

**ENCLAVE AT KEYSTONE ASSOCIATION  
BOARD OF DIRECTORS MEETING  
July 25, 2020**

**I. CALL TO ORDER**

The Enclave at Keystone Association Board of Directors Meeting was called to order at 9:11 a.m. on Zoom.

**II. ROLL CALL**

Board Members Participating Were:

Tom Baugh, President	Meredith Van Dyne, Vice-President
Richard Nadolink, Secretary	Scott Hamilton, Member
Susan Davis, Treasurer	

Owners Participating Were:

Ted Trask	Michael Truax
Deb & Gary Gerhard	Laura Schneider
John Weisenfels	Robert Chisholm
Barbara Verble	Debbie West
Ronald Paquet	Andrew & Jan Galvin
Bill Goslau	Mimi Claire
Natalie Berman	Susie Carahalios
Michael Rainen	Terry Lemmerman
Kelly & Eric #43	Sandi Leven

Representing Basic Property Management was Gary Nicholds. Greg Turnbow, on-site Manager, was present. Erika Krainz of Summit Management Resources was recording secretary.

**III. INTRODUCTION OF CURRENT BOARD MEMBERS & OFFICERS**

Tom Baugh stated that Patty Howell and Sharon O'Connell both sold their units and resigned from the Board. He said they helped the Board make tremendous progress and thanked them for their service on the Board.

**IV. APPROVAL OF PREVIOUS MEETING MINUTES**

**Motion:** Richard Nadolink moved to approve the January 28, 2020 Board Meeting minutes as presented. Meredith Van Dyne seconded and the motion carried.

**V. ON SITE MANAGER'S REPORT**

Greg Turnbow reviewed completed and pending projects:

1. Alpine Tree Service – will be on site in the fall to trim the trees.
2. Tennis Court - Sport Court and Renner provided bids for repairing the tennis court.
3. Window Washing – bid accepted. Owners can contract independently for their units.
4. Dumpster – there is a problem with ice accumulation around the dumpster at the east end. The dumpster will be moved onto a new concrete pad between the tool shed and guest parking in about two weeks. An enclosure may be built next summer.
5. Pool – the pump failed due to a broken impeller and was replaced.

6. Roof – problems were identified at Units 22 and 39 during inspection. Greg Turnbow was authorized to have the repairs made and to have the wiring installed for the heat tape.
7. Landscaping – trimmed the shrubs.
8. Staircase – repaired the stairs down to the tennis courts at a cost of \$500.
9. Toolshed – replaced a rotted board.
10. Fence – scraped and repainted.
11. Parking Lot – the lot will be striped after the dumpster pad is poured.
12. Aspen Trees – the trees growing on the knoll are being cut.
13. Pool – the pool is closed and there is signage on all doors. Owners are asked to inform their rental management company and rental guests of the closure.

## VI. FINANCIAL REPORT

### A. *Status of Audit*

The audit has not been finalized. Tom Baugh received a draft late yesterday and no issues were identified. He would like the auditor to provide feedback on the processes and if anything needs to be changed. The final audit report will be posted on the website and notice will be sent to owners when this occurs.

**Action Item:** The Board will review Articles VII.F. and VIII.D. to resolve a discrepancy in the audit frequency, which should occur every two years.

### B. *Status of Insurance for Rebuild of Units 1 & 2*

The insurance company has approved \$25,000 for mitigation and \$1.123 million for rebuilding for a total of \$1.148 million. Invoices to date total \$168,000, leaving \$980,000 for remaining expenses. The BluSky contract has known change orders that are already priced and the risk of additional change orders should be minimal. The fireplaces are being brought up to code, which was not in the original bid. There is a potential change order for replacing the gas and water meters if the utility companies will not do it for free. The contract value, excluding the two change orders, is \$1.950 million. With the remainder of the approved insurance, there will be a \$970,000 shortfall in the insurance coverage.

