

**ENCLAVE AT KEYSTONE ASSOCIATION  
BOARD OF DIRECTORS MEETING  
JANUARY 14, 2015**

**I. CALL MEETING TO ORDER**

The Enclave at Keystone Association Board of Directors Meeting was called to order at 1:08 p.m. in the Basic Property Management Conference Room.

Board Members Participating Were:

Meredith Van Dyne

Bob Chisholm

Loie Thompson

Ron Morey

Richard Nadolink

Representing Basic Property Management were Gary Nicholds and Mike Nachtigal. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

**II. WEBSITE**

*A. Update*

The website needs to be updated and the Board needs to obtain administrative control. Gary Nicholds reviewed the two fee structure options:

1. A one-time \$250 fee for set up and a \$35/month fee for website hosting with no charge for updates and postings.
2. A one-time \$250 fee for set up, a \$20/month fee for website hosting and a \$30/page fee for postings.

The Board agreed to contract for the second option.

Gary said documents that should be posted are the meeting agendas, financial reports, governing documents, the insurance policy, a list of Board members, annual budgets and meeting minutes. Gary was asked to secure the financial reports with a password. The password should be changed periodically.

*B. Administrative Control*

Administrative control of the website will be transferred to Basic Property Management.

**III. FEEDBACK ON PACKET SENT BY BASIC PROPERTY MANAGEMENT**

Gary Nicholds said the packets that were sent to all owners were being returned. So far four owners have indicated they want to sign up for ACH. He is informing all vendors of the new mailing address for invoices.

#### **IV. FARMER'S INSURANCE**

*A. Review of Nature of Fraud – Jolene Redell, CPA*  
Jolene Redell was not present to provide a review.

*B. Status of Claim and Current Policy Details*  
Bob Chisholm said he had received all the bank statements through the end of 2008. He spoke to Mike Anselm today. He indicated Farmer's would limit their loss to \$10,000, which was the policy limit in 2008. There is a \$5,000 deductible, which he thought would be waived. The current policy includes \$300,000 of coverage but it may require the assistance of an attorney to apply that limit to the claim.

A Board member said this claim was for ongoing fraud and was not attached to a specific date or a single event. If it reaches the point where legal fees exceed \$25,000, the Association may want to cease legal proceedings since it only stands to recover \$50,000. Most law firms will charge 1/3 of the recovered amount. There is \$25,000 budgeted for legal fees. Bob Polich returned \$100,000 of the \$160,000 total so the outstanding amount is \$60,000.

It is conceivable that the loss could be higher if any of the \$100,000 that was returned by Bob Polich was taken from other defrauded entities since it would be subject to their recovery. If he pleads guilty or is found guilty, the Judge will require him to make remuneration as he can, but he may not have any resources.

The Board agreed that Farmer's should be informed the Association has hired legal counsel as it might encourage Farmer's to pay the claim rather than engage in a legal battle. A Board member recommended retaining the law firm but setting a limit for the amount they can spend. The law firm provided a contract. It includes a \$2,500 retainer and the fee for their key person is \$350/hour, billable in ten minute increments. The Board could add a clause that any action by the firm must be preapproved by the Board.

The Board discussed proceeding on a contingency basis, wherein the attorney would take 1/3 of the amount recovered. In that case, the limit for legal fees would need to be \$20,000. Bob Chisholm and Ron Morey will schedule a meeting with Jim Cage. It was noted that downside of the legal contract is that if Farmer's agrees to cover the \$60,000 loss but it turns out that the \$100,000 repaid by Bob Polich was from another defrauded entity, the Association will not be able to pursue recovery of the \$100,000. Ron Morey will call Bob Polich to ask if he has legal representation.

*C. Retention of Farmer's*

The Board agreed that other insurance carriers should be considered if Farmer's will not cover this loss. Gary Nicholds said he works extensively with Steve Dorado of Neil Garing Insurance.

*D. Retention of Moye White Law Firm*

Two Board members will meet with a representative from the law firm next week.

The District Attorney has requested that some of the Board members be present for the hearing at the Breckenridge Courthouse on February 2, 2015. Meredith Van Dyne said she would attend.

**V. UNIT 25**

*A. Status of Boiler and Insurance*

The owner of Unit 25 is getting bids to replace the boiler. The owner has filed a claim on the Association policy for the failed boiler. The boiler will be disassembled and inspected by the insurance company to identify the cause of the failure. The owner is claiming the loss is an Association responsibility because the Association installed a low temp alarm for the boiler and it did not alert. There was no damage in the unit. Bob Chisholm was directed to ask the insurance agent why a claim had been opened. Gary Nicholds did not think the owner should have been able to open a claim under the Association's policy.

The Board has a concern with the amount of time Mike Nachtigal has been asked to spend on the unit by the owner. Owners should be informed that the units are checked once a week and provided with the list of items that are included in the inspection. Owners who would like more frequent inspections need to make individual arrangements at their own cost.

*B. Decision Needed for Enclave Ever Paying Deductible*

The insurance agent stated that he was told by Bob Polich that it is Enclave's policy to have the Association pay the \$5,000 deductible instead of the owner. It needs to be made clear that the Association's policy is to have the owner pay the deductible, not the Association. It was noted that owners can purchase a rider for their individual insurance policy to cover insurance deductibles.

In addition, owners must submit a request to the Board if they would like a claim to be filed on the Association policy. Once notified, the Board has 15 days to file the claim.

**VI. REVIEW OF BUDGET**

Gary Nicholds will email the budget information to the Board once he receives it from Patty.

There have been some roof leaks in the Clubhouse building. It is scheduled for replacement in the Reserve Study in 2013 at a cost of about \$50,000.

**VII. PLAN FOR FUTURE BOARD MEETINGS**

*A. Quarterly Meetings*

The Board agreed to continue with three Board meetings per year and to have intermittent work sessions as needed. The Board agreed not to meet in February due to the large number of pending action items.

*B. Invitation to All Owners*

Owners are invited to attend all Board Meetings but are only allowed to participate during the Owner Forum.

*C. Additional Board Member*

Richard Nadolink will be taking Blake's seat on the Board.

Officers are as follows:

- Ron Morey – President
- Meredith Van Dyne – Vice President
- Bob Chisholm – Treasurer

Gary Nicholds reviewed the terms of the current Board members. Three terms expire in 2016 and two expire this summer.

**VIII. ADJOURNMENT**

A motion was made to adjourn at 2:50 p.m.

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

**ENCLAVE AT KEYSTONE ASSOCIATION  
BOARD OF DIRECTORS MEETING  
MAY 9, 2015**

**I. CALL MEETING TO ORDER**

The Enclave at Keystone Association Board of Directors Meeting was called to order at 9:00 a.m. in the Enclave Clubhouse.

Board Members Participating Were:

Ron Morey, President, Unit 32	Bob Chisholm, Treasurer, Unit 4
Meredith Van Dyne, Vice President, Unit 16	Richard Nadolink, Member, Unit 11

Owners Participating Were:

Bill O'Connell, Unit 42	Louis Van Houten, Unit 41
Don Van Dyne, Unit 16	John Baker & Cindy Beeks, Unit 17
Marge Morey, Unit 32	Bill Goslau, Unit 36
Patti & Dale Howell, Unit 34	

Representing Basic Property Management were Gary Nicholds, Patti Vande Zande and Mike Nachtigal. Merle Klocke of Alpine Bank and Jolene Reddell of Stuhr & Associates were guests at the meeting. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

**II. APPROVAL OF PREVIOUS MEETING MINUTES**

In Section VI, the Clubhouse roof replacement cost should be changed to \$50,000.

A motion was made to approve the January 14, 2015 Board Meeting minutes as amended. The motion was seconded and carried.

