

**Lodge at Riverbend Homeowners Association Annual Meeting of the
Membership held on the Patio August 29, 2009 9:00 am.**

Members in Attendance:

Betty Boehnke Unit # 207
Carl & Patty Gaspar Unit # 202
John & Jeanne Gerlach Unit #206
John Fitzpatrick Unit #209

Melissa Raber Unit # 202
Jim & Connie bull Unit # 108
Karl Ossentjuk Unit # 103
Jim Polsfut Unit # 102

Proxies:

Tom Ingram Unit #201 to Jim Bull
Kathy Ireland Unit #105 to Jim Bull
Ronald Riske Unit # 205 to Jim Bull

Management in Attendance:

Rick Pyle, Bob Towne, and Cathy Hyde represented the Management.

Roll Call/ Introductions:

Jim Bull chaired the meeting and Cathy Hyde recorded the minutes. Jim began by asking for each member in attendance, as well as the management, to introduce themselves.

Call to Order/Quorum/ Notice of Meeting

The meeting was called to order at approximately 9:05 am. A quorum was determined to be reached with 7 members in attendance and 3 proxies. Notice of meeting was sent out on July 14, 2009.

Approval of Previous Minutes

**Carl Gaspar made a motion to approve the minutes from the annual meeting held
August 30, 2008, as presented; John Gerlach seconded. As all were in favor and
none opposed, the motion passed**

Financials

Rick Pyle began with the Balance Sheet from December 2008. The December 31, 2008, Balance Sheet showed operating cash on hand of \$1,833.52 and total current assets of \$25,663.96. The liabilities reflect accounts payable in the amount of \$2,038.90, and advance assessments of \$3,020.37. Rick moved onto the Profit & Loss statement and stated the income looked good, but that the Association was short on the reserves as they were sitting at 62% of the desired amount. Building repairs and maintenance was the biggest expense followed by landscaping. The budget was 8% over in 2008 and the reserve was not met. However, only 15% of the reserves were spent in 2008 due to deferring items that were not necessary. Jim stated that the building repair issues, leaks in two units, were due to an issue with the drywall installation as it had been screwed into

the drainage system. The developer refunded the Association \$1,700 toward the repairs. Roofing issues also occurred but were still under manufacturer warranty. Jim also explained that the price of natural gas increased in 2008 and that the increase in costs had not been budgeted, causing the utilities to be over. Jim reiterated that overall the Association did very well for 2008. Rick continued the financial report by explaining the bill to the Master Association, The Creekside at Frisco. The annual bill of \$4,500 comes due during the first quarter of each year and the Association has been borrowing from the reserve to pay the amount, which is why it now shows as a due-to to the reserve fund. Rick wrapped up by saying that the Association seems to be better off this year. He then reviewed the Balance Sheet for May 2009 and reported the current assets are at \$25,395.81. He briefly went over the liabilities and pointed out that the accounts payable was at \$1,883.79 and the advance assessments were at \$2,372.49. Rick moved onto the year to date Profit & Loss statement from May 2009. The targeted income is a little short due to the lack of real estate transactions this year. The issue of the alarm sending signals to the alarm company had to be dealt with this year and the fire panel had to be replaced, causing some trouble with the elevator expenses. Snow shoveling and removal stayed in line this year, the expenses are staying on track, and the Balance Sheets are the same year to year. The question was brought up as to what the elevator costs entail and was explained that the elevator expense includes the emergency service, annual inspections, and coverage of most parts. It is a fixed yearly cost.

John Gerlach made a motion to approve all financials as presented; John Fitzpatrick seconded. As all approved and none opposed the motion passed.

Property Managers Report

Bob Towne gave the property managers report and stated the Association had a good winter season with no major issues. He replaced the pressure valve and gauge, increasing running time on the hot tub and it will no longer have to be drained and serviced every week. The hot tub will be serviced this week. The railings were pressure cleaned and resealed this year; however, there are some areas that are having problems. The Board chose to purchase entrance rugs rather than renting them this year. This decision has proven to be a significant cost savings of approximately \$150 per month for the Association. Other projects completed were the removal of flaking paint, the carpets were cleaned, the walkway bridge was repaired and reinforced, the alarm problem was fixed, the exercise equipment was moved, and the drains were flushed out. The pressure cleaning will take place again this year. There are some problem aspens on the grounds; Bob asked if anyone would be upset with dropping the dead aspen and removing the other problem tree and all were in agreement to remove the trees.

Jim Bull complimented MRP on the work done this year for the Association.

Connie Bull asked about the lights in the garage as the timers only work for a few days and then stop working. Bob explained that he has tried to get the timers working properly but they seem to have a mind of their own. Leaving the lights on does not use very much electricity so that may be the best option. A motion detector was suggested but it would be difficult and would only be something more to maintain. It was also mentioned that Jim and Connie Bull paid for the timers with their own money.

