

Silverado II Regular Board Meeting - Minutes
08/22/2015

Board Members Present

Gene Culwell (622), president
Brook Boehler (433), vice-president/treasurer
Demi Michelau (232), secretary
Karl Hagman (week 11, unit 124), time share representative
Michael Barrett (334), member at-large

Owners Present

Diana Catanzarite (311 and 122)
Roger Hankey and Cheryl Brown (621 and 331)
Finn Haug (623)

Staff Present

Brad McClain

The meeting was called to order at 9:03 a.m. Michelau took roll. There was a quorum. Michelau confirmed owner participants.

During the owners' forum, Diana Catanzarite said that the maintenance crew is doing a great job. Everything looks really good. She has some questions about the budget and is wondering why some of the line items have not been spent yet (i.e., valve and catwalk heaters). Roger Hankey has not been there since February, but he indicated that Scott Novak has been a great communicator and very responsive. Hankey shares the questions about the budget.

Boehler moved to approve the meeting minutes of the Board meeting from July 18, 2015. Barrett seconded the motion. There was no discussion. **The Board approved the minutes.**

Michelau moved to approve the meeting minutes of the Board special meeting from August 8, 2015. Boehler seconded the motion. Boehler clarified that this was a special meeting and asked that the meeting minutes reflect that. **The Board approved the minutes with the correction.**

McClain updated the board on the roofing bids. There are two options from the Aspen Group. We could do the project all at once for \$213,300 or in two phases for \$217,485. Michelau feels strongly that Rich Newton needs to review the contract to ensure that the contract is legally solid. Michelau moved to approve the contract for the entire scope of work with the Aspen Group for \$213,300 (not including the paver option for this year) pending legal review of the contract and warranty from Rich Newton, legal counsel. Boehler seconded. Hagman requested there be communication to the Board once there is approval. Michelau will be the point person with Newton. Culwell will need to have an original contract to sign and will return it as soon as possible. Haug asked about whether we had a bid for the pavers, and McClain said that we do. **The Board approved the motion to approve the contract with Aspen Group for the entire scope of work roofing project for \$213,300 (not including the paver option for this year) pending legal review of the contract and warranty from Rich Newton, legal counsel.**

Michelau briefed the Board on the conversations with Newton and Day. They ultimately recommended that the Board put forward an assessment. The HOA does not have sufficient funds to pay for the full amount of the roof. While securing a loan was an idea of the Board, the entire ownership would have to approve it, and the Board does not have time for such action since the roof replacement needs to be completed this year.

Boehler said that we had \$60,000 in reserves. They still are determining the amount that is being put into reserves from FY 15, but the estimate is about another \$60,000. They are underbudget by about \$107,000. There should be some cash to apply to the project, but the question is how much cash is possible given the timing of the payments. Hagman suggested that we keep the reserves steady and take what we would have put in from FY 15 and use that toward the roof. Boehler said that there should be a percentage deposited into the reserves on a monthly basis, but we do not know what that number is. McClain and Barrett suggested that we assess the amount minus the down payment. Hagman agreed. McClain reviewed previous assessments and timeshares have been assessed at a higher percentage. This takes into account the hit on the individuals. The amount that is being considered takes into account a 10 percent over run. There is also a question about those timeshares that are not actively paying. Michelau suggested that we utilize our professionals to determine the final plan for assessment. Catanzarite said that if you look each 72 units and divide it up equally, it seems more fair. You might have to make it up from their account or charge them a bit more. Boehler said they do have money in the bank that they have to cover their portion of their assessment from there. The Board also needs to determine how the money is going to come in: either over time or at once. There was discussion about how to generate the cash necessary. *Michelau will draft a letter and work with legal counsel to finalize notice to owners. Catanzarite said that people often have a loss of assessment rider, and they should check with their insurance company. Michelau will add this to the letter.* The Board indicated that McClain can contact Aspen Group to indicate that we will move forward pending legal approval.

