

RVRMA EXECUTIVE BOARD
Record of Proceedings
Regular Monthly Meeting
Wednesday, October 23, 2019, 5:30 p.m.
The Ranch House Meeting Room

A regular meeting of the Executive Board Members of the River Valley Ranch Master Association, in the county of Garfield, State of Colorado was held on Wednesday, October 23, 2019 at 444 River Valley Ranch Drive, Carbondale, Colorado, CO 81623 with the following people present:

Executive Board of Directors

Yvonne Perry, President
Gary Lesser, Vice President
Ben Johnston, Secretary
Gary Harada, Director-at-Large
Cathy Cooney, Director-at-Large
RJ Spurrier, Director-at-Large

Management Representatives

Sterling Page, General Manager
Kendra Ford, Community Services Manager
James Maguire, Accountant

Homeowner Attendees

Steven Laverty
Susan Christman

Call to Order

RVR Executive Board President Yvonne Perry called the meeting to order at 5:30 p.m. A quorum was established.

Approval of Minutes and Consent Agenda

MOTION: Board Vice President Gary Lesser and Secretary Ben Johnston moved and seconded to approve the agenda and the adoption of the Board Meeting minutes of September 25, 2019. The motion passed unanimously.

Public Comment

Homeowner Susan Christman discussed the broad leaf spray of pesticides. She was concerned that there was not any notice given regarding the spraying of trees where she lives. She mentioned the Town of Carbondale has adopted a new weed management policy (a plan committed to soils health and using pesticides as last resort) and the Town was receptive to adding a requirement for notice. The new weed management policy was adopted by the Town on October 22, 2019. Susan's concerns regarding pesticides in RVR are around the treatments used, as well as a request for timely notification.

Susan did explain she has already spent time talking with Sterling and Gary Harada (chair of the Landscape Committee). She said they have discussed much of this and she is encouraged by what she

has learned about RVR's plans for future weed control. She just wanted to have the conversation with the Board as a whole and be able to update them on the Town of Carbondale policy. She knows Sterling is motivated to be a role model in this and she sees it as an education for the community as well.

Sterling explained that in the past RVR has used a variety of 2,4-D pesticides and Roundup. 2,4-D is an herbicide designed to kill broadleaf weeds but not most grasses; Roundup is the brand name for a weed killer using glyphosate, the most widely used herbicide in the U.S. Recently the RVR outside team has tested some organic weed treatments (iron chelate and another citrus based treatment) and they worked fabulously. The goal moving forward is to use more of this type of organic treatments and phase out other chemical based treatments.

Yvonne suggested the golf course pesticides could be another issue and questioned whether they are subject to the Town policy.

The Board thanked Susan for taking the time to attend the meeting to express her concerns as well providing useful information and background.

Announcements

- Oct. 31, 5 to 7:30 pm: trick or treat at Ranch House
- Nov. 7: New owner's meet and greet with Sterling and Kendra
- Nov. 13: Lisa Voegle - Heritage travel presentation
- Nov. 20: Executive Board Meeting – Budget vote
- Dec. 2: Budget ballots available at Ranch House
- Dec. 6: Remaining ballots mailed
- Dec. 7: 6 to 9 pm: Annual Holiday Party
- Dec. 18: Annual Meeting and Executive Board Meeting

Ranch House: Operational and Finance Reports

RANCH HOUSE REPORT: Kendra Ford

GENERAL UPDATE

Although the hustle and bustle of the truly busy season is over, we still hope to see many of our owners enjoying themselves at the Ranch House during the upcoming months. In early October, we hosted the Second Annual Chili Cook off event with bluegrass music and mechanical bull rides. The following were our winners.

1st: Sweet Potato Chili with Black Bean Peggy Sontag

2nd: Hot Texas Chili, Cathy Cooney

3rd: Ancho Y Guajillo Chili, Patrick & Liza Henry

If you were in attendance at the Chili Cook Off and have any feedback or suggestions regarding the event, Jules King would always love to hear from you at events@rvrcommunity.com.

Sterling and Kendra are looking forward to getting together with owners at a Happy Hour Conversation in early November focused on new homeowners who have moved to RVR since the start of 2019.

We want to make sure everyone knows about an exciting new happening on November 15, the RVR Holiday Craft Fair. All RVR crafters and artisans are encouraged to sign up to share their works. The event will be held on Friday, Nov. 15 from 4 pm to 7:30 pm at the Ranch House. We are happy to report we have had quite a bit of interest and sign ups already and are excited to see the talents everyone has to share with us.

The annual meeting this year will be a very abbreviated version from the past meetings and held just before the Executive Board meeting. This will not be a food-and-beverage event and no specific presentations will be made. The transition for 2020 will be to shift the summer Annual Community Gathering to the official Annual Meeting. There will be a significant amount of messaging around the changes this year, as we get closer to December's Annual Meeting, scheduled for Dec. 18.

Communications

Our new website is here and soon when you log into www.rvrma.org it will be a whole new look. We are really thrilled to roll this out and believe it will be an excellent resource for all things RVR. We will highlight various sections of the new website in the weekly newsletter to make sure you understand all the resources available to you on it.

Over the course of the past year, five committees of RVR homeowners have been formed and tasked with making recommendations to the Board. Those committees are: Golf, Governing Documents, IT, Landscape and Playground. In order to keep the community informed of the various related scheduled meetings we are adding a "Committees" section to the weekly newsletter where we will publish a list of upcoming scheduled meetings. The reports/minutes/updates from each committee will be posted with the Executive Board meeting minutes if the committees had anything to present at a monthly Board meeting.

Design Review Committee Report for September 2019

Since our last Board meeting the following have been in front of DRC:

Lot: AA-12

Review Type: Final for Addition

Lot: FF-1

Review Type: Minor ADA-related additions

Lot: L-2

Review Type: Final

Lot: GG-2

Review Type: Final

Yvonne highlighted the Annual meeting date in Kendra's report and reminded everyone that this year it will take place just before the Board meeting and moving forward the July gathering will be the official annual meeting with reports and updates presented at that time.

Kendra noted that kids Halloween craft day and other kids craft days scheduled for the holidays have been cancelled. We have not seen enough interest in these to justify Pam's time and energy into planning them.

OPERATIONAL REPORT: Sterling Page

Governance

- Covenants, By-Laws, Resolutions and Policies.
 - The 2017 reserve study was calculated at 1.5% inflation rate. This will be changed in the 2020 Reserve Study to reflect actual and anticipated inflation rates.
 - Work on the 2020 Master and Sub-Association budgets is under way.
 - A suggested edit to Google Maps was submitted to eliminate the access across the golf course at the hole 5 and 6 tee box. This is not a through access, but Google currently says it is the route from Heritage to Crystal Bridge.

Facilities

- Ranch House
 - A leak was detected in the water supply system causing the water to be shut off during the repair.

- The Master Association is providing a dumpster for the use of the community for the disposal of leaves and limbs.
- Welcome Ric Aldama to the RVR Maintenance Staff. He has many years of experience in the maintenance field in Western Colorado.
- Pools & Tennis
 - Tