

Mountain Springs Ranch Homeowners Association

Board of Trustees Meeting Minutes

August 11, 2021

Attendance:

Carrie Clark, President
Cyndie Rippy, Vice President and Treasurer
Julie Coy, Co-Treasurer and Secretary
Tom Heald, Trustee at Large
Gary Starr, Trustee at Large
Tom Warnes, Trustee at Large
Chris DeSantis, Trustee at Large

Also Present at the meeting:

Peggy Hill
Louisa Morrissey
Steve Beckley
Jeff Fedrizzi
Sean Elias
John Rippy
Justin McGrigor
Christy Milner
Ben Young
Micah Embrey
Mary Elizabeth Geiger, Attorney for MSRHOA

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Call to Order:

President Carrie Clark called the meeting to order at 6:07 p.m. MT via Zoom

Meeting Expectations, Approval of Meeting Minutes:

Each speaker gets 3 minutes, and it will be timed.

Carrie Clark pointed out that we have reached our limit for cloud-based data storage, including recordings of meetings. She determined that adding 3 terabytes would cost \$480/year, which is not in our budget. As a workaround, she will only keep the audio recording stored (not video) to save space. Eventually we will have to delete some old meeting recordings to save current recordings. Transferring audio to a transcript is being looked into.

Minutes of 8/2/21: Cyndie Rippy moved approval. Carrie Clark seconded. All approved

Committee Updates

- Fire Committee.

Louisa Morrissey reported that she has not yet been able to reach Matt Graham to determine the status of our new signs. Carrie asked Louisa to talk with Matt Graham to discuss adding speed limit signs to each post and find out what the cost would be.

Our CWPP is with Kami Long at the Colorado Forest Service for review. The plan just needs some additional mapping and Kami has an intern doing that for us now. We want a master map of prior mitigation projects that will allow us to target areas for future work.

Louisa offered her thanks to Julie Coy for helping with the address location project, and to Susan Starr and Peg Hill for researching potential grants for projects prioritized in the CWPP.

Louisa shared Jeff Fedrizzi's report from his meeting with the County. They will be reviewing neighborhoods such as ours that have physical addresses that are not in proper order. It's up to the land owner if they want to change their address, which means changing addresses on utility, mortgage, Post Office, etc. Louisa acknowledged that is a task not all owners may want to take on. Jeff Fedrizzi indicated that the Garfield County Building Inspector is interested in helping to recommend corrected address numbering to make finding homes easier. Julie Coy just received the link to online addresses on the County website and will be identifying the current, official address for every property on MSR. She will then be able to provide that information to Matt at the Garfield County Building Inspector's office and he will identify what the proper numbering would be if owners are willing to make the change.

Tom Heald asked for clarification about the status of inquiry into the Glenwood Springs Fire Protection District and the mills associated with joining the District, and offered to help Louisa pursue that. Jeff Fedrizzi said a mill estimate of approximately 12.33 was offered, but we need to validate that before we risk misinforming members. City of Glenwood Springs is very much in support of our pursuing joining the Fire District. There is a fee of \$1250 for a single lot owner to join but if all lot owners join the fee is only \$550. Louisa is also on the County CWPP development committee and regularly reminds its members about MSR and its needs. Carrie described Tim Hasselmann's effort to clear part of his meadow on Lot 7 as a safe zone. He has erected a wind sock to assist potential MedEvac helicopter landing. Louisa will check in with him on progress in

arranging trial landings of the helicopter so that it can be posted as a landing zone with area fire response agencies. Carrie will notify Members about the potential helicopter landings so as not to alarm anyone.

