

ELK MEADOWS HOA Board of Directors Meeting

5.14.20

1. Call meeting to order at 6:30 pm via conference call due to Covid, Chaired by Stephanie Kissner
 - a. a: Roll Call:
Attending: Maggie Guscott, Stephanie Kissner, Scott Alamprese, Kim Stagg
 - b. Guests: Bob and Gail Sprentall Lot 442, Tim Chisholm Lot 10, Keith Rogers Lot 419, Sebastian Wicklein Lot 207
2. Items added to the agenda by BOD: None
3. Open Forum: None
4. Treasurer's Report was accepted as presented:
 - a. Income on schedule; billing brought back into line per dues structure effective January 2020. Delinquent accounts have been recovered to typical; 2 major delinquents (over 2\$K), 4 minor (\$1K-\$2K)
 - b. Tax preparation fee and 2019 audit initiated
 - c. First draft of 2021 budget created
 - d. Main expenses this quarter:
 - i. Snow plowing: under budget (at \$9500 versus \$10,000); projection for the year: under budget (4K remaining)
 - ii. Special project expenses: power pedestal to water tank (against water fund); access road to Lot 12 (against general fund)
5. Formal Approval
 - a. Motion to approve February 13, 2020 EMBOD minutes: Discussion about Conduct of Meetings approval (5b) and Enforcement of Junk Car ruling(7g) answered. Suggestion to inform membership of policy amendment via MM accepted.
 - b. Motion to approve minutes: Maggie Guscott, seconded Kim Stagg, motion passed
 - c. Lot Consolidation Policy approved by association attorney. Motion to approve: Kim Stagg, Seconded: Scott Alamprese Motion passed
6. Committee Reports
 - a. Professional Management Exploration Comm. Presentation-Gail Sprentall, Chairperson. Presentation posted on website. Presentation with Q and A in attachment below.
 - b. Rules Committee: working on second draft of Rules document
 - c. Trash Committee: Ian Manson reported that a central site for trash pick up was not feasible due to lack of space and cost. He suggested homeowners find their own solutions. The issue will be looked into further.
 - d. Policy Review
All policies have been reviewed by the Board prior to February Board meeting, and posted on the web.
Lot Consolidation policy approved as above and posted
Conduct of Meetings policy (item of issue in Mediation) awaiting phraseology regarding telecommunications attendance.

7. New Business

a. Annual Meeting

1. Call for volunteer Board members underway via MM.
2. Board agreed to virtual meeting due to Covid-19; 4H Center to be cancelled
3. Member packets to go out first week in June; currently under attorney review.
4. Presentations, support documents to be posted on the web for member reference.

b. Water Tower Project Status

1. Project proceeding to bring electric up to water tank and provide for future improvement of security of our water resources

c. Storage of Documents

1. Board agreed to hard drive as best backup/storage solution

d. Enforcement of Junk Car Ruling

1. Board clarified the process for enforcement, referencing Policy on Enforcement of Rules and Covenants

8. Ongoing/Old Business

- a. Water Report: Pumps, filters electronic systems operating normally. The average daily usage is 10,500 gallons. The average daily spring flow is 19,000 gallons. No lots read over 7000 gallons in April of 2020. The hill tank is 95% full.

Sewer Report: Pump problems being fixed with no risk to compliance.

- b. Road Plan underway for spring grading. Scott A. reported that our contractor is getting quotes for gravel. Culverts will be cleaned and repaired and then grading will commence
- c. Access road for Lot 12 is almost complete, accomplishing this obligation to provide access to that landlocked lot.
- d. Lot 127: Owners in process of rectifying greenspace encroachment by beginning of June, 2020
- e. Status of Mediation: Update on the four points of resolution of disputes:
 - i. Financial issues: The Board will take this issue back up and research the 2018 discrepancies.
 - ii. The Elk Meadows *Professional Management Exploration Committee* recommendation is under 90 day review per settlement and Bylaws
 - iii. Lot 441 compliance with State regulations: County has extended permit for outhouse compliance until October, 2020. Board continues to address shed issue with owner.
 - iv. The *Conduct of Meetings policy*: Waiting for phraseology regarding telecommunication to be approved by both partiesIn addition, Gail Sprentall reminded the BOD of the wording of the mediation regarding payment of legal fees.
- f. Safe for important/original documents: On hold until after annual meeting
- g. Member contact information update/directory will be addressed with updated owner contact information requested in the annual meeting member packets.

