

**The Reserve on the Eagle River Condominium Association
2018 Annual Meeting Minutes**

Monday, December 3, 2018, at 6:30PM MT at the
Reserve Clubhouse
34999 US Highway 6, Edwards Colorado

ATTENDANCE: The following Directors were present:

- Deb Forsline
- Linda Guerrette
- Marilee Horan
- Christine Riker

The following Directors were absent:

- Jess Frieze

Other members in attendance were:

- See attached list

ALSO PRESENT: Dan McNeill, Managing Agent, Mariah Raiche of McNeill Property Management and Sara Thurston McNeill, Secretary to the Meeting

- I. Roll Call. With 57 of 131 unit owners represented either in person or by proxy, a quorum was established (accordingly to the by-laws, a quorum constitutes 25% of the membership or 33 units represented either in person or by proxy). Dan welcomed all to the meeting and certified all of the proxies received prior to the meeting. Deb Forsline, President called the meeting to order at approximately 6:35PM. Those present at the meeting took turns introducing themselves to the membership.

- II. Review and Approval of the Minutes of 2017 Annual Meeting. These minutes were previously distributed to all owners for review and posted on the website: www.thereserveontheeagleriver.com. There being no suggested changes, there was a MOTION: TO APPROVE THE MINUTES OF THE 2017 ANNUAL MEETING OF THE RESERVE ON THE EAGLE RIVER CONDOMINIUM ASSOCIATION AS PRESENTED. The motion was seconded and carried unanimously.

- III. President's Address. Deb Forsline then addressed the membership. She gave the following report:

Thank you for attending your 2018 Annual Meeting. On behalf of your Board and Management Team, this has been a year marked by the completion of major goals and projects aligned with our vision for The Reserve on the Eagle River.

The Board's focus continues to be on transparency, increasing property values and the wise use of natural resources.

The following are our guiding decision-making questions:

1. Are we managing our Operating Budget and Reserve Spending in the most responsible manner to maintain and improve an aging property? Safety, first.
2. Are we setting policy and governing transparently and equitably?
3. Is improving property value a high priority?
4. Are we enforcing rules and regulations in a manner that allows for optimal enjoyment and use of our amenities for our dues paying owners and residents?
5. Are we moving toward more responsible and sustainable use of natural resources?

2018 Accomplishments Include:

1. We have experienced the first full summer after the new irrigation system was installed and separately metered so that we can track our water usage savings. All assessments for this project have been collected.
2. The Governing Documents Revision is finally complete. All documents are posted on the website.
3. Truly dangerous, rotted structural deck support posts were replaced

Looking Forward We Hope to Accomplish:

1. Continuous improvement will be the desired norm for difficult management issues in a multi-family and transient community, like ours. There will always be a need for active enforcement in the areas of parking, proper dumpster use, storage of personal property, private use of amenities for dues paying owners and residents.
2. The Solar Project initiated at the annual meeting in 2017 is still in a contract negotiation phase.

We are fortunate and grateful to live in this community. We will continue to work to encourage increased trust and community involvement at The Reserve on the Eagle River.

- IV. Financial Report. Kay Cheney of Intermountain Bookkeeping, prepared the current financial reports (as of October 31, 2018) and Dan McNeill presented them to the membership.

According to the Balance Sheet, the association has \$60,170.20 in the regular checking account and \$120,520.87 in the liquid asset replacement account. Assets, liabilities and equity total \$220,693.23 including \$30,689.26 in prepaid insurance premiums and \$2571.01 in accounts receivable. The balance in the Replacement Reserve Account is \$60,194.30.

The Profit and Loss Statement reveals that ten months through the year, the association has total income of \$343,786 (based upon budgeted income of \$337,500) and has incurred total operating expenses of \$370,358 (based on budgeted expenses of \$383,171). Net income equals \$6202 (based upon a budgeted deficit of \$10,458 at this point in the year). Dan reviewed each budget category with the Board. The greatest savings have been achieved in Snow Removal and Water & Sewer. Plumbing is over budget due to multiple drain line backups that have occurred after business hours or over weekends.