Issues with the insurance company include questioning the need for fencing around the units, underestimation of the amount of stucco, unwillingness to pay for removal of snow from inside the units and on the decks, not wanting to pay for the charred beams and arguing about the cost for the replacement windows, which are the same model as the original windows. Tom Baugh anticipates the Association will have to sue the insurance company and it will be a long-term battle.

Tom Baugh reviewed cash flow. The insurance company has only paid out \$840,000 total to date. After accounting for what has already been paid out for mitigation, restoration and the BluSky Contract, there is a shortfall of \$1.278 million. The HOA's insurance attorney has requested payment for 100% of the line items that are complete but the insurance company is holding the funds until everything is done on both units. It

has been necessary to pay some expenses from Reserves and Operating accounts. The Association accountant Patti Vande Zande has worked out an interest-free payment plan with BluSky wherein they receive \$50,000 every two weeks. At this rate, the Association will run out of cash by the first or second week of October.

The options for addressing the shortfall are to default on the contract, levy a Special Assessment or secure a bank loan. The first option is not feasible. A Special Assessment would need to include language that it is strictly to cover the shortage in insurance payments and any money received would be refunded to the owners. The Board is authorized to obtain a loan up to \$100,000 without owner approval, but this would not be enough. A combination of Special Assessment and a loan would be the last option.

The Declarations state that owners are supposed to carry insurance for an assessment for a loss. Owners should check their policies to determine if they have this coverage. **Action Item:** The Insurance Committee will consider drafting a letter explaining what type of coverage is required.

The Board voted to authorize Tom Baugh to start negotiating for a loan of \$1.028 million. There will be \$250,000 used from Reserves.

Owner comments and questions addressed the following:

1. Attorney name – The firm of Steve Shapiro has been hired to put pressure on the insurance company to pay for the covered losses. This is not the same firm that is defending the lawsuit against the Association.
2. Special Assessment amount and Reserve balance – The Special Assessment would be approximately \$22,000 per owner. The starting balance of the Reserve Fund was \$349,000 and as of last month it was \$32,000.

*C. Current Financials*

1. Repair & Maintenance - There are some savings, but there are several projects scheduled in the fall. Greg Turnbow will be asked to prioritize them.
2. Legal – One owner is more than three months delinquent. The Association is paying the attorney for collections but should receive reimbursement from the unit owner. The legal expenses for the fire were unbudgeted. Expenses related to the insurance issue are \$16,500 to date and are projected to be \$7,400 per month through October for a total of \$46,100 for the year.
3. Reserve Projects - The Clubhouse doors and tennis court projects are on hold. The Clubhouse steps were completed for \$500 instead of the budgeted \$21,000.
4. Total Projected Expenses – \$46,000 over budget. This does not include the insurance funds shortage.

## **VII. UNFINISHED BUSINESS**

*A. Status of Units 1 & 2 Rebuild*

Unit 2 should be done in October and Unit 1 in November. Exterior stucco was completed this week. Both units look very good. Richard Nadolink has provided a summary of progress the first week of each month.

*B. Status of Insurance Review Committee*

There have not been any volunteers to serve on this committee.

## **VIII. NEW BUSINESS**

*A. Revision of Documents*

The Board, Association attorney and two owners worked on the revisions. The allegation that owners would be voting to change the insurance is false. The insurance has already been changed to a bare walls policy. Owners should ensure their personal coverage dovetails with the Association policy. The Association was denied insurance at the end of January because there were conflicts between the Declarations and Bylaws. The Board passed a Resolution in order to enable the Association to obtain insurance when the policy renewed March 1<sup>st</sup>. The amendments require approval by at least 67% of the membership. Multiple bids were obtained for insurance but they were not for full unit interior coverage in accordance with the advice of the attorney. The reason for carrying bare walls coverage is the numerous upgrades and changes to individual units. In addition, insurers were unwilling to provide full unit interior coverage. It was noted that bare walls coverage is standard among most Associations and owners can select the level of coverage desired for the unit interior.