Management Agreement

Rick went over the proposed management agreement. Rick acquired the company from Murray who was remaining on as a broker when the previous contract was written. There are now new governing policies in place that make Murray's involvement unnecessary so MRP is seeking a new management contract. With the new contract the annual increase in management fees would be waived this year. MRP now has access to better banking systems and can offer free ACH with Alpine Bank and 2% interest on the reserve account. MRP carries a 1 million dollar crime policy as well as 1 million in cyber theft policy. The new Board will be asked to sign the contract. The contract is year to year and would expire at the end of August each year. This contract is a standardized agreement used with 15 other HOAs.

Reserve Account Procedure

The reserve account procedure in regard to the Master Association Creekside at Frisco was discussed. Either the Association has to create a "pot of money" outside of the current monies or they have to pay Creekside through borrowing from the reserve and paying it back throughout the year. Rick mentioned that most HOAs like to keep dues low and have a one time assessment instead. Currently the Association pays Creekside by temporarily taking money from the reserve instead of having the owners pay individually. It was asked if Creekside would accept monthly payments rather than one per year, they said that it may be a possibility if we pay a year out. The idea of owners paying individually also arose, it would be \$275/year charge to each unit- all were in agreement that this was not something they wanted. It was also stated that there is nowhere in the Association's Declarations that states the HOA must pay the Master Association. It would not be a problem to have the dues increase instead. The Reserve account procedures were discussed and there were no objections to the current procedure.

Hot Tub

Several issues with the hot tub were brought up for discussion. It was stated that the hot tub was the biggest issue that the Association has. It is a great amenity but is frequently trashed by renters from February through March. One idea was to have the hot tub available only to owners and long-term renters with it available to other users only under unit owner's guidance. There was some opposition to this idea and an alternative was suggested. The alternative was to charge the short term renters a fee for the hot tub that would be used to maintain it. This fee would be on the unit owner's side and put into their agreement with renters. A third option of removing the hot tub and fixing the space up into a rental unit was floated to the membership. The town would need to approve the changes, but the income from renting the unit would offset the operating costs. The Association would also get rid of all hot tub costs. Research would need to be done on this option, but \$1,000/month would be reasonable. The pros and cons of restricted hot tub use to owners and long term renters as well as installing a fee for short term renters were discussed. Concern was expressed as to how these restrictions would affect the income of owners that rent out their units. Further research into what the town will and will not allow will be done by MRP and presented to the Board and then sent out to the

membership for vote. In the meantime, the management will send out the hot tub rules to the membership in the next mailing.

Budget Ratification

The 2009 Budget was adopted by the Board, according to the governing rules, in January. The reserve schedule is a projection and began when Murray was estimating potential future costs. The reserve schedule is an attempt at getting a holistic view of the Association and is required for all HOA's. The current law states that there needs to be a fully funded fifteen-year reserve. The reserve is based on the estimated life and estimated cost, but inflation is not built in instead reserves are readjusted to reflect any inflation. Rick noted that there are no anticipated reserve costs this year, though there is some painting scheduled for next year. The possibility of having a professional reserve study done was raised. A reserve study could cost anywhere from \$1,500 to \$5,000 and there was some concern about spending money in order for someone else to estimate costs.

A dues increase kicked in early in the year. There is one resale budgeted per year, income is budgeted at \$81,600/year, expenses \$5,000, the hot tub is \$2,500, and cable is another big expense, and \$22,000 for utilities. The new management contract waives the annual 5% management fee increase for the next year.

John Fitzpatrick moved to ratify the 2009 budget; John Gerlach seconded. As all were in favor and none opposed, the motion passed.

Member Education

This year's member education was on the carbon monoxide law. Rick educated the members on the law already in effect that they need to have a carbon monoxide detector in the unit within 15 ft of each bedroom door. These detectors are a must for any rental, or real-estate transaction, but are also good to have for safety reasons. They can be purchased at Ace Hardware or at Wal-Mart and may be either electric or battery powered.

Corporate standing: The Association is currently in good standing with the state and will be renewed September 30, 2009.

Election of Board Members

Jim Bull is currently up for election and will not be re-running. Also up for election is Karl Ossentjuk. Kathy Ireland is resigning from the Board. There are two Board positions up for election.

The membership motioned to waive secret ballots

Connie Bull motioned to re-elect Karl Ossentjuk and elect Betty Boehnke to the Board. As all were in favor and none opposed Betty Boehnke and Karl Ossentjuk were elected by acclamation to the Board of Directors

The role of the President of the Board was discussed and Jim Polsfut agreed to accept the position with Karl Ossentjuk acting as Vice President and Jim Bull staying on as a friendly voice. It was also suggested that the role of Presidency be rotated among the Board members.

Other New Business

Trash problem - It was reported to the management that the neighbors may be using the trash dumpster. The trash had been picked up at 7am and when someone went out at 8:15am it was full. MRP will suggest different available options to deal with this issue and will be forwarded to the Board.

Adjournment

As there was no further business to discuss the meeting was adjourned at approximately 10:50 am.

I hereby attest that these minutes are a true and accurate account of the meeting thus held on August 29th, 2009

Signed

as _____
Board Position

Date