

**MILLER RANCH CONDOMINIUM ASSOCIATION
ANNUAL HOMEOWNERS MEETING
MARCH 5, 2019**

MINUTES

CALL TO ORDER

The meeting was called to order by Steve Stafford, Community Association Manager for the Association, at 6:00 p.m. The meeting was held in the Event Room on the second floor of the Miller Ranch Community Center.

ATTENDANCE

The following Board Members were present:

- Mark Hoblitzell, Unit E222
- Erica Ryan, Unit H136
- Camille Thurston, Unit H239

Other homeowners present were as follows:

- Eric J. Ross, Unit I142
- Jeff Herschel, Unit D219
- Tsu Wolin-Brown, Unit F229
- Dave Gifford, Unit E121
- Mike Leffler, Unit F228
- Susan Moran, Unit E221
- Mark Ryan, Unit H136
- Jessica Hall, Unit E224
- Cassie Scales, Unit A203

Other homeowners present via proxy were as follows:

- Sherry Bunch, Unit C115, via proxy to Camille Thurston
- Ellen Miller, Unit F230, via proxy to Camille Thurston

Other persons present at the meeting were as follows:

- Steve Stafford, Slifer Management Company
- Vincent Vigliotti, Slifer Management Company

MINUTES FROM PREVIOUS ANNUAL MEETING

There was a brief discussion about the Minutes from the previous Annual Homeowners Meeting, which had been held on January 30, 2018. The Minutes had been distributed to all owners prior to the Annual Meeting. Steve Stafford asked if there were any questions or comments on the Minutes. There were none. The Minutes were then approved.

FINANCIAL STATEMENTS

Steve Stafford had previously emailed or hand delivered the December 31, 2018 balance sheet and income and expense statements to all members of the Association. Steve said that Heidi Hanson would normally present the financial statements and proposed budget, however she was very sick at home. Steve then reviewed the financial statements with those present. He pointed out that accounts receivable was approximately \$3,640. There are only a few delinquent owners and they are all now on payment plans and automatic debit. The Association should have that amount down close to zero shortly. The replacement reserve currently has approximately \$295,000 in the fund. Steve asked if there were any questions about the balance sheet. There were none. He then reviewed the profit and loss budget performance report. The Association was able to earn more interest than was budgeted in 2019. Interest rates are starting to creep up a little bit, so that helps. The Association was under budget quite a bit on electricity. He wasn't sure exactly why although last winter was pretty mild. Also, Vincent is turning off all the heat tapes whenever he possibly can rather than depending on the automatic sensors. They tend to fail quite frequently. Fire sprinkler maintenance was under budget. Legal fees were under budget. Repairs and maintenance were over budget quite a bit, but that's partially because some expenses were treated as operating expenses rather than replacement reserve expenses. Examples are re-securing the hardi board siding and loose fencing. These could have been treated as replacement reserve expenses, however management felt that it would be better to treat them as operating expenses to leave as much as possible in the replacement reserve fund for future large-scale projects like replacement of roofs, exterior painting, sidewalk replacement and asphalt replacement. Roof snow removal and sidewalk snow shoveling were under budget because last year was such a low snow year. An owner asked who handles the snow removal. Steve said that the sidewalk snow shoveling is done by Simon Property Services and the snowplowing is done by SHC Landscaping. He said that SHC has always been much less expensive than any other companies who have been willing to submit bids. This year, they notified management at the very last moment, mid-November, that they would not be doing any snowplowing on properties that they didn't also do the landscape maintenance on. Steve said that most of the snowplow companies are mainly landscape maintenance companies and they do snowplowing in winter just to keep their employees. Management had already solicited and received several other bids, however they were substantially higher. Steve said that many companies simply couldn't find enough drivers with the tight labor market. After SHC told management that they would not be doing the snowplowing for the Miller Ranch Condominiums (or the Miller Ranch Property Owners' Association), Steve talked to the owner of SHC and he subsequently relented and said that they would do the snowplowing this winter. Steve explained that the Miller Ranch Property Owners' Association had decided to continue with Pristine Landscapes again for the landscape maintenance in the neighborhood. They were less expensive by quite a bit of money compared to SHC and other companies who were willing to bid. Additionally, Pristine agreed to place two designated persons in the neighborhood, Monday through Friday, this coming summer. That way there hopefully will be more consistency with the employees who are working in the neighborhood. They will hopefully know who wants what in different flower beds and areas of the neighborhood. There will also be other Pristine people working in the neighborhood, but they will be in addition to the two designated persons. The MRPOA Board looked at the combination of landscape maintenance proposals and snowplowing proposals and even looking at the total cost of both services together, Pristine was still considerably less expensive. The Association was over budget on trash service. For years there were two trash companies, Vail Honeywagon