2018 capital expenses total \$215,435 and include \$4129 for new gutters, \$795 in expenses related to the solar energy project, \$7675 for the irrigation system, \$700 for the governing documents revision project, \$1040 for tree removal and landscaping, \$33,344 for the painting (and partial siding replacement) of three buildings plus the Clubhouse, \$4477 for sidewalk replacement and \$170,902 for the Deck Post Replacement Project.

Dan then reviewed the approved 2019 Operating Budget with the membership. Operating expenses in 2019 are actually expected to decrease slightly; there is no increase planned for the management or accounting fees. The Board approved a 10% increase in dues for the coming year, with the entire increase going to Reserves (over \$177,000 in capital expenses are planned for the coming year). Operating Assessment Income will total \$394,335 and an additional \$192,500 will be contributed to Reserves. Dues in 2019 will therefore be:

\$348 per month for small two bedroom units
\$380 per month for large two bedroom units
\$491.50 per month for three bedroom units

Management distributed an updated Dues Comparison. This compares the regular, monthly assessments at the Reserve (on a per square foot basis) to other, similar associations. Management also prepared and distributed a Budget Explanation Sheet that details the components of each line item.

Dan asked if there were any questions regarding or objections to the 2019 budget. There were not.

- V. Manager's Report. Dan McNeill then referred to the 2018 Projects List, compiled during the Spring Walk Through and circulated to all owners for comments and additions. Projects are then prioritized (with fire / life / safety issues given top consideration) and are completed during the summer and fall months according to budget constraints. At this point, the List is now substantially complete.

Dan reviewed the Reserve Study with the membership. This long-term capital plan is a tool that the Board and management use to plan and budget for future capital projects. The Study identifies every element that the association is

responsible to repair and replace (Component List), assigns a useful remaining life to each element and its estimates its year of replacement, along with replacement costs for each element. Capital projects completed in 2018 include deck support post and joist replacement, the completion of some work to the Irrigation System Replacement Project, the replacement of a concrete walkway in front of Building C, gutter and heat tape additions on the recently painted buildings (B, C and E) and the painting of the Clubhouse (with partial siding replacement, as needed), water meter pit reconfiguration, some expenses related to the Solar Energy Project and the completion of the Governing Documents Revision Project.

Capital projects under consideration for 2019 include the installation of entryway gardens and around Buildings C and D, installation of a stone monument sign at the entry, front entry door replacement (as needed, those to be replaced to be identified at the Spring Walk Through), the walkway lighting project, painting of the buildings identified in the painting schedule (along with partial siding and trim replacement, as needed, and gutter and heat tape additions), the replacement of interior hallway carpeting and the painting of interior hallways (to be identified in the Spring Walk Through).

Management distributed the Insurance Claims Procedure sheet to all. All insurance claims must go through management. The association's carrier is Assured Partners, with guaranteed building replacement underwritten by CAU. Each owner should have their condo owner's insurance agent contact the association's carrier to ensure that there are no gaps in coverage. Every owner needs to insure their own contents, possessions and UPGRADES to developer-installed finishes (including, but not limited to wood floors, granite counters and faux painting). Management recommends that every owner consider adding **loss assessment coverage** to their policy in conjunction with the project in the event that they are required to pay the insurance deductible for the association or damages result in loss of rental income.

The Insurance and Maintenance Chart from the Amended & Restated Declaration was distributed to all. Every owner should be sure to give this chart to their insurance agent to make sure their HO-6 policy complies with the Declaration. The Declaration calls for each owner to go to "bare walls" coverage. In this manner, all cabinetry, appliances, floor coverings, wall finishes, light fixtures and plumbing fixtures **MUST BE COVERED UNDER EACH HOMEOWNERS POLICY.**

Management distributed the updated Risk Management Checklist. It is also posted on the website. Owners are asked to follow the guidelines in the checklist in order to avoid costly damage and insurance claims. It also includes suggestions for water and energy conservation, and information about the carbon monoxide detector laws in Colorado. **Residents are asked to contact management immediately whenever a slow drain or drain back up occurs;** a clean out will

be scheduled on that line. None of the fire alarms are connected to a central system. Therefore, any time a resident hears a smoke alarm go off, they must call 911 to report the alarm. The fire district will then investigate immediately.

