

The Reserve on the Eagle River
Board Meeting Minutes
Monday, November 20, 2017, at 6:30 PM
The Reserve Clubhouse

BOARD MEMBERS PRESENT IN PERSON: Deb Forsline, Marilee Horan, Jess Frieze, and Brian Woodell

NOT PRESENT: Linda Guerrette

ALSO PRESENT IN PERSON: Dan McNeill, Managing Agent, Bob Oppenheimer of McNeill Property Management and Sara Thurston McNeill, Secretary to the Meeting

HOMEOWNERS PRESENT IN PERSON: Tucker Baer and Lynnette Baer (Unit N-104) and Steve Wodlinger (Unit C-101)

- I. Roll Call. With four of five Board members present, a quorum was established. Deb called the meeting to order at approximately 6:30PM.

- II. Review and Approval of the Minutes of the October 16, 2017, Board of Directors Meeting. These minutes were drafted and circulated to all Board members for review and comment via email prior to the meeting. Several changes were incorporated, and the minutes were recirculated prior to today's meeting. Jess had one final change to incorporate, and once that change was incorporated, there was a MOTION: TO APPROVE THE MINUTES OF THE OCTOBER 16, 2017, BOARD OF DIRECTORS MEETING AS DISCUSSED. The motion was seconded and approved unanimously. The minutes will be posted to the website.

- III. Homeowner Forum. Tucker and Lynnette Baer addressed the Board regarding recent problems with drain line back-ups into their unit. Extensive damage to drywall and flooring happened even after the line was jetted by PSI. A follow-up visit from the plumbing contractor resulted in a deeper jetting and a second drain line clean out was installed inside of their unit. Lynnette reported that she called Serve Pro to mitigate the moisture and damage to the interior of the home, after which she filed a claim on her HO-6 policy. Costs to date include \$1800 to dry out the condo and \$5350 to replace drywall and flooring. Their insurance carrier will cover the cost to repair the damage, but they incurred \$1000 for their insurance deductible and requested that the Board approve a reimbursement for this expense. After brief discussion, there was consensus to do so, as the association has done for other homeowners with similar issues in the past.

Tucker and Lynnette requested that the second clean out be move to a location outside of the interior of her home. Dan will contact PSI to see if this is possible.

He noted that he and Jess met with PSI earlier that day and the plumber commented that the new, high efficiency clothes washers that homeowners have been purchasing and installing may be too powerful for many of the slow drain lines at The Reserve.

Steve Wodlinger attended the meeting to discuss how best to address speeding traffic in the parking area in front of Building C. After detailed discussion, there was consensus to install a “temporary” speed bump in front of Building C (south of the landscape island). Such a device is composed of a hard rubber or plastic material and then fastened to the asphalt with metal spikes. Steve requested that whenever tree pruning occurs, homeowners be notified. Dan explained that whenever tree removal is planned, all homeowners in any adjacent buildings are notified, but pruning is typically done without homeowner notification either to prevent damage to structures, extend the life or enhance the health of a tree, or because of fallen limbs (that recently occurred because of early, heavy snowfall).

IV. Financial Review. Kay Cheney, bookkeeper for the association, prepared the current financial reports (as of October 31, 2017) and Dan McNeill presented them to the Board.

According to the Balance Sheet, ten months through the year, the association has \$38,347.32 in the regular checking account and \$187,788.06 in the liquid asset replacement account. Assets, liabilities and equity total \$271,561.72 including \$29,523.06 in prepaid insurance premiums and \$9162.27 in accounts receivable.

The Profit and Loss Statement reveals that the association has incurred operating expenses of \$377,869 so far this year, compared to budgeted expenses of \$358,650. Common Repair & Maintenance, Snow Removal, Paint Buildings, Plumbing and Insurance Claim are over budget. Fire/Life/Safety, Lawn Care, Janitorial, and Water & Sewer are under budget. All other line items are tracking at or under budget at this point in the year. Net income is <\$27,427.50>.

The 2017 beginning balance in the Replacement Reserve Account was \$125,323.17. 2017 Funding totals \$96,700 from regular assessments and \$55,851 was added from the Irrigation Special Assessment. 2017 capital expenses total \$167,609 including \$9989 for new gutters, \$114,877 for the Irrigation System Replacement Project, \$10,491 for parking lot striping and trailer re-assignment, \$10,133 for exterior lighting work, \$6964 for the Governing Documents Revision Project (including a new survey), \$7207 for tree removal, \$1020 in landscaping upgrades and \$5199 for the Deck Post Replacement Project. The ending balance in the Replacement Reserve Account is \$136,125.69. There is an additional \$75,516.45 in working capital reserves.