**III. REPORT ON STATUS OF FRAUD BY MOUNTAIN SYSTEMS**

Ron Morey said the Board filed a complaint with the Sheriff Department regarding the \$160,000 of missing funds. At this point Bob Polich has made full restitution to the Association from his personal account. As a result, the original two Class 3 felony counts and one misdemeanor were changed to one Class 4 felony count and the misdemeanor was dismissed. His sentencing hearing is scheduled for July 1<sup>st</sup>. The prosecutor intends to file charges this week for \$500,000 missing from another Association. Ron expressed his appreciation to Jolene Reddell for identifying the financial discrepancies. The Association did not incur any legal expenses for the recovery of the funds since the Sheriff Department did the investigation and the prosecutor handled the leveraging. The \$160,000 that was recovered will be spent on roof repairs.

**IV. REVIEW OF FINANCIALS**

Jolene Reddell explained that her goal is to provide assurance that financial statements are properly stated in accordance with Generally Accepted Accounting Procedures. A financial review does not go to same depth as an audit. She reviews all bank statements and the

backup for all Balance Sheet accounts. Bob Polich stored all documents in PDF format. In this instance this practice allowed him to forge the bank statements and he disposed of all original invoices and bank statements. She uses OCR text recognition with PDF's. When she performed this text recognition, the Treasury Bill was garbled, which she had never seen before, and which led her to the discovery that it was forged. A Board member explained that the garbled text was most likely due to a change in the Adobe software program in 2013 that allows it to recognize when a document has been altered. The Board is now reviewing the original bank statements monthly.

For the future, there needs to be proper segregation of duties. The person who is the authorized signer should not be the same person entering the data into the system or reconciling the bank accounts. Basic Property Management has segregated those duties. At least one Board member should be a signer on the account.

Merle Klocke provided an overview of CDARS. It allows account holders to invest in multiple CD's through the same bank while retaining FDIC insurance when the total value of all the CD's exceeds \$250,000. Information is available on the website [www.cdars.com](http://www.cdars.com). Alpine Bank can also provide loans to Associations for capital improvements.

Merle Klocke responded to several questions. The CDARS interest can be reinvested or paid out based on the Board's direction. A sweep account can be established to direct all excess cash into an interest bearing account at the end of each day. This can be considered once interest rates improve. The terms for CDARS range from two weeks to five years.

Patti Vande Zande introduced herself. She commented that the Association was in a good financial position.

Gary Nicholds introduced himself and provided an overview of Basic Property Management. The company was established about 20 years ago and he bought the company in 2008. Basic manages about 22 Associations and does not handle rentals.

**V. REVIEW OF NEW WEBSITE**

The new website is <http://www.enclavekeystonehoa.org>.

**VI. REVIEW OF NEW ASSOCIATION INSURER – COMMUNITY ASSOCIATION UNDERWRITERS OF AMERICA**

Ron Morey said when Farmer's Insurance was notified of the \$160,000 loss, they would not do any investigation on the theft. They requested a specific date for when the loss occurred, which could not be provided since the loss occurred over several years, and would only pay based on the policy coverage on that date. They also indicated they would only cover the loss up to a maximum of \$10,000 with a \$5,000 deductible. The Board decided to obtain coverage from another provider. Gary Nicholds received a proposal from Steve Dorado from Peliton that was about \$2,000 more expensive, but it included better Director's and Officers

and liability coverage as well as full replacement value, including improvements, for property loss. Gary will ask Steve Dorado about the limits of coverage for personal property. He recommended that owners carry coverage for personal property. Bill Goslau suggested posting a list of FAQ's on the website.

## **VII. REVIEW OF ALARM SYSTEM UPGRADE, CLUBHOUSE ROOF REPAIR & WINTER DAMAGE REPAIRS**

Mike Nachtigal reviewed current and completed projects:

1. Cold temperature alarms were recently installed. They are on a different frequency than the previous system to eliminate a problem with interference. An owner commented that the installers did not do a good job cleaning up.
2. Some of the shed roofs on the north side of the buildings were damaged by ice falling from the roof. The damaged roofs will be repaired in the next few months.
3. There have been some issues with owners not cleaning up after their dogs. He recommended installing some doggie bag containers on the dumpster sheds. The containers cost \$75 each and a box of 3,000 mitts is \$180. This project was approved.
4. The original entrance signs are disintegrating. He obtained proposals for two signs from several vendors ranging in price from about \$3,000 - \$3,600 each. The Board approved the stucco and wood proposal for \$7,270 plus tax. The contractor should be asked about a warranty. Bill Goslau suggested installation of a 10 mph speed limit sign on the driveway.
5. The Clubhouse roof has leaked and Mike obtained bids for roof replacement of \$49,294 from The Roofing Company and \$55,850 from Turner Morris. A bid will be requested from Arapahoe Roofing, the company that did the roof replacement in 1997. The work should be scheduled as soon as possible.
6. There was a leak in the racquetball court. A fan was installed to dry out the area but some repairs are needed.
7. The Clubhouse windows will be due for replacement. An owner suggested organizing a bulk window replacement program for owners.
8. There is a problem with ice build-up by Unit 2 caused by roof drainage. Part of the area is common element. The owner has agreed to pay half of the remediation costs.
9. The Board should discuss who is responsible for repairing damage to back deck railings caused by falling ice.
10. Two Board seats will be up for election this summer. Owners interested in running for a seat should send an email to the Board.
11. A question was raised regarding the east entrance. It appears that the pavement has been cut back. It was explained that the east entrance used to be closed off per direction from the County. Over time, it came back into use. This issue will be explored with the County.

**VIII. OTHER BUSINESS**

Gary Nicholds said CCIOA passed an amendment to Association Collection Policies last July. Associations must now offer a six-month payment plan to delinquent owners. If a payment is missed at any time during the six months, the account can be sent to an attorney for collection.

An owner thanked the Board for taking swift action on the fraud issue.

**IX. SET FUTURE MEETING SCHEDULE**

The next meeting date was not set.

**X. ADJOURNMENT**

A motion was made to adjourn at 11:08 a.m.

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

**ENCLAVE AT KEYSTONE ASSOCIATION  
BOARD OF DIRECTORS MEETING  
SEPTEMBER 5, 2015**

**I. CALL MEETING TO ORDER**

The Enclave at Keystone Association Board of Directors Meeting was called to order at 9:00 a.m. in the Enclave Clubhouse.

Board Members Participating Were:

Ron Morey, President, Unit 32	Bob Chisholm, Treasurer, Unit 4
Meredith Van Dyne, Vice President, Unit 16	Richard Nadolink, Member, Unit 11
Lois Thompson, Member, Unit 22	

Owners Present Were:

Margaret Morey, Unit 32	John Baker, Unit 17
Barbara & Jerry Truax, Unit 20	Ormond Henry, Unit 24
Michael Rainin, Unit 33	Bill & Marianna Goslau, Unit 36
Donald Van Dyne, Unit 16	Janet Nadolink, Unit 11
Deborah & Gary Gerhard, Unit 21	

Representing Basic Property Management were Susan Nicholds, Kerry Hartnett and Mike Nachtigal. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

**II. APPROVAL OF PREVIOUS MEETING MINUTES**

In Section IV, first paragraph, "A Board member" should be changed to "Bill O'Connell".

A motion was made to approve the May 9, 2015 Board Meeting minutes as amended. The motion was seconded and carried.

**III. FINANCIAL REPORT**

Ron Morey said as of June 30, 2015 there was a \$12,000 unbudgeted expenditure for the cold temperature alarms. The resolution of the water issues in Unit 9 cost about \$8,000. There were some savings on the medical insurance for Mike Nachtigal. Overall, the Association was about \$20,000 favorable to budget at the end of June, similar to one year prior.

Bill Goslau said he sent a note to Gary Nicholds suggesting that the monthly statements be posted on the website. Susan Nicholds pointed out that it costs the Association \$35 every time something is added to the website. She suggested posting the quarterly statements and sending the monthly statements by email to all owners. The Board agreed with this approach.

