

**MILLER RANCH TOWNHOME ASSOCIATION
ANNUAL HOMEOWNERS MEETING
DECEMBER 17, 2018**

MINUTES

CALL TO ORDER

Steve Stafford, Property Manager for the Association, called the meeting to order 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 in attendance:

- Kori Grice Beckman, 65 Tames Creek
- Bill Lansdowne, 12 Flat Top
- Jim Edwards, 27 Cross Timber

Other members in attendance were as follows:

- Dave and Stacy Thibedeau, 11 Tames Creek
- Lisa Tew, 70 Marble
- Kris Larson, 112 Marble
- Jason and Astrid Carraro, 94 Marble
- Shaun Filiault, 30 Flat Top

Others in attendance were as follows:

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

ESTABLISHMENT OF QUORUM

Steve Stafford said that the original Bylaws required 30% of the voting shares of the membership to be present in order to establish a quorum. Because that level of attendance had always been difficult if not impossible to achieve in past years, the Board of Directors, at Kori Beckman's suggestion and with the advice of the Association's attorney, had amended the Bylaws to now require 10% of the voting shares of the membership to establish a quorum. Based on attendance at the meeting, a quorum was established.

APPROVAL OF MINUTES

Steve Stafford had previously emailed, mailed or hand delivered copies of the Minutes from last year's Annual Meeting to all members of the Association. He asked those present if anyone had any questions or comments regarding the Minutes. One owner asked what the legal fees expense was for and Steve said that it was for the Association attorney's work on the Amendment to the Bylaws. There were no other questions or comments. The Minutes were then approved.

FINANCIAL REPORT

Steve Stafford had previously emailed, mailed or hand delivered copies of the November 30, 2018 balance sheet and profit and loss budget performance report to all members of the Association. Heidi Hanson presented the financial review of those documents. She first reviewed the profit and loss budget performance report. The Association is doing very well as it is under budget on almost all expense items. The Association is under budget mainly because roof snow removal has not been needed in 2018. That expense was budgeted at \$8,550. The Association is expected to end 2018 with an approximate net income of \$6,500. The membership of the Association will need to vote to decide whether to roll that net income amount into the replacement reserve fund, have it refunded to all of the owners based on their percentage of ownership or apply it towards the 2019 budget. One owner asked how come repairs and maintenance expense was so much over budget. Vincent said that the Association did a lot of touch up work on the exteriors of the buildings in 2018. An owner asked if more touch up work would be done in the spring and summer of 2019 and Vincent said that some touch up work is usually done every year. There was a brief discussion about the three options for dealing with the year-end net income. Steve said that most of the Associations that Slifer Management deals with choose the option of rolling their year-end net income into their replacement reserve funds. Steve said that the replacement reserve study predicts that the roofs will need to be replaced in 2025. He said that they might not last that long or the Association might be able to make them last a few years longer than that. He said that the updated replacement reserve study estimated that new roofs for the entire complex would cost approximately \$555,000. This past summer Turner Morris Roofing came in and inspected all of the roofs. They estimated that it would cost approximately \$685,000 to replace all of the roofs when it's time to replace them. When the time comes, the Association will get multiple bids, so it's unclear what the actual amount will end up being. One owner asked what kind of warranty the Association would get with new roofs. Steve said that it depended on what kind of roofs the Association gets. The original roofs were very low quality in order to keep original costs, and purchase prices, as low as possible. The above cost estimates are for the townhome roofs as well as the garage roofs. There are seven buildings comprising a total of 49 townhomes. Heidi said that so far this year the Association has collected \$44,725 in replacement reserve income and \$13,551 of that income has been spent on replacement of rotten railings and other exterior repairs. Heidi then reviewed the balance sheet. The Association has \$51,044 in the operating account and \$147,725 in the replacement reserve account. There's only one owner who has not yet paid their December dues, so the Association is in great shape regarding delinquencies. She assumes that payment will come in very soon as the Association does not have a problem with delinquent owners. The insurance has been prepaid and she will expense that over the next twelve months. The working capital is the amount that each owner pays when they purchase their unit. It is equal to three months of dues. An owner gets that amount back whenever they sell their unit. Heidi is predicting that the replacement reserve amount on January 1, 2019 will be approximately \$183,800, assuming that the owners vote to roll the year-end net income into the replacement reserve fund. Those present then voted in favor of rolling the year-end net income into the replacement reserve fund.

