work on the bridge's expansion joint should begin in about three weeks. The contractor will be able to keep one lane open across the bridge while the repairs are being conducted. Once the joint has been replaced, the rails will be painted. The concrete sealant work will be done next year. The Board plans to order the sealant material and management will apply it using the Avalanche maintenance staff on a time and materials basis.

Management will have Double M Asphalt update their concrete walkway bid and hopes that the contractor can complete the work this fall.

The Board and management discussed how best to approach roof leaks in the future. Dan noted that even though the roofs are relatively new, there is a great deal of heat loss which creates ice dams at the eaves. This issue, coupled with the fact that ice and water shield was not extended high enough on many of the sidewalls is most likely the cause of many of the leaks experienced last winter. Linda Guerrette requested that any roof shingles damaged during ice removal efforts be replaced. Jess noted that there will be funds set aside in the Capital Improvement Plan each year for roof repairs.

Management will schedule the annual drain line clean outs with PSI. The work will be conducted during October.

Dan then referred to the draft of the Capital Improvement Plan and distributed the spreadsheet to all present. Several meeting attendees commented that they would like to see the proposed new irrigation added to the Plan. Jess commented that there is currently no "line item" for the irrigation system because its design and cost have not yet been finalized.

Discussion regarding the Capital Improvement Plan continued. There was a **MOTION: TO HIRE A RESERVE SPECIALIST TO COMPILE A COMPREHENSIVE CAPITAL IMPROVEMENT PLAN.** The motion was seconded and discussion continued. The Board asked Dan how much a professional Reserve Study would cost? Dan replied that a Reserve Specialist would most likely charge between \$3000 and \$5000 to complete the study for an association the size of The Reserve. The "in house" spreadsheet compiled by management with the aid of the Board will be a useful starting point.

After some further discussion, the **MOTION WAS AMENDED: TO GARNER SEVERAL COMPETITIVE BIDS FROM RESERVE SPECIALISTS FOR THE COMILATION OF A COMPREHENSIVE CAPITAL IMPROVEMENT PLAN.** The motion was seconded and a vote was taken: the motion passed unanimously.

Dan noted that it is typical for the cost for these professional fees to be paid out of reserves.

- VI. Committee Reports. Deb Forsline reported that the Governing Documents Revision Committee is waiting on the first draft of the Amended and Restated Declaration to be completed and delivered by legal counsel. She is hopeful that this will be done some time in September. Deb will forward the A&R Declaration draft to all Board members once received.

Lauren commented that it would be useful to have legal counsel draft a revised Conflict of Interest Policy that requires all Directors to execute upon election to the Board. It is duly noted that a **Policy Regarding Board of Directors Conflicts of Interest** was adopted by the Board in November 2009. This Policy could be amended to be more specific to The Reserves' needs.

- VII. Other Business. Jess has been doing some research on how best to proceed with the new irrigation system. He presented those present with a proposal from Grand Junction Pipe and Supply to design the new system and to bid out the project based upon their specifications for \$4600. GJ could also serve as the project manager for this large-scale capital project to ensure that proper construction methods are employed throughout the project, compile a punch list upon substantial completion and provide "as built" plans to the association. He requested that the Board members review the proposal and bring any discussion points to the September Board Meeting. Dan was directed to get a similar proposal from Ceres Land Care and Design. All agreed that once the cost for the new system is finalized, it will need to be worked into the Capital Improvement Plan. Dan suggested that a straw poll of the membership be taken at the 2015 Annual Meeting to gauge support for phasing the project (and any related special assessments) over several years, or to try and tackle it all at the same time.

The Board expressed sincere thanks to Deb Forsline for her work on the Governing Documents Revision Committee, to Marilee Horan for her work on the Capital Improvements Committee and to Jess Frieze for his continued oversight and dedication to the best interests of the community.

- VIII. Adjournment. There being no further business to come before the Board, the meeting adjourned at approximately 7:55PM.

Respectfully submitted,

Secretary to the Meeting