9. Calendar events to address during quarter (May-July)

- a. Weed spraying contract with County. Kim Stagg will contact Diane Thompson, chairman of Conservation Comm.
- b. Perimeter Fence Inspection: Kim Stagg will put a call out in MM for volunteers.

10. The Board called for an Executive Session per Conduct of Meetings Policy, paragraph 5, section f, to discuss delinquencies and compliance. (“Any other matter of which disclosure would constitute an unwarranted invasion of individual privacy”).

Regular meeting adjournment at 8:23 PM

11. Executive Session conducted as called
Coming out of Executive Session, no decisions or special actions were required to be made beyond attention to specific cases of compliance and delinquency.

Respectfully submitted, EMHOA BOD
May 22, 2020

ATTACHMENT:

Elk Meadows Professional Management Exploration Committee
Presentation to Elk Meadows Board of Directors
May 14, 2020

Immediate engagement of contract for HOA management according to the attached response to Elk Meadows Request for Proposal by Anita and Ray Cody aka Property Management of Telluride.

In order to proceed, the Elk Meadows Board of Directors must agree to:

1. Consult with Elk Meadows legal counsel regarding the appropriate process to complete the task of document revisions as directed by Murray Bain in his evaluation of HOA documents on 11/15/15. Property Management of Telluride (Anita Cody) has stated in her interview questions that she would be willing to support the community in the completion of this process.
 - a. Review policies and make corrections/updates according to newly adopted Articles of Incorporation, Bylaws, and Declarations.
 - b. Provide sample rules/regulations appropriate for the Elk Meadows community.
 - c. Initiate approval of corrections/additions and publish to community prior to annual meeting.
 - d. This is an important step in determining the rules for operation of Elk Meadows in order to proceed with engagement of an HOA Manager.
2. Enter into contract with an HOA manager to perform the following (Details included in the attached Request for Proposal Response):
 - . Setup of accounting services to include accounting for operating and reserves.
 - i. Monthly collection of dues/assessments.
 - ii. Monthly payment of association bills.
 - iii. Provide monthly financial statements.
 - iv. Oversee delinquent payment collections.
 - a. Preparation of annual budget.

- b. Oversee annual meeting.
- c. Annually oversee engagement of contracts for services.
 - . Water and sewer.
- i. Road maintenance.
- ii. Snow removal.
- d. As needed, initiate citations for violations of community operating rules.
 - . Elk Meadows Board of Directors must make a commitment to:
 1. Perform monthly/ongoing community oversight and send any need for action to HOA manager, or. . .
 2. Pay the HOA manager to make regular on-site inspections and follow up, or. . .
 3. Consider compensation to an agreed-upon resident to perform ongoing community inspections and share the information to the HOA manager.
- i. All costs for enforcement shall be passed on to the resident in violation as directed in governing documents. (Those revisions are in need of completion.)
 3. Cost recommendation follows:
 - . In 2019 (according to Elk Meadows financial statements) the utilization of an HOA manager would have replaced the following expenditures:
 - . Accounting \$10,457
 - i. Legal \$19,903
 - ii. Audit \$7,100
 - iii. General Office supplies \$1,058
 - iv. Software (what is recorded here?) \$1,120
 - v. Postage (1/2 of \$398) \$200
 - vi. Proper contracting for road and maintenance likely would save the HOA funds. In 2019 grading cost was \$12,360 and snow removal cost was \$18,760.
- vii. Proper administration of reserve funds spending is critical and is not being conducted at this time.
 - a. Conclusion: Utilization of the services of an HOA manager would replace expenses totaling at least \$37,000. The response to RFP totals \$30,000 per year. The result is a cost savings to the community while moving forward to establishing compliance for the community of Elk Meadows.
 - b. The initial cost of setup would be according to the plan set forth in the review by Murray Bain and previously approved by the Elk Meadows community.
- 4. A few observations:
 - . Licensing of HOA managers is no longer required in the state of Colorado. (Info shared by Gail in initial committee meeting.) The governor did not renew the requirement in 2019. The person proposed for hire has completed all licensing study and was in process of licensing acquisition when the requirement was dropped in 2019.
- a. During the initial meeting of the committee Gail shared that the requirement for audit is no longer necessary since our community has fulfilled the reserve funding requirement by USDA. Placing our accounting preparation under the direction of qualified HOA management will not only establish proper accounting for operating and reserves, but will save funds previously expended for unnecessary accounting/audit.
- b. The committee must support the immediate completion of document revisions to be agreed with the Elk Meadows Board of Directors. Examination of the governing policies as well as the creation of rules must be completed immediately in order to create the framework for living in the Elk Meadows community.