Boehler presented the Treasurer's Report. The valve budget item has been moved into FY 16. This will still be done. The catwalk heaters are aesthetic and because of the roof, this has been put on hold. *Boehler is still working on revising the FY 16 budget based on this and some other changes.*

McClain presented the General Manager's Report. The documentation was not submitted but the most critical priority this month has been finalizing the plan for the roof replacement. McClain said that the licensing exam process has been very productive, but the problem has been that the state did not have the capacity to administer the exam to everyone who needed to. Hankey wrote a very positive note to the Board about Scott Novak. The Board gave McClain permission to show the note to Novak, and Michelau suggested that this note be placed into his personnel file. Boehler asked about the Silverado II shirts, and McClain responded that he has shirts for the staff in back. They have chosen the shirt, and McClain asked if it should be the logo or if it should say Silverado. The dress code will be outlined in the policy manual. Boehler asked about the status of Wes Garnett and whether we can move off the retainer. McClain said Garnett is coming on Thursday, and that staff are probably about ready to move on our own. The Board needs to review the contract to make sure we are fulfilling the contract. Garnett is willing to renegotiate either hourly or to a different monthly fee. Ultimately, Boehler wants to ensure that the major deliverables are completed and that Garnett is still a resource for employees. *McClain, Boehler, and Garnett will have a conversation to determine where we are and where we are going to go.*

Culwell updated the Board on the status of the stairwell doors. The cost has increased because it includes the panic doors, wire glass, the closer, etc. The estimated cost is about \$1,000 per door so initially we will do the garage doors. The plan to install commercial doors. *McClain asked how long it will take to get the doors from Vortex once they are ordered. Culwell will ask and report back to the Board.*

Michelau raised the issue of the patio doors. Several owners for some time have indicated that they would like to replace their patio doors. There has been some debate about who owns the doors, which has resulted in no action at all being taken. The Board should not stand in the way of owners wanting to improve their units because we have not formally determined ownership or established a process by

which owners can replace their doors in a manner consistent with the look of Silverado II. Therefore, Michelau made a motion to allow Rich Newton to review our covenants and documentation to determine ownership so that we can move forward with establishing a process or policy for door and window replacement. Culwell seconded. **The Board approved the motion unanimously.** McClain said that the installer who did the catwalk doors is installing a patio door for an owner. Hankey said that he would like to see more volume discount opportunities possible.

Hagman indicated that Newton said that we should be relatively flexible about the determination of taking back timeshare weeks.

Hagman's proposal for the Time Share take-back policy might read as follows:

"The Silverado 2 board of directors gives to the General Manager (GM) and financial officer the authority to consider and take back timeshare weeks from timeshare owners, based upon a letter of request, supporting medical evidence, if appropriate, and/or current financial information sufficiently verified to support the request of the owner. The GM and financial officer shall keep the board treasurer apprised of requests as they happen and may approve or disapprove each request on an individual basis based upon the degree of supporting evidence. Additionally, the owner may be requested to pay a minimum of \$ 200.00 to assist in covering attorney fees and up to two years of dues (current, plus one more year, plus \$ 200.00 to cover attorney costs). These proposed fees are negotiable. This policy shall be reviewed on a semiannual basis and shall be adjusted as deemed necessary by the Board."

Michelau indicated that she would like Newton to review the language, and she would like the Board to be the decision maker, not staff. McClain suggested saying that we are offering this to people who are close to current in their financial obligations. The idea is to avoid foreclosure because it is extremely expensive. **Hagman is going to massage the language to be clearer and bring a revision back to the Board.** Boehler recommended having a process in place where someone makes a request, they get an acknowledgement of the request, and then a packet is presented to the Board, and the Board reviews the requests monthly. Haug asked if filing a lien would be beneficial. Hagman is not sure but he thinks there might be an expense associated with it.

Haug discussed the patio doors. His are basically fine, but he is wondering about the decks as well. **Michelau will add to the deck question to the issue of doors and windows.** Boehler indicated that **what we may be missing is the architectural review portion.**

The other issue is the timeshare deposits by whole owners, and Hagman needs clarification about this issue before moving forward. Catanzarite said that she would be happy to answer any questions that the Board has with respect to this issue. She said she would be more willing to pay the cleaning fee upfront. Boehler said that he did not even know that we could do it. **Catanzarite said she would be willing to write something up.** Hagman suggested that Catanzarite speak about this at the annual meeting. Hankey said that Cheryll Brown is willing as well.

The next meeting is scheduled for **Saturday, September 19, 2015, at 9.00 am (MDT) via teleconference.**

The meeting adjourned at 11:01 a.m.

The Board then moved into executive session to discuss personnel issues and owners in arrears.