2019 PROPOSED BUDGET

Heidi Hanson went over the 2019 proposed budget, which had previously been emailed, mailed or hand delivered to all members of the Association. A brief discussion followed. Heidi said that

two figures on the proposed budget spreadsheet were incorrect and needed to be corrected. The Total Other Income/Expense in the 2018 Estimated Year-End column should be \$32,240 and the Net Income in that same column should be \$41,272. The Board of Directors is proposing a 3.8% increase in the operating dues, mainly due to repairs and maintenance, insurance and roof snow removal (due to increased cost of labor). The replacement reserve study calls for a 60% increase in replacement reserve dues. The Board felt that a 60% increase was too much. They directed Heidi to only increase the replacement reserve dues by 25%. That would increase the replacement reserve income from the current amount of \$48,791 to a new amount of \$60,835. The replacement reserve study estimates that approximately \$8,000 of roof repairs will be needed in 2019. She then went over the spreadsheet that shows the breakdown of the proposed 2019 dues for each unit. The overall proposed increase (operating and replacement reserve) is approximately 14%. Steve Stafford said that the main purpose of the increase in dues is to attempt to cover the cost of future roof replacement without the need for any special assessments. Steve said that the Board of Directors has spent a lot of time wrestling with the issue of trying to make sure that special assessments aren't needed in the future while at the same time trying to keep dues as low as possible. When the owners were previously polled as to whether they preferred annual dues increases or future special assessments, the vast majority said that they preferred annual dues increases to cover future projects like roof replacement. One owner asked Steve if he expected the increase in the replacement reserve dues to be a one time increase and he said that realistically, he expects the replacement reserve dues to increase every year. The original replacement reserve study called for annual increase of replacement reserve dues of 15% per year. For quite a few years, the Association avoided doing that while still keeping the replacement reserve fund pretty close to what was called for in the study. Typically, as a property gets older, the replacement reserve dues have to be increased on a regular basis because components of the property start to wear out and they have to be repaired or replaced. Otherwise, the Association has to use special assessments to pay for those large repair or replacement projects. Those present then voted to approve the proposed 2019 budget.

BOARD MEMBER ELECTION

Steve Stafford said that Kori Beckman's term was expiring at this meeting. All Board Member terms are for three years. The terms are staggered so that one Board Member position is voted on each year at the annual owners meeting. No one had previously indicated to Steve that they wished to be on the ballot, so he had placed Kori's name on the ballot for possible reelection. There is a place on the ballot for write-in candidates, so if anyone would like to be a Board Member or if they would like to nominate another owner to be a candidate, their name can be placed in that blank on the ballot. Steve asked everyone to fill out their ballots, fold them over and then hand them in before leaving the meeting.

MAINTENANCE AND REPAIRS

One owner asked if he could change the color of his front door. Steve said that a DRB application would need to be submitted. The Board has not ever allowed a change to a color that is not one of the original door colors in the original color schemes, but they have allowed a few owners who have made the request to change their door color to one of the other original door colors. One owner asked about some tree replacements. Steve said that some trees had been blown down by a past storm. Those trees have been approved for replacement in the spring or summer of 2019.

MISCELLANEOUS

Kori Beckman asked those present whether they prefer having the annual owners meeting in December or in January. A brief discussion followed although no consensus was arrived at. One owner mentioned a dog that runs loose. Steve said that when owners are aware of a dog problem, they should give him as much information as possible (description, where the dog lives, picture of the dog, etc.) as that's what he needs to try to do something about the problem.

ADJOURNMENT

There being no additional business to discuss, the meeting was adjourned.

Respectfully Submitted,



Steve Stafford, Property Manager