- c. The Elk Meadows Board of Directors has been provided with the authority to engage in contract with an HOA manager and can present their decision to the community at the upcoming annual meeting.
- d. Time is of the essence.
- . Initiation of accounting process to properly account for operating expenses and reserve spending separately will result in efficient fund expenditures as well as required budgeting process at the upcoming annual meeting.
- i. Immediate contract negotiations for outside services has potential for cost savings for the community.

Questions for Professional Management Exploration Committee in regards to the Recommendation of the Committee; committee responses

May 14, 2020 Board meeting

1. **To what extent do you foresee Anita visiting EM? On average how would this affect the monthly fee?** See interview question #3.a.iii. The extent of visits to the community is dependent upon request by board of directors for enforcement of recognized violations according to BOD oversight. Her cost per visit is estimated at \$175 to \$200. If enforcement costs are documented appropriately in operating rules, the resident in violation can be held responsible for her cost of enforcement.
2. **Based on what facts do you see legal fees decreasing?** Without a concise breakdown of legal fees (2019) as you submitted to me, examples where legal fees could be eliminated might include:
 - a. Filing of required annual reports to State of Colorado.
 - b. Dealing with owner complaints and oversight of proper operating procedures prior to incurring legal consultation. Some recent examples include:
 - i. Improper conduct of meetings and elections.
 - ii. Sharing of resident personal information.
 - iii. Easement issues.
 - iv. Following of HOA documents.
 - v. Enforcement of violations of HOA documents.
 - vi. Review and updating of HOA governing documents.
3. **Why would a Professional Management Company save us audit costs?** Your governing documents state that audit may be performed upon request by owners. USDA requires an annual audit to be performed until the contribution to reserve requirements are met. Following that, USDA requires a short one-page accounting summary only. If the board of directors has confidence in the accounting process which they have chosen, there should be no need for audit annually.
4. **What is the rationale behind acquiring new software and procedures? How would we save \$1,120 in software?** Again, without being provided detail of what Elk Meadows has expended in 2019 for software, it is assumed that a significant portion of this is for the outdated "Quickwater" software used for water usage billing. Use of this software can be easily and more efficiently replaced by updated accounting methods.
5. **Accounting and new software and procedures seems to be a large part of the recommendation. How does this fit the role of a professional manager? An HOA**

manager must utilize Generally Accepted Accounting Principles (GAAP) as well as CCIOA guidelines.

6. How will the cost of general office supplies and postage be lower? It is assumed that moving forward into the world of electronic communication in all aspects of HOA management will result in a reduction of mailings and utilization of office supplies such as paper and ink.
7. In your recommendation you suggest Anita would be prepared to help in reviewing our Governing Documents, Rules, ...
 - a. You refer to Murray Bain. Could you elaborate please. See his report on the continuation of the process of establishing HOA governing documents. Interview question #3.c states that she is willing to act as a resource with the BOD (Rules Committee) to establish the necessary rules to provide guidelines for amenable community living in a mountain community.
 - b. What is your opinion of the added cost of said services? According to her interview question #____ there is no added cost. This is an essential part of engaging her services for Elk Meadows.
 - c. What do you see as needing to be addressed in our recently-adopted Documents?
Policies are not consistent with Declarations.
Rules and policies are not complete (see Murray Bain assessment)
8. In what areas do you see Anita being most helpful to the Board?
Establishment of proper accounting procedures compliant with CCIOA.
Proper accounting and reserve fund planning will result in long term savings to the community.
Oversight of community violations of rules will lend to more satisfied residents and will bring respect back to the community.
Her experience provides a resource to the EMBOD to guide in management strategies rather than placing that burden on members of the community.
9. What sort of problems would a professional manager solve for EM? What sort of problems would they encounter? Please point to specifics.
Problems solved:
Establishment of proper accounting procedures compliant with CCIOA.
Proper accounting and reserve fund planning will result in long term savings to the community.
Oversight of community violations of rules will lend to more satisfied residents and will bring respect back to the community.
Problems encountered:
Elk Meadows governing board not communicating with her for services.
10. May we hear your perception of a cost-benefit analysis of retaining Anita as a Professional Manager for Elk Meadows.
As stated earlier, shifting of expenditures to an HOA manager – when compared to 2019 – has the potential to save Elk Meadows \$7000. I suggest engaging her immediately and give her two years to prove how compliant management techniques can result in cost savings and instill a renewed sense of pride in the community.