and Waste Management. A few years ago another company named MRI came along. That made the other two companies become way more competitive on their prices. Slifer Management got a bid from MRI and took it to the Board of Directors. Vail Honeywagon subsequently matched that bid in order to keep the contract. That occurred with many properties in the valley so that Vail Honeywagon would be able to keep their contracts. About 2 or 3 years ago, because MRI had been operating at such low prices, they were about to fail. They subsequently combined with Vail Honeywagon. Almost all contracts with Vail Honeywagon and Waste Management allow price increases at any time during the contract for almost any reason. The only time when a property has any real leverage on pricing is at the end of a contract term. The MRCA contract will end in November of 2019. Steve said that he had that date in his calendar so he can give them notice that the Association will not be renewing the contract unless the price is renegotiated. Unless a property gives them notice at least 90 days prior to the end of the contract, it automatically renews for another 3 to 5 years. Steve will bid the trash removal out to any company that's offering service at that time. Byron Harrington, who was with Vail Honeywagon for many years, has recently split off and started his own trash removal company called Vail Valley Waste. Since the current contract won't end until November 2019, the Association won't see any cost savings from the contract being bid out until 2020. Water and sewer is under budget. The Association tried to cut back on water use as much as possible because of the drought that was occurring. Domestic water for the condominiums is from Eagle River Water and Sanitation District. Irrigation water is from the Freedom Park pond and it's purchased from Eagle County. All of the water and sewer that is shown on the MRCA's income and expense statement is domestic water, since all irrigation water is purchased by the Property Owners' Association. The Association did not do any window washing in 2018 but the owners at the last annual owners meeting voted to allocate funds in 2019 to do window washing. The Association ended 2018 with net income of approximately \$2,366. The Association had replacement reserve income of \$56,327, which gets transferred into the replacement reserve fund. The Association spent \$211,000 on exterior painting and \$14,390 on restriping of the parking lots. There are three things that an Association can do with year-end net operating income. (1) They can refund it to all owners. (2) They can apply it to the next year's budget to reduce the dues. (3) They can roll it into the replacement reserve fund. The vast majority of Associations choose the third option. Those present then voted in favor of rolling the net operating income into the replacement reserve fund.

2019 PROPOSED BUDGET

Steve Stafford had previously emailed or hand delivered the proposed 2019 budget to all members of the Association. Steve had also distributed a different proposed 2019 budget at the start of the meeting. The proposed budget that had been emailed or hand delivered prior to the meeting with the notice of the meeting was the budget that had been previously reviewed and approved by the Board of Directors. After that was sent out, management became aware that the replacement reserve fund had approximately \$26,903 more in it than the updated replacement reserve study showed as a starting balance for January 1, 2019. The updated reserve study has a spreadsheet that starts on January 1, 2019 and goes into the future showing when Borne Consulting expects that future reserve projects will most likely occur. These projects include things like asphalt repairs or replacement, roof replacement, exterior painting, etc. All of these kinds of projects are shown on that spreadsheet. The spreadsheet that started on January 1, 2019 started out with \$26,903 less than what the Association actually ended up with at the end of