- Habitat: no report. Carrie urged people to remove foxtail and cheat grass and Common Tansy as they see it, since they are fire hazards and noxious/invasive weeds. Julie Coy indicated she noticed a large clump of Common Tansy opposite Austin Callender's home.
- Road: Gary Starr thanked the Fedrizzi family for their donation of gravel for road repair. Walter's Company final bill for the road work was \$21,000 over budget. Gary Starr discussed the bill with Ed. Expenses were higher due to trucking 15 loads of donated gravel from Gypsum, Glenwood Canyon and Midland Ave construction delays raising staff time, and the need for large amounts of water to go with late summer road work and mag chloride application. Ed offered to cover \$12,000 of the overage. Cyndie reported there have been cash donations of \$3,000 to help with some of the additional cost. Gary recommended taking the money from our contingency fund to cover the remainder. Carrie Clark expressed her frustration with the bill and discussed the issue with our lawyer to see if it is legal to use the contingency account for this purpose. The lawyer said it was an appropriate use of contingency funds. Louisa Morrissey and Ben Young offered to donate \$1,000 to help cover the expense. Peg Hill and Julie Coy volunteered to donate \$1,000 and Steve Beckley will donate \$2,000 from his Ranch. Steve has asked Longorias to match his donation with another \$2,000. Steve reminded the Board that Ed is doing work for us at a deep discount. Tom Heald expressed gratitude for the generosity of members of the community in helping cover unanticipated costs. Tom asked what our history is of dealing with contracting, tracking expenses, and addressing budget overruns by vendors. Gary responded that we haven't needed to do a lot of contracting because our only common asset is the road. In general, we have done well with proposal acquisition and monitoring performance. It is important to have a bit of contingency within proposals and in our budget to cover unanticipated challenges. Tom Heald asked who a vendor speaks with in the course of proposal development, contracting, and executing on work including expenditures. Gary responded that ultimately the Board is responsible for contracting and expenditures, so contractors will speak with knowledgeable committee chairs or members as well as the Board President. Carrie indicated that slippage in the process has been a learning experience indicating the need for tighter management in the future.

Julie asked how much we still have in budget for early season snowplowing. Cyndie indicated we have \$5,000 separate from the funds being discussed to pay for the road bill.

Cyndie reported that we have enough left in the Road budget that the overage is actually \$18,559. Carrie asked for a motion on how to pay the bill. Julie Coy moved that

we split the overage of \$18,559 with Walters' Company, using \$4,000 donated from members in the meeting today and \$5,279.50 from contingency; and asking Ed to cover the other \$9,279.50. Gary seconded. Passed with 5 in favor and 1 unable to cast a vote due to poor cell connection.

Budget Update: refer to discussion above

Review of Revised, Draft Articles and Bylaws

Mary Elizabeth Geiger, the MSRHOA attorney, joined the meeting at 7 pm to share her perspectives on the revision process to bring governing documents in alignment with CCIOA and the Colorado Non-Profit Act. She commended our volunteers in producing good drafts. The purpose of her review has been to identify any legal issues that need to be resolved or addressed; and to identify language that might need tightening to reduce potential conflict or disagreements regarding interpretation. Gary asked if Mary Elizabeth Geiger had reviewed all of the MSRHOA policies that are posted on our website and were developed to achieve compliance with CCIOA for the most part. Mary stated she has not been asked to review the policies. Carrie clarified that Mary Elizabeth has only been asked to date to attend to the draft Articles and Bylaws. The policies on the website pertain more to the Covenants. Mary stated that the Covenants are the only document that is recorded, and it will be the only document that comes up and is invoked when a property is sold/bought. Anything that restricts the use of property should be in the Covenants, e.g., prohibition of short-term rentals. The HOA must also have Articles of Incorporation that define core elements of the organization and those are filed with the Secretary of State. Bylaws set forth how the organization will be run, e.g., structure of the Board, how members vote, etc. CCIOA requires every HOA to have certain policies, e.g., how assessments are collected, how funds are managed, how policies are developed. Peg Hill indicated that those policies do exist from 2015 and are posted on our website along with our other governing documents. Mary Elizabeth recommended pursuing the goal of developing a single Covenants document combining all of our historical Amendments to the Covenants for future ease of use.

Gary raised a question about the current draft of Article VI.2 of the By-Laws regarding how funds left over at the end of the year should be handled. He felt that the draft language imposes excessive restrictions on the Board's ability to access contingency funds at their discretion and asked if those restrictions are required by CCIOA. Mary Elizabeth indicated that CCIOA does not require that restrictive language, but some Members might want it. CCIOA says that unless provided in the Declaration of Covenants, any excess funds left over at the end of the year must be placed in the Association's reserve fund, contingency fund or returned to members UNLESS the Declaration of Covenants provide that they can be rolled over into operating expenses for the following year. A reserve fund is required by CCIOA. Mary Elizabeth recommended that we do some sort of reserve study to identify and plan for our longer-term

