

RED CANYON TOWNHOME ASSOCIATION
ANNUAL MEETING MINUTES
Thursday, January 26, 2023, 6:00PM
Eagle Public Library and Via Zoom.us

MEMBERS PRESENT IN PERSON: Allen (49 Christian), Cornelio (47 Chelsea), Flock—Gaberial (16 Christian), Giarratano (27 Christian), Hannon (35 Christian), Hertzfeld (43 Christian), Moneypenny—Roberts (61 Chelsea), Sheptak (37 Christian), Sare—Mejias (77 Chelsea), Weidner (51 Chelsea) and Zenor (65 Chelsea)

MEMBERS PRESENT VIA VIDEO CONFERENCE CALL: Barnwell (49 Chelsea), Froehling (53 Chelsea), Gilman—Stoxen (59 Chelsea), Pope (41 Christian), Powell (55 Christian), Soos (51 Chelsea) and Theelke (75 Chelsea)

MEMBERS REPERESNTED BY PROXY: Adams (76 Chelsea), Bowman (60 Chelsea), Cholmondeley (76 Christian), Bricker (55 Chelsea), Dimovski (79 Chelsea), Dullinger (43 Chelsea), Gilbert (32 Chelsea), Hodapp (45 Christian), Keller (18 Christian), Le—Chellman (67 Chelsea), Lam (63 Chelsea), Landgraf (47 Christian), Lavery (29 Chelsea, 57 Christian, 17 Christian, 19 Christian), Rogers (78 Christian), Skellion (57 Chelsea) and Adams—Zogg (73 Christian)

ALSO PRESENT IN PERSON: Dan McNeill, Managing Agent and Brandi Resa, Bookkeeper

ALSO PRESENT VIA VIDEO CONFERENCE CALL: Amanda Ashley of Altitude Community Law and Sara Thurston McNeill, Secretary to the Meeting

- I. Roll Call. With 37 of 76 units owners either in present in person, by Zoom or represented by proxy, a quorum was established. According to the Bylaws, 40% of the membership (or 31 units) must be present or represented by proxy in order to achieve a quorum. Dan called the meeting to order just after 6:00PM, certified the proxies, and the attendees took turns introducing themselves to the membership.

- II. Review and Approval of the Minutes from the 2022 Annual Meeting. These minutes were drafted by management and distributed to the membership prior to the meeting. They are also posted to the website: mcneillproperties.com. There being no suggested changes, there was a MOTION: TO APPROVE THE

MINUTES OF THE 2022 ANNUAL MEETING OF THE RED CANYON TOWNHOMES ASSOCIATION AS PRESENTED. The motion was seconded and carried unanimously.

- III. Financial Review. Brandi Resa, the association's bookkeeper, prepared the draft of the December 2022 financial reports and Dan McNeill presented them to the membership. According to the Balance Sheet, the association ended 2022 with \$758,116.82 in total assets, liabilities and equity including \$307,203.94 cash in the bank, \$375,942.17 in CDs, \$57,072.46 in an annuity, \$24,826.41 in prepaid insurance premiums and \$731,977.52 allocated to Reserves. Accounts receivable was <\$6928.16> primarily representing prepaid dues.

The Profit and Loss Statement reveals the association ended the year with a net deficit of \$13,999.26 in the Operating Account. Overruns were experienced in the line items of Spring / Fall Cleanup, Landscape Maintenance / Weeding, Snow Removal Loader, Trash Removal (primarily due to fuel surcharges) and Insurance. Savings were achieved in Project Management Fees.

The association incurred \$87,161.65 in capital expenses in 2022, including \$25,313 for deck staining, \$16,057.25 for roof snow and ice removal, \$13,329 for vault work to the irrigation system, \$9763 for tree pruning, \$4561 for asphalt crack filling and some patching, \$2460 in roof repairs, \$2026 for new sod and flower beds, \$1897 for tree planting / removal and \$11,606 to repair a collapsed window well and replace the window. The 2022 year-end balance in reserves was \$731,464.

Dan then presented the 2023 Budget. A 10% dues increase was approved at the fall budget planning meeting. Increases are expected in most line items, primarily due to inflationary pressures (labor and gas) and a significant increase in the insurance premium. \$191,375 in total income is planned with \$86,842 going to reserves (not including garage reserve income and interest income).

2023 dues for Units without Garages are \$907.50 per quarter

2023 dues for Units with Garages are \$970.20 per quarter.