2018. The original replacement reserve study and the updated replacement reserve study both showed one year in the future where the Association would end up with zero funds in the replacement reserve fund. That's not a good place to be. When the Board approved the first version of the proposed 2019 budget, they were following the spreadsheet in the updated replacement reserve study. When it was discovered that the Association actually had \$26,903 more in the replacement reserve fund at the end of 2018, Steve had Borne Consulting correct the spreadsheet to show the correct starting amount for January 1, 2019. After that change was made, the spreadsheet showed that the lowest that the Association's replacement reserve fund would fall to in the future would be approximately \$24,000. Because of that change, Steve had the Association's accountant do another proposed 2019 budget with a lower amount for replacement reserve dues. Instead of \$63,000 in replacement reserve dues for 2019, the second budget has replacement reserve dues of \$57,000. With the \$63,000 amount, the replacement reserve dues would be increasing by about 5%. With the \$57,000 amount, the replacement reserve dues would be increasing by about 3.4%, which is about what the consumer price index is currently increasing at. Steve explained that in a replacement reserve study, the preparer makes assumptions about when the different repair or replacement projects will occur in the future. Sometimes in reality those projects happen later but sometimes they occur sooner. Each year management looks at where the Association has ended up with their replacement reserve fund in relation to what is recommended in the replacement reserve study. Borne Consulting previously recommended that the replacement reserve dues increase by 30% per year until 2028, which is when they expect that the roofs will need to be replaced. The Association operated for many years with minimal increases in their replacement reserve dues. Even though the Association is pretty much where it should be with their replacement reserve fund, Borne Consulting thinks that some pretty substantial increases will be necessary for the replacement reserve dues, to keep from having to do any special assessments in the future. Steve pointed out that the replacement reserve dues are a much smaller component of the total dues, compared with the operating dues. An owner asked what percentage of the total dues amount is for the replacement reserve dues. Steve said that the percentage in 2018 was approximately 19% of the total dues. An owner asked what condition the roofs are in. Vincent said that every time we have a reason to have a roofing company on a roof, we have them inspect the entire roof at the same time. The roofs appear to be in pretty good condition at the current time. An owner asked how much a new roof would cost. Steve reviewed the replacement reserve study and said that Borne Consulting split roof replacement over three years. Those years are 2023, 2024 and 2025. The amount for 2023 is \$187,574, the amount for 2024 is \$193,202 and the amount for 2025 is \$198,998. These estimated amounts were obtained from Umbrella Roofing. Steve said that based on what he is seeing, he'd be surprised if roof replacement will need to start as early as 2023. The cost estimates for roof replacement are based on much better roofs than the original roofs. An owner asked if pigeons can affect the roofs. Steve said that he didn't believe so. An owner asked if the replacement reserve study includes the balconies and patios. Steve said that it did include the balconies and the patio fences. Steve once again directed those present to the two different proposed 2019 budgets. The only difference is that one of them has a replacement dues amount of \$57,000 and the other one has an amount of \$63,000. An owner asked if any balconies were going to be repaired this year and Steve said that Continental Construction Company had inspected all balconies and made a list of the ones that will need repair work this summer. An owner asked about maintenance and repairs of the patio fences. Steve said that the exterior surfaces had been restained this year. He said that almost all patios and fences have settled.

Although the Association doesn't have the funds to completely redo the patio areas, the Association does fill in the gaps where fences have pulled away from buildings and lag bolt them in to the buildings (instead of the original nailing) to keep them from continuing to pull away and sag. The Association will be replacing wood on the fences when it deteriorates and restaining will be done on a regular basis, which will protect the wood better and maintain more uniformity in the appearance of the fences. Those present then approved the proposed 2019 budget that included \$63,000 in replacement reserve dues.

ELECTION OF BOARD MEMBERS

Steve Stafford said that this Association has always operated with one year terms for all of the Board Members. He said that the Bylaws actually provide for longer terms with at least one Board Member position being up for election each year. Because it's always been so hard to get owners to serve as Board Members in this Association, all five Board Member positions have been up for election or reelection each year. Steve asked if everyone had a ballot. Each unit owner present should have one ballot for their unit and one ballot for every proxy that they might have. Steve said that all five current Board Members are on the ballot. He put a number of write-in blanks on the ballot for anyone else who is interested in serving as a Board Member. He had not heard back from any owners who had indicated to him that they would like to be a Board Member. Those present then voted in favor or reelecting all five current Board Members for another one year term. Camille Thurston urged those present to consider serving as Board Members in the future if they haven't already done so.