#### **IV. PROPERTY MANAGEMENT REPORT**

*A. Clubhouse Roof*

The roof bids ranged from \$42,000 to over \$50,000. Arapahoe Roofing is selected to do the work. The roofs should be completed in the next two weeks. Replacement of damaged plywood will be an additional expense. There is some damage to the eave over the door. The framing might be rotten.

*B. Unit 9 Drainage*

A French drain and well were installed in the garage and they have been effective. The water was originally piped through the floor joists and it could be heard in the unit. A hole was drilled in the foundation and the pipe was rerouted to resolve this issue. The cost for the original work was \$8,000 and there will be an additional expense for drilling the hole in the foundation.

*C. Rock Facing on Units*

There are some areas of missing stone. The stucco mason will make the repairs.

*D. Restoration of Small Roofs at Rear of Units*

Ice slid off the roofs in March and damaged the shed roofs that protect the meters. The stucco was also damaged. The roofs will be repaired and modified to have a steeper pitch to reduce future damage.

#### **V. OLD BUSINESS**

*A. New Sign*

The new property signs are attractive. The one near the Clubhouse is difficult to see due to a tree and may need to be moved.

*B. Expiring Board Terms*

The terms of Lois Thompson and Richard Nadolink expire this year. The owners will need to be notified about which Board members will be running for reelection.

#### **VI. NEW BUSINESS**

*A. Keystone Owners' Association Meeting*

The Four Corners project turned out very well. There is a KOA training session on September 19, 2015. Owners interested in attending should notify Keystone. Several Enclave Board members plan to attend. The Enclave membership in the KOA has been renewed for next year.

*B. Working Capital Reserve*

Kerry Hartnett provided an explanation of the Working Capital Reserve. When units have sold in the past, the buyers have been charged \$632 for a contribution to the

Working Capital Reserve. She researched the Declarations to confirm the amount. The Declarations Section 7.11 specifies a non-refundable contribution in an amount equal to twice the monthly dues for the unit, which would currently equate to \$1,070. It was confirmed that she should be reporting the correct \$1,070 figure to title companies for closings.

*C. Waiver Requirement for Alterations to Exterior of Units*

Ron Morey said he toured the back of the units and found that some work did not seem to have been done to any standard. There are issues with gas lines and venting. An owner stated that he had signed a waiver when he installed gutters. He was asked to provide a copy of the waiver to Basic Property Management.

The Board is proposing that any owner wishing to make exterior modifications would be required to receive Board approval and County (if necessary) approval first, and sign a waiver assuming future responsibility.

*D. Rules and Regulations*

Ron Morey said there have been a number of issues with rules violations. He suggested sending occasional reminders to owners regarding on site parking, occupancy, exterior changes and owner services.

1. Occupancy – The maximum unit occupancy is 10 people. There have been occasions when occupancy has been as high as 20.
2. On Site Parking – Parking is limited to owners, owner guests and renters. Parking of commercial vehicles, trucks, RV's and boats is prohibited except inside garages. Exceptions will be at the discretion of the Manager and only in specified locations.
3. Owner Services – The Manager shall not be expected to provide occupants with normal maintenance such as icemaker repair, unclogging toilets or replacing light bulbs.

Items for discussion at the next Board Meeting include:

1. Review of the Rules and Regulations and instituting mechanisms for enforcement, including fines.
2. Installation of speed bumps. An owner suggested installing speed limit signage to address potential liability. The Board will get a legal opinion.
3. Locations for firewood storage.

A reminder will be sent to owners regarding the rules for occupancy, parking and owner services after revisions have been made.

*E. Trash Removal*

Timberline provides the trash removal service and has caused some damage to the dumpster shed. Timberline stopped responding to requests to make repairs so the Association made the repairs. The trucks are also leaking hydraulic fluid on the

pavement. The only other trash removal service is Waste Management. The current Timberline contract requires a 90-day notice of termination. Ron Morey recommended switching service providers. Waste Management would save the Association \$10/month. The Board will follow up.

**VII. SET NEXT MEETING DATE**

The next Board Meeting will be on January 16, 2016.

**VIII. ADJOURNMENT**

A motion was made to adjourn at 10:18 a.m.

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