

**Silverado II Regular Board Meeting - Minutes**  
**09/19/2015**

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**Board Members Present**

Gene Culwell (622), president  
Brook Boehler (433), vice-president/treasurer  
Demi Michelau (232), secretary  
Michael Barrett (334), member at-large

**Board Members Absent**

Karl Hagman (week 11, unit 124), time share representative

**Staff Present**

Brad McClain  
Debbie Novak

**Owners Present**

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

The meeting was called to order at 9:00 a.m. Michelau took roll. There was a quorum. Michelau confirmed owner participants.

During the owners' forum, there were no comments.

Barrett moved to approve the meeting minutes of the Board meeting from August 2, 2015. Boehler seconded the motion. There was no discussion. **The Board approved the minutes.**

Michelau moved to approve the meeting minutes of the Board regular meeting from August 22, 2015. Boehler seconded the motion. There was no discussion. **The Board approved the minutes.**

Michelau moved to approve the Resolution of the Silverado II Homeowners Association Regarding Roof Replacement, Reserves, and a Special Assessment. Barrett seconded the motion. Michelau explained that over the last several months, the Board has researched options for roof replacement and the Aspen Group has won the bid. The cost of replacing the roof is \$213,300. The entire cost of with a 15 percent overrun, the entire cost is \$245,295. The Board wanted to find a balance of preparing for the possibility of an overrun but not collecting too much. McClain has gone over the roof with the contractor repeatedly, and there has been a great deal of due diligence that went into this. In FY 14, \$60,000 went into reserves, and \$70,000 went into reserves in FY 15. The HOA has a spending account of \$130,000. Day (the accountant) indicated that it is not wise to spend the reserves down completely, but the HOA should spend some amount out of it. The resolution reflects that the HOA would use \$70,000 from reserves. There is a two to three week ramp up time to get the materials, etc. with six weeks approximate time to complete construction. It is a fairly quick roofing project, so cash flow becomes critical in this. Day conducted a cash flow analysis to help determine a plan so that the HOA can pay when payment is due and avoid additional assessments. The proposed due date for the assessment would be December 31, 2015. The contract lays out a clear payment schedule, so we are relying on a certain percentage of the owners to pay on time or ahead of time. The HOA will need to use part of the cash on hand as well. If all goes according to plan, the HOA should end up keeping \$60,000 in reserves. The timeline will be tight, however.

Haug asked whether the Aspen Roof is going to be able to get the roof completed this year. McClain said that they have started acquiring materials. The focus will be the main roof. Michelau said that it was more important to ensure that we did our due diligence to make sure that we did things right even if the job is delayed a bit. It was critical that Newton review the contract and that Day do the cash flow

analysis. Catanzarite asked about putting cash into reserves monthly. Boehler said the idea behind that is that instead of hoping there is something at the end, it is a more deliberate way to determine how much of the dues should be set aside toward reserves. Boehler said we want to get there but we are not quite ready yet. We are unique in that our dues are due on the last day of the month, which puts us in a challenging spot.

There is risk that if owners do not pay the assessment, we will not have the cash to pay the roofing company. The options are that we could raise the assessment. The timeshares do have over \$100,000 in the cash surplus. They can pay their assessment immediately providing the HOA with immediate cash flow. If 12 owners pay early, there is no cash flow situation. Michelau and Boehler were uncomfortable increasing the assessment on the chance that owners will not pay. There is a chance of overrun in the areas where the roof will have to be torn up.

Haug said that the Board has done an excellent job with respect to the finances but he said that there could be a tendency to spend more if there is a budget for overrun. Boehler indicated that the contract is very clear on the process for overruns. Haug also indicated that the remaining funds should go into reserves, and Boehler indicated that the Board agrees. Hankey suggested that Silverado II document the progress of the roof replacement with photographs. McClain and Novak will oversee the project daily. Another Silverado II maintenance staff person will be onsite. Michelau amended the resolution to correct the date in the President's certification to reflect September 19, 2015. **The Board approved the Resolution of the Silverado II Homeowners Association Regarding Roof Replacement, Reserves, and a Special Assessment.**

Boehler gave the Treasurer's Report. Most of his work recently has pertained to the roof. Attention now will turn to the Reserve Study. He will secure the final bids and report back to the Board. Boehler is still working on the FY 16 budget adjustments and will work with owners to finalize it. The audit is moving along and is expected to be completed on time. Day and Associates will make a presentation to owners at the Annual Meeting in November.

McClain gave the General Manager's Report. It has been a busy summer, and it is great to have a wonderful staff in place. The work with Wes Garnett related to human resources has been completed. There was a wedding and a sewing guild event in the event center, and both were very successful. Attendees said they were impressed with the improvements in the building and are booked again next year. There are two weddings scheduled for this month. One has 200 people. The other is the fire chief's son, and will bring in almost 200 local people. There has been some interest in the restaurant. **One in particular is submitting a proposal next week.** There has been a great deal of work in the garages, including power washing and repainting of the columns. Staff have been working with Vortex (the door company) on the garage doors, so they are expecting a quote soon. Staff have also been focused on accounting and the audit. McClain is excited to have the roof completed so that the ski shop could perhaps be a functional space. He is hopeful that someone could be in the restaurant by Thanksgiving. The GM report shows one active listing at \$214,000, but there are actually three that are for sale in different stages. Hankey asked about ski lockers with broken locks. McClain said that everything that is wood has been painted. Now they are repairing individual doors, but not all have been done yet. McClain is working with Jared to access Leisure Link, a site that ties into over 100 different travel sites. Hopefully this will broaden our visibility. Jared is also working to improve the units so that RCI markets our units more aggressively. He is also reestablishing a relationship with a site that does weekly rentals. Boehler encouraged McClain to include these marketing items in the manager's report and mention

when these things will start. Boehler also asked if there is a way to quantify what the effects of those marketing efforts are. McClain responded that is possible to a certain extent, but not directly.

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. **Culwell will go to Silverado II this week and report back to the Board.**

Michelau gave the update on the patio doors, windows, and decks. She summarized the opinion of Rich Newton (legal counsel) which stated in writing that the patio doors and windows belong to the owners, but the decks are common interest elements and therefore belong to the HOA. His analysis is based on the covenant and subsequent changes over the years. Michelau indicated that this will be useful information for the Reserve Study. Haug is not convinced that Newton's ruling is accurate, so Boehler suggested that he write up where he thinks Newton is incorrect so Newton can respond. Boehler said that we need to consider economies of scale types when possible. McClain said that Dave's (the contractor who installed the hallway doors) best price was going through Lowe's, so ordering at the same time would probably save money especially with respect to delivery.

Michelau explained why we want to formalize the process of running for the Board. In the past year, the commitment required of Board members has increased in part due to monthly meetings, but also to the formalizing of many of the process and procedures and increased legal requirements. She suggested a type of recruitment process that would include those interested in running for the Board completing a short form that would provide their name, qualifications, and platform. This would be shared with owners ahead of time via the Silverado II website. Barrett suggested mailing this information out with the assessment letter. Boehler said there could be a list of those who are running. Hankey said what is not clear is what positions are open. Boehler clarified that historically, a person runs for the Board. Then after the election, the board elects the positions. There currently are two open positions – Culwell's and Boehler's.

Boehler also suggested including the RSVP for Annual Meeting in the letter to owners.

Hankey asked about the license. Culwell answered that McClain is on a waiting list for the exam. **McClain said that things have freed up and hopes to have it done this month.**

The next meeting is scheduled for **Saturday, October 17, 2015, at 9.00 am (MDT) via teleconference.**

The meeting adjourned at 10:35 a.m.