MAINTENANCE AND REPAIRS

Steve Stafford asked Vincent Vigliotti to present this part of the meeting. Vincent went over the list of balconies that were slated for repairs in the coming summer. Those units included B209, C213, C214, C215, C216, D219, E222, E224, E226, F227, F228, F229, F230, G231, G234, H235, H237, H238, H240 and I243. The work includes removal and replacement of the decking material on those balconies. Continental Construction Company has given the Association a bid but Vincent is working on getting several more. Vincent will give balcony owners as much lead time as possible once the schedule is established. The decking will be restained every year or two and the balconies will be inspected every five years. If an owner notices problems with his or her balcony prior to the inspections, they should let management know. The building exteriors have been painted. Vincent has received a proposal for repainting of the garage buildings and he hopes to get several more. The cost of repainting the garage buildings is paid mainly by those owners who own garages. The Association pays a pro rata share of that cost based on the pro rata size of the trash dumpster enclosures compared to the rest of the buildings. Steve said that the cost of repainting of the garage buildings would need to be handled as a special assessment for the garage owners, since there's no good way to segregate the replacement reserve fund into one part that's for all owners and another part that's only for the garage owners. The garage owners will get plenty of advance notice about a special assessment. Some wood replacement will most likely need to be done at the same time. An owner asked if the Association would be painting or staining the interior surfaces of the patio fences. Vincent said that the Association only paints or stains the exterior surfaces of the patio fences. Vincent said that the Board has been talking about rebuilding the dumpster enclosures or installing some kind of different doors because there's been some problems with wildlife in the dumpster areas. An owner said that he's noticed quite a few non-condominium owners using the condominium dumpsters. The Board has looked at

several different types of doors but no final decision has been made yet. An owner asked if non-condominium owners have their own trash cans. Vincent said that the single family, duplex and townhome owners have their own trash cans and they contract directly with the trash company of their choice. Steve said that management had at one time looked at the possibility of one or more common dumpsters for all of the single family, duplex and townhomes, but there weren't any good locations to put them. Management also looked at the possibility of having one trash removal contract for all the single family, duplex and townhomes and had received several proposals for doing that, but the MRPOA had decided not to pursue that any further. Steve said that if anyone notices someone dumping in the condominium dumpster and they think they shouldn't be dumping there, to try and get a description of the vehicle, license plate number and possibly even a picture and to get that information to management. Steve said that the sheriff's department will help out if we can provide them with that kind of information. An owner asked about dryer vent cleaning. Steve said that it's always been treated as an owner responsibility. However, the Board has directed management to get one or more proposals for cleaning all of the dryer vents. Steve has asked Mr. Vac for a proposal. An owner said that Skyline Mechanical also does dryer vent cleaning. Cleaning of the dryer vents helps your dryer perform much better and more effectively. An owner asked if the tree islands in the parking lot behind Buildings A,B, C and D could be removed to create more parking spaces. Steve said that legally this could not be done because Eagle County requires a certain amount of landscaped areas on all properties. The Association could just remove them without Eagle County approval, however Steve said that he wouldn't advise doing that. He said that he's pretty sure that if the Association applied for approval to remove the tree islands, the application would be turned down. Steve said that the snow removal companies also use the tree islands for snow storage, so those would be lost. An owner asked how often light checks are done. Vincent said about once a month. Steve asked those present to always let him and/or Vincent know if they notice a light out. Usually if management is alerted to a light that's out, they will check the entire building at the same time. An owner asked for some scoops in the ice melt buckets and he reported that some needed to be refilled. Vincent said that he has asked the snow shoveling company to check the buckets every time they shovel snow. He will check the buckets also.

ADJOURNMENT

There being no additional business before the members, the meeting was adjourned.

Respectfully Submitted,



Steve Stafford, Community Association Manager