Code enforcement issues regarding parking, noise, pets, clutter and other nuisance issues can be directed to MPM's full time code enforcement officer, Jennie Lewis at 970-904-0519 or to jennie@mcneillinc.com. Photos are very useful when identifying code violations.

The Board approved a Rental Addendum Form for all homeowners to use and return, fully executed, prior to every occupancy. It was duly noted that no rentals of fewer than 7 nights are permitted at The Reserve.

Management distributed the Contact List for all owners. The List includes the address and phone number of the office, phone numbers and email addresses for the Maintenance Manager (Mike Skellion), Accountant (Kay Cheney), Code Enforcement Officer (Jennie Lewis) and the website information for the homeowners association. Owners are asked to keep this information handy and to give it to their tenants if they rent their unit.

- VI. Committee Reports. Christine Riker reported on the progress of the Solar Energy Project. After last year's Annual Meeting, the Board pursued this project by securing a loan through American National Bank, working with Lever Energy Capital (a private solar energy investment firm) and Holy Cross Energy. The investor and Holy Cross are currently working out the terms of the contract between these two entities. Holy Cross Energy has reserved the energy credits extended to The Reserve since the Project was initiated early in 2018.

Once the details of the Project have been finalized, management will schedule a Special Membership Meeting to review the scope of work and how the energy production program will work. It is the Board's intention to create a program that will pay for itself by offsetting the cost for electricity (used for lighting, irrigation clocks and heat tapes) and the interest on the 20-year loan.

- VII. Board of Director Elections. The current Board consists of Deb Forsline, Jess Frieze, Linda Guerrette, Marilee Horan and Christine Riker. Deb, Jess and Marilee have terms that are expiring and all three indicated their intentions to re-run. Additional nominations were sought from the floor. Janet Bro and Teresa Luling volunteered to serve. Since the bylaws provide for between three and nine Directors, there was a MOTION: TO RE-ELECT DEB FORSLINE, JESS FRIEZE AND MARILEE HORAN AND TO ELECT JANET BRO AND TERESA LULING TO THE BOARD. The motion was duly seconded and carried unanimously.

Terms are two years each. Officers will be elected at the next regular Board of Directors Meeting, scheduled for Monday, January 21, 2019, at 6:30PM.

VIII. Old / New Business. Dan noted that in the coming year, Design Review Guidelines will be established and adopted by the Board of Directors. Window replacement specifications and unit entry door replacement specifications will be identified in this document.

One owner asked if there was still support for the construction and sale of garages. The newly elected Board will once again consider this project in the coming year if there is support for it. There was a suggestion to consider adding solar panels to garage roofs, if appropriate.

Another owner asked about getting mail boxes installed on site. Management will contact the Edwards Postmaster to determine the current feasibility for this.

IX. Adjournment. There being no further business to come before the membership, the meeting adjourned at approximately 7:45PM.

Respectfully submitted,

Secretary to the Meeting

MEMBERS IN ATTENDANCE:

Desmone	B-104
Woodell	C-302
Okamura	C-303
Beran—Markoff	D-101
Dowling	D-201
Blakslee	D-203
Luling	E-202
Karatchobanov	F-202
Brackeen—Desmone	F-204
Pickle	G-203
Sack	H-201
Trosper—Lavery	I-104
Conlon	I-204
Bro	K-102
Depue—Hughes	K-104
Starkey—Casin	L-104
White—Hubbard	M-101
WAB Colorado LLC	M-201
Mohr	N-304
Shackleford	O-303
Kiser	P-101
McLain	P-201
Wood—Rudolph	P-202
Schneiter	Q-201
Peterson	Q-204

MEMBERS REPRESENTED BY PROXY:

K2F Investments	B-303 and C-201
Gans	C-104
Millette	C-202
Reserve E201 LLC	E-201
Kossan	F-102
Abraham	F-201
Erikson	F-103
Graf Visconti—Doran	G-102
Schmitt	G-104
Mothershed	G-303
Cochran	I-102
Fallon—Aspin	J-201
Goodling	K-202
Snyder	K-203
Vondrell	K-204
Jacaruso	L-103
Pelchat	L-201
Frieze	N-101
Immel	N-102
Trevino	N-103
Stone	N-202
Burns	O-101
Cummings	O-103
Hunt	P-104
Larson	P-302
Laney	P-303
Gordon	Q-101