

Silverado II Board Meeting
12/07/2013

Board Members Present

Gene Culwell
Demi Michelau
Brook Boehler
Karl Hagman
Michael Barrett

Staff Present

Brad McClain

The meeting was called to order at 8:20 am. Hagman moved to approve the meeting minutes from board meeting from September 21, 2013. Michelau seconded the motion. Boehler pointed to two typos in the minutes, and Michelau corrected them. The board then unanimously approved the minutes. The meeting minutes from the Annual Meeting will be approved at the 2014 Annual Meeting.

Boehler proposed discussing how the financials are monitored going forward. Reserves are an important issue, especially with the difficulty that current owners have been having with refinancing their mortgages. Boehler indicated that the amount of the reserves should be clearly reflected on the balance sheet. Boehler also presented a reserve study example via email and indicated that such studies are typically done every three years. Silverado II has never done one. Silverado II has a cash account, and there was some concern among the board members that there has not been a base amount established. Culwell suggested determining the current amount in reserves. McClain explained that the reserves cannot be used as operating expenditures. McClain further indicated that the board has to determine how much to put into reserves annually. This issue is related to the 10-year plan in that we need to be able to project expenditures and the timing of the work. The board has been trying to avoid assessments. McClain explained that the reserve account is a completely separate bank account from operating account. Boehler mentioned that a reserve study will be considered in financing decisions by banks. McClain said that so far banks have only asked for the amount set aside in reserves not the reserve study. The reserve study could be undertaken externally or internally at the board level. Boehler will send out additional information, including a guide about how to read financials. He also encouraged everyone to look at the reserve study sample. Michelau moved to authorize McClain to secure an estimate for an external reserve study. Barrett seconded. The motion was approved unanimously.

Hagman moved to postpone any discussion on the budget pending further information. Boehler seconded the motion. The board voted unanimously to approve the motion.

McClain explained that with respect to taxes that we have historically paid the accountant about \$5,000-\$6,000 to conduct a mid-point review to determine if an audit was necessary. No issues of concern have come up yet so we have not done an audit at this point. **McClain said that the board needs to decide whether we want to start putting money aside to do a full audit or another pre-audit**

review. Hagman asked whether there should be a line item in the budget for this expense. Boehler would like to see the monthly transactions on the bank accounts. Boehler will provide McClain with an example of what he is referring to. Hagman asked whether Wells Fargo accounts are interest bearing. McClain responded that the reserve account is interest bearing. The checking account is not.

McClain discussed personnel issues at Silverado II and reviewed new staff. The housekeeping manager and maintenance manager is now combined into one position. Becca is overseeing that position, and Dez is the new front desk person.

Hagman made a motion to approve the board attendance policy. Culwell seconded it. The board approved it unanimously.

The carpet is completely installed, and it looks great. The cost of the materials and installation came in well under budget. The new rugs will be put out front soon. The fire safety doors are in, but they are not yet installed. **McClain is securing quotes for installation so that we do not have to wait until the spring to install them. One bid is \$300 per door, which rather high, so McClain will attempt to find other contractors. The board suggested that McClain negotiate with the contractor if he likes his work.** The new lights on the second floor have been installed and also look really good.

The timeshares will now all have new twin mattresses, and the tubs have all been recaulked. The kitchen supplies now are all the same in all the timeshares.

Marketing continues to be a challenge. The previous board president has been working with a consultant and is willing to take on some limited marketing work. McClain is interested in outsourcing some of this to be paid hourly or as a fixed-price contract.

The restaurant is preparing to operate again. Karl has done a lot of improvements, including painting and new lights. He wants new carpeting and new ceiling tiles, but McClain responded that that was not possible as long as he was not paying rent. He elected to make his own improvements. Karl is going to replace the sign with his name at his own expense.

The 2014 annual meeting was scheduled for Saturday, September 20, 2014, at 11:00 am. Lunch will be served. Board members should plan on meeting the night before.

If the board decides to reclaim a manager's unit as discussed at the previous board meeting, Wells Fargo has shown willingness to finance it should we decide to go forward.

The board discussed having an open house to show off the property to real estate agents and others. The board expressed interest in participating as meeters and greeters. **McClain will keep members informed on the progress of scheduling.**

Boehler pointed McClain to SMART goals, which are another example of employee performance goals, in addition to the other ones presented should McClain and the board decide to go in this direction. Hagman provided another example of what East West Properties does to help determine bonuses.

The board discussed a possible incentive structure for employees that would encourage them to bring in more business. This might include a percentage of income derived from events such as weddings paid out on an annual or semiannual basis. **McClain will put some details around a possible plan and present them to the board.**

A bonus was authorized for Brad to give to the employees for a year-end bonus.

The meeting adjourned at 10:30 am.