Current A/R status report was presented and reviewed.

Dan estimated that based on the remaining operating expenses for the year, the association should end 2017 with an approximately \$17,000 surplus.

- V. Manager's Report. The 2017 Project List was updated and given to each Board member in their packet. The List is now complete. Gutter were recently cleaned, and some roof repairs have been completed.

Dan updated the Reserve Study with actual 2017 capital expenses. The purchase of some new pool furniture and the addition of sewer line clean outs will be re-classified as capital expenses. 2018 capital projects under consideration are the replacement of deck support posts (to be prioritized), replacement of the pump for the Clubhouse lift station, asphalt repairs, entry landscaping project, walkway lighting, deck joist work and continued gutter and downspout additions (with heat tapes).

- VI. Committee Reports. The Board discussed the proposed Amended & Restated Bylaws and incorporated several changes into legal counsel's first draft. One significant change is to reduce the requirement for a quorum at the Annual Meeting to 25% of the membership (either in person or by proxy). Previously 33% was the quorum requirement.

- VII. Other Business. The Board discussed the election process for the upcoming Annual Meeting. The current Board consists of Deb Forsline, Jess Frieze, Linda Guerrette, Marilee Horan and Brian Woodell. Brian and Linda have terms that expire at the Annual Meeting. Susan Ferrari was elected to the Board last year, but resigned early. Andrew Abraham resigned earlier this year, and his term would have expired at the Annual Meeting. Linda Guerrette and Christine Riker are declared candidates. Additional nominations will be sought from the floor at the meeting. Management will bring paper ballots for meeting attendees to fill out.

Since the new Bylaws will not be in place prior to the Annual Meeting, the Board and management will make a concerted effort to collect as many proxies as possible in advance of the meeting. The requirement for a quorum will still be 33% or 44 homeowners.

Management asked the Board to consider changing the wording in the Parking Rules. After discussion, there was a MOTION: TO AMEND CLAUSE 8.5.1 TO READ: An owner may apply for use of an additional Parking Permit for a trailer (not for an additional passenger vehicle or oversized vehicle). Only one Additional Permit may be issued per Unit. Additional Permits are issued based upon availability and on a first come / first serve basis. The motion was seconded

and a vote was taken. Three Directors voted FOR the motion and one Director voted AGAINST the motion. The motion passed.

Based upon a presentation on solar panels at the prior month's Board Meeting, Jess took it upon himself to do some further research into this possible future project. Based on Active Energies Solar email of November 14, 2017, Jess noted that Holy Cross Energy had extended the \$0.93841 "Tariff Generation Program" through 2018, but they have limited the participation in this program to the first projects that generate 2MW (megaWatts). This means that if The Reserve were to participate in the program, the association would have to commit to it early in 2018.

Jess contacted FirstBank to determine what the terms on a \$354,804.00 loan (estimated cost of the project) to the association for this type of project would be. FirstBank gave a preliminary estimate of the loan terms including a 1% loan origination fee and 6.25% interest on a fully amortized 15-year loan. Jess compiled a proforma based upon these values and the net cost (principle and interest less the Holy Cross yearly payment) of the project the first year would be \$17,898.71, and the net cost in the 15th year would be \$14,580.78. The Reserve's current common electricity budget is \$18,000 annually. This means that if The Reserve chose to install a photovoltaic system (solar panels), the first year's net costs would be less than the 2017 budget for electricity. The net costs for common electricity line item would be guaranteed to go down each year till the loan was paid off in the 15th year. Holy Cross will continue to pay The Reserve for the electricity generated by our photovoltaic system for 20 years. The total estimated payments from year 16 through year 20 would be \$113,136.53. Jess's conclusion was that The Reserve can guarantee its common electricity cost will go down for the next 15 years (at the time the loan is fully paid) and then receive payments from Holy Cross for the next five years. In addition, a Federal Tax Credit of \$106,441.00 will be issued in 2018 to be divided by the 131 Reserve owners.

Jess concluded that the photovoltaic system would offer tremendous benefits to The Reserve owners. Although Jess will not be able to attend the upcoming Annual Meeting, one of the Board members will present a summary of his findings to the membership.

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

Respectfully submitted,

Secretary to the Meeting