road maintenance, and determine how to fund the reserve. In contrast to the reserve fund, a contingency fund is a “rainy-day” fund for incidental, unplanned expenses such as a budget overage on contracted work. Julie Coy asked for clarification as the language uses the word “reserve” in two ways. Mary Elizabeth recommended naming the two funds a contingency fund and a reserve fund. Julie suggested that having money every five years for brush cutback as part of fire mitigation work would be an important planned expense that could be covered by a reserve fund. Mary Elizabeth affirmed that as a good example for use of a reserve fund relevant to MSRHOA. Gary said another might be culvert clearing. Most HOA’s build up their reserve by dedicating occasional surplus funds at the end of the year to the reserve fund. Most HOA’s have \$5,000 to \$10,000 in a contingency fund for more normative expense variations from budget. Reserve might be as much or more.

Gary expressed a concern that our budget management issues are made complex by variations in weather. For example we might have \$20,000 in the budget for snowplowing and in a light snow year, only need \$12,000. Since we are always spending less on the road than is needed, those occasional surpluses have allowed us to catch up and invest in the road quality.

Chris DeSantis expressed that sticking to the budget is important to members who pay dues, and he does not feel it is appropriate to allow excess funds to be spent at will on additional road work or snow plowing if it’s not budgeted and planned for.

Mary Elizabeth again stated that we must have a reserve fund and a way to fund it. And unless the Declaration of Covenants says otherwise, excess funds raised from assessments must go to the reserve fund or be returned to members. There are obviously different opinions on the Board regarding use of surplus funds, so it is an issue that should be highlighted for Member input.

Christy Milner asked Mary Elizabeth to confirm that no policy can supercede the Declaration. Christy claimed that the policy passed regarding snowplowing was done in closed session of the Board and was not voted on by members.

Carrie urged the group to move back to the topic of the Article and By-Laws, which is why Mary Elizabeth was in the meeting.

Mary Elizabeth stated that the revision of the Declaration of Covenants is an opportunity to set the course for the future for how the Board handles a range of issues, including use of surplus funds. Suggests that the budget that goes to the Members should be broken out to the extent possible in the interest of transparency, for example, winter road maintenance with reasonable detail and summer road maintenance with reasonable detail.

Tom Warnes said we need to make some data-driven decisions to allocate money to both reserve and contingency funds based on perhaps a 5 or 10 year historical spend rate. Building a reserve fund is wise. We can look at how many times we dipped into a contingency fund over the last 5 years and decide how much we should keep available. We should look 2, 5 and 10 years out to plan and prepare for longer-term maintenance of the road and raise the funds needed to execute on it. Could use historical expenses and in-house expertise to do a full improvement plan for the road rather than a traditional reserve study; and simultaneously determine how much we need in contingency. As an example, we might plan to pull ditches every two years and apply mag chloride every three years. If that work was planned out, and the reserve was there to pay for it, everyone would know what was going to be done.

Micah Embrey asked who is responsible for damage to property from snowplowing. Mary Elizabeth said contractors working for HOA should have the HOA named as an additional insured on their insurance policy. Cyndie Rippe confirmed that is our policy. If a private individual or owner is plowing voluntarily, any damage they do would be their responsibility or addressed in their insurance coverage. But the issue is not black and white.

Julie asked about Article VI 2b regarding presentation of all new rules and regulations, policies and procedures adopted during the year at the annual meeting. Mary indicated this is not required by CCIOA but was offered as a check and balance on Board activity. Clarified it only refers to documents developed in the year preceding the Annual Meeting, not to policies that were already in place, and that this information could be presented in a written format with written rationale on why it was passed. But if there were objections to any of these documents then a vote on whether to veto that document would need to take place.

Julie asked Cyndie if we have any money currently in a reserve fund. She said that the Boyd settlement and small savings have allowed creation of a contingency fund just a few years ago, but there is no reserve fund as defined and required by CCIOA.

Chris DeSantis offered to clarify the “reserve” and “contingency” language in the draft. Agreed with Tom Warnes that we need a plan for longer-term work vs. annual, routine maintenance on the road and a mechanism for funding the reserve to pay for the longer-term work.

Tom Heald is working on our Member survey.

Covenants Revision Work

Postponed. Prioritized finishing the Articles and By-Laws.

New Business

None raised.

Next Meeting of the Board:

August 17, 2021, 6:00 – 8:00 p.m.

Meeting Adjournment

Julie moved adjournment, Cyndie seconded, all approved adjournment at 8:08 p.m.

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