

Red Canyon Townhomes Association
Board Meeting Minutes
Thursday, November 5, 2015, 6:00PM
Eagle Public Library and Via Conference Call

MEMBERS PRESENT IN PERSON: Chris Juergens, Susan Flock, Erin Carlson, and John Hannon

MEMBERS PRESENT VIA CONFERENCE CALL: Michael Lavery

MEMBERS NOT PRESENT: Kat Jahnigen and Kobus Swanepoel

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

- I. Roll Call. With five of seven Board members present either in person or via conference call, a quorum was established. Dan called the meeting to order shortly after 6:00PM.

- II. Financial Review and 2016 Budget Presentation. Brandi Resa prepared and presented the year-to-date financial reports (as of September 30, 2015). According to the Balance Sheet, the association currently has \$411,864.07 in total assets, liabilities and equity, including <\$1,219.89> in accounts receivable and \$23,336 in prepaid insurance premiums. Brandi reported that the association is in good shape with regard to accounts receivable. There are several owners who typically pay late, but with reminders are staying on track.

There is currently about \$210,000 in a money market checking account at Community Banks of Colorado, and \$45,922.13 in one CD and \$63,016.58 in a second CD. Both Erin's and Chris' signatures are required to move any money market funds into certificates of deposit. Management was asked to research whether all of the accounts at Community Banks are fully insured under FDIC.

The Profit and Loss Statement reveals that the association has incurred \$110,830.90 in operating expenses through September 30th. This is \$9091.08 over budgeted expenses. Cost overruns have been experienced in the line items of Pet Clean Up, Irrigation System, Project Management Fees (for extra code violations inspections), Maintenance—General and Trash—Controllable. Some of the irrigation costs will be re-couped when the association bills back the Town of Eagle and there should be only a few more maintenance invoices that need to be paid in the last quarter. Dan gave the Board a detailed break-down on all of the maintenance costs run through this line item, including paint touch up, gutter

repairs and cleaning, roof leak mitigation, roof repairs, signage and the removal of satellite dishes and related wiring. The maintenance items can be tied directly to the 2015 Projects List, now substantially complete. Brandi estimates that the association will end the year with about a \$3000 deficit in the operating account

The 2015 beginning balance in the Reserve Account was \$338,918.63. Current year funding stands at \$70,566 and capital expenses total \$19,752.82 for siding repairs, asphalt crack filling, seal coating, line and number painting, pruning of trees and shrubs and a large quantity of sod replacement. The ending balance in the Reserve Account is \$389,731.81. Additionally, there is \$22,800 in working capital reserves.

Brandi then presented the proposed 2016 Operating Budget to the Board. Operating assessments will increase by \$13,500 to pay the association back for prior year's operating deficits (\$6740 in 2012, \$4268 in 2013 and \$2327 in 2014). In addition, increases are expected in the line items of Irrigation, Maintenance—General, Snow Removal—Roofs and Insurance. No increase in management fee is proposed. The Board and management reviewed each line item in the budget in detail and some adjustments were made. After lengthy discussion, there was a MOTION: TO ADOPT THE 2016 OPERATING BUDGET AS DISCUSSED, ATTACHED HERETO AND INCORPORATED INTO THESE MINUTES. The motion was seconded and approved unanimously.

The Board discussed how to best fund regular reserves (not including garage reserves) in the coming year in order to address future capital projects, including painting and roof replacement. If no dues increase is incurred in 2016, then \$63,588 will be added to reserves. With a \$5 per month per unit increase, 2016 reserve funding will be \$68,148 and with a \$12 per month increase, 2016 reserve funding will be \$74,532. Management will email the three scenarios to the Board members for a final decision no later than Friday, November 13, 2015. Once the Board decides how to fund reserves in the coming year, management will send the entire budget to the membership, along with any notice of a dues increase.

NOTATION INTO MINUTES: The Board ultimately decided that a \$5 per month per unit increase was warranted in 2016. It is duly noted that Chris Juergens favored a \$12 per month increase in order to more fully fund the capital spending plan.

- III. Manager's Report. Dan then reviewed the Reserve Study with the Board, noting that capital projects under consideration for 2016 are deck staining, including all rails and caps. Complete painting of all structures is currently slated for 2018, asphalt mill and overlay (and related grading and drainage) is slated for 2020 and roof replacement is scheduled to begin in 2022, representing over \$1 million in future capital expenses. Chris Juergens and Erin Carlson both favored

funding reserves incrementally over the next few years (with contributions increasing according to the Reserve Study) instead of levying special assessments.

- IV. Other Business. Brandi reported that the owners of 41 Christian Court have incurred a fine in the amount of \$100 for having a dog off leash. They also have not paid their pro-rated 2015 pet fee of \$50. After some discussion, there was a MOTION: TO WAIVE THE \$100 FINE CONTINGENT UPON THE PAYMENT OF THE 2015 PET FEE NO LATER THAN DECEMBER 1ST. The motion was seconded and approved unanimously.

The discussion regarding Window Replacement Specification was tabled until the next Board of Directors Meeting in the interest of time.

The 2016 Annual Meeting was scheduled for Wednesday, January 27, 2016, at 6:00PM at the Eagle Public Library.

- V. Adjournment. There being no further business to come before the Board, the meeting adjourned at approximately 7:35PM.

Respectfully submitted,

Secretary to the Meeting