The attorney recommended updating the Declarations and Bylaws at the same time since they were outdated and out of synch. The Board negotiated a \$3,000 legal fee for the attorney to make the updates to eliminate conflicts and inappropriate information and for compliance with CCIOA.

Owners were encouraged to submit their ballots by scanning and emailing or taking a photo and sending to one of the Board members' cell phones.

Owner questions and comments addressed the following:

1. Quorum – Some owners felt 10% was too low. Tom Baugh said the documents were already sent out for owner approval and changes cannot be made right now.
2. Future Amendments - A suggestion was made to separate future amendments into smaller segments to allow the owners to vote on the items individually.
3. Secret Ballots – An owner felt there should be open voting for transparency. Gary Nicholds explained that per Colorado law, secret ballots are only required for contested elections or if requested by the membership.

4. Board Meetings – An owner supported scheduling the Board meetings around July 4<sup>th</sup> and Christmas to encourage more owner participation.

*B. Status of Re-Opening Clubhouse*

Richard Nadolink said Colorado Department of Health lists 14 requirements for opening pool facilities, including a full time attendant. The Board is hoping to be able to re-open for the winter season. The attorney will be providing a liability waiver that owners will have to sign in order to obtain a new key for access.

*C. Unit 1 Lawsuit*

A lawsuit has been filed. The Board is unable to discuss legally privileged information. The insurance company is defending the lawsuit under the D&O Policy and is hiring the attorneys. The maximum Association exposure is the \$10,000 policy deductible. There will be court-ordered mediation. Six parties were named in the lawsuit, including the management company, and the same set of attorneys are being engaged for their defense. The publicly available documents are posted on the website. Tom Baugh has not received anything from the insurance company regarding claims that are not covered or reservation of rights, but there could be potential exposure for the interior repairs.

*D. Gutters*

Richard Nadolink inspected the property during the winter and concluded that the units with gutters had little or no ice problems. The units without gutters had moderate to severe problems. He received one bid of \$800/unit for the entire front side of end units and it should be less for middle units. He requested for two estimates: a bulk bid for all units and a bid for individual units. There are 18 units that need gutters and he has the unit numbers and a map.

**Action Item:** Richard Nadolink will send the map to all owners.

*E. Owner & Board Communication*

Tom Baugh has looked into establishing an unofficial Facebook group to allow owners to communicate among themselves. Two Board members would be assigned as administrators. It would be a closed group for owners only. In a virtual show of hands, a majority of owners were in favor of the concept.

**Action Item:** The Board will follow up on this concept.

*F. Speeding on Drive*

There is an ongoing problem with cars speeding through the property. Speedbumps would be expensive and a problematic for the Fire Department.

**Action Item:** The Board will explore solutions.

*G. Hot Tubs*

An owner approached Tom Baugh about installing a hot tub. The owner was asked to develop a full proposal that addresses costs and insurance for Board consideration.

*H. Window Seals*

The plastic window seals are deteriorating and should be replaced for all windows. Tom Baugh said windows are an individual owner responsibility. Richard Nadolink commented that the plastic is a specialized insert and is very expensive. No vendor in this community will make repairs on Anderson Windows.

**Action Item:** Richard Nadolink will contact Anderson about pricing.

*I. Manager's Scope of Work*

Tom Baugh noted that Greg Turnbow is not technically responsible for obtaining bids for projects unless requested by the Board. Owners requested a list of Greg's responsibilities. Tom noted that he has seen three different versions.

**Action Item:** Tom Baugh and the Board will review the Manager's contract, determine which version is accurate and post it on the website.

**IX. PROPOSED 2020 MEETING DATES TO BE CONFIRMED**

The next Board Meeting was scheduled for Saturday, October 24, 2020.

**X. ADJOURNMENT**

**Motion:** Richard Nadolink moved to adjourn the meeting at 11:42 a.m.

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
Board Member Signature