Management distributed a Budget Explanation Sheet that details the components of each line item. Management also provided attendees with a Dues Comparison

that compares the regular assessments at Red Canyon with other, similar homeowner associations in Eagle.

Dan asked the owners if there were any questions or comments about the budget. Colin Soos had concerns over the increasing costs for trash and recycling services. He noted that the trash enclosures are often full of trash with contaminated recycling and the doors are left open. There was a suggestion to install cameras on the trash enclosures to cut down on unauthorized use. Management will get the cost to do so and review with the Board at the next meeting. Management will distribute a door-to-door memo asking all residents to SHUT THE DOOR to the trash enclosure after each visit.

- IV. Manager's Report. Dan reviewed the updated Reserve Spending Plan with all present. The Plan identifies each common element at Red Canyon and a date and estimated cost for its replacement. The Board and management use the Reserve Spending Plan as a tool to budget for capital projects.

Capital projects under consideration for 2023 include roof consultant fees, landscaping upgrades, dryer vent cleaning and legal fees related to the Declaration Amendment Regarding the Insurance Provision.

Roof replacement (with gutter and downspouts additions) is slated to begin in 2024-25. The cost of this project will not be known until competitive bids are garnered, but \$800,000 is currently budgeted in the reserve study. It was duly noted that this project will most likely require one or two relatively small special assessments to fully fund it while maintaining a realistic balance in the reserve fund.

The next comprehensive exterior painting project is currently planned after roof replacement (2026) and asphalt mill and overlay and related drainage work is targeted to occur in 2030, along with the replacement of concrete sidewalks and curbs.

Gary Gilman asked whether the replacement of gutters and downspouts is recommended with the roof replacement project. Dan explained that the roof consultant will be tasked with designing the specifications of this large-scale capital project. Gutters tend to protect the siding, soffits and fascia and will likely be recommended in some areas.

Dan asked all owners to review and follow the recommendations in the recently updated Risk Management Checklist in order to avoid damages and costly insurance claims. There are many helpful tips on energy and water conservation in the checklist, along with state regulations for carbon monoxide detectors. Owners with exterior hose bibs on their units need to make sure they are properly shut off every fall; contact management if you need assistance with this task. Management schedules dryer vent cleaning every three years.

The Insurance Information Sheet was also distributed to all owners. Homeowners are currently required to carry an HO-6 Policy that provides “walls in” coverage and includes coverage for any UPGRADES TO ORIGINAL DEVELOPER CONVEYED finishes. Your homeowner policy should insure the replacement value of all furnishings and inclusions, including artwork, electronics and recreational equipment. Your HO-6 policy should also include a LOSS ASSESSMENT rider to cover the cost of any deductible to the HOA’s insurance policy that you may be required to pay (\$5000 per insurable event) and LOSS OF USE in the event your home is not occupiable due to damage. All homeowners should make sure that there are NO GAPS IN THEIR COVERAGE by having your interior carrier contact the association carrier. The Board of Directors and management take no responsibility for any areas of coverage that may have been left out by an owner’s policy.

The Association’s master insurance policy is currently with RE Harris Agency. Their phone number is 714-619-4480. The Certificate of Insurance is on the website:

https://mcneillproperties.com/wp-content/uploads/ManagedProperties/red_canyon/redinsurance2022-2023.pdf.

Dan explained that the association is now pursuing an amendment to the Declarations that will shift more of the burden for insurance to individual owners. When adopted, owners will be required to obtain “bare walls” coverage. This will be discussed in more detail later in the meeting.

All owners who rent their units on a long-term basis should require their tenants to carry renters insurance; this requirement should be written into every lease. Owners that rent their home on short-term or nightly basis should carry a short-term rental rider that includes additional general liability coverage.

For rules and regulations issues, owners should contact Jennie Lewis, Code Enforcement Officer for McNeill Property Management by emailing her at

jennie@mcneillinc.com or calling or texting her at 970-904-0519. Photos are very useful when reporting code violations and all reports are kept anonymous.

Dan reminded all present that tenants are NOT permitted to have pets at Red Canyon, per the Declaration. Every owner with a dog must pay a \$100 annual pet fee to cover the cost of pet clean up (stocking bags at the dog stations, emptying trash and replacing dead sod).

RESIDENTS ARE NOT PERMITTED TO USE GUEST SPOTS; ***THESE ARE DESIGNATED FOR BONA-FIDE GUESTS AT ALL TIMES.*** Owners that rent their Red Canyon home on a nightly basis must ENSURE THAT THEIR TENANTS PARK ONLY IN THEIR ASSIGNED SPOT and not in guest parking spots. Overflow parking is available along Nogal Road during certain hours. The Eagle Police Department patrols along Nogal Road and will occasionally ticket cars that are parked there during the day, especially when snow removal equipment is on site. Vehicles parked on common area at Red Canyon must move regularly during the winter months to aid in snow removal efforts.

No lock-offs are permitted at Red Canyon. The Town of Eagle does not permit Accessory Dwelling Units at multi-family projects. Residents are reminded that quiet hours at Red Canyon are 10PM to 8AM every day.

All residents are reminded to park in a manner that does not block sidewalks (therefore, oversized trucks should be parked away from walkways). No electrical cords are permitted to cross walkways for safety reasons.

Residents are not permitted to smoke on any common or limited common elements, including decks, patios, walkways, and turf areas.

Management distributed a Contact List for all owners. Management, maintenance, snow removal, accounting and code enforcement contacts (emails and phone numbers) are on the List.

- V. Board Member Elections. The current Board members are Mario Giarratano Skylar Hertzfeld, Deborah Hannon, Michael Lavery, Chad Roberts, Susan Flock and Daniel Milchev. Mario, Michael, Chad and Deborah have terms. Terms are two years each. Mario, Michael, Chad and Deborah are seeking re-election. Additional nominations were sought from the floor; none were forthcoming.

There was a MOTION: TO RE-ELECT MARIO GIARRATANO, MICHAEL LAVERY, CHAD ROBERTS AND DEBORAH HANNON TO THE BOARD OF DIRECTORS. The motion was seconded, and it passed unanimously.

- VI. Old / New Business. Amanda Ashley of Altitude Community Law then addressed the membership to discuss the proposed Limited Amendment to the Declarations. This document was distributed to all owners with the Annual Meeting Notice in December. Dan McNeill prefaced her report by noting that in the current insurance industry climate, premiums have been steadily increasing due to claims. There is a claim history at Red Canyon and the Board asked management to pursue an amendment to the Declarations that shifts more of the burden for insurance to individual owners.

Amanda Ashley reviewed the language in the proposed amendment with those present at the meeting. The Declarations currently call for “developer conveyed” coverage. Each owner is responsible for insuring their contents and UPGRADES to developer-conveyed finishes. If the revisions to the insurance provision are approved by the membership, then owners will be required to purchase a “bare walls” HO-6 policy that covers finishes on drywall (texture, paint, wallpaper), flooring, fixtures, appliances, the replacement value of all furnishings and inclusions, including artwork, electronics and recreational equipment. This HO-6 policy should also include a LOSS ASSESSMENT rider to cover the cost of any deductible to the HOA’s insurance policy that you may be required to pay (\$5000 per insurable event) and **loss of use** in the event the home is not occupiable due to damage.

Those present at the meeting had an opportunity to ask questions about the proposed amendment. Ed Sheptak, an agent with Mountain West Insurance and an owner at Red Canyon conferred that this is currently the best approach to take to try to limit increases to the association’s insurance premiums, moving forward.

The membership expressed its thanks to Ms. Ashley and she excused herself from the meeting. Management will work to finalize the proposed Amendment, cover letter and mail-in ballot and will get it out to all owners in the coming weeks. It was duly noted that 67% of the owners will need to approve it. Then it will be sent to all first mortgagees for a 60-day review period.

Gary Gilman reported that he recently replaced a hot water heater in his unit, only to have it fail less than one year later. The plumber blamed “hard water” for its

failure (which negated any warranty) and recommended that the owner install a filtration system in his unit to protect the water heater and other appliances and fixtures that use water. Gary asked if any other owners had the same experience. At least a couple of other owners confirmed that their water is hard and one has installed a reverse osmosis system and another has installed a carbon filter. When the Town of Eagle recently took its new water treatment plan on line, many residents experienced very high amounts of sediment in their domestic water lines.

Daniel Milchev recently sent a letter to the Town of Eagle asking that year-round parking be permitted during all hours on Nogal Road for residents of Red Canyon Townhomes to help alleviate the tight parking conditions in the community. Currently, residents are permitted to park on Nogal Road during certain hours and must move their cars when snow removal equipment is at work.

- VII. Adjournment. There being no further business to come before the membership, the meeting was adjourned at approximately 7:45PM.

Respectfully submitted,

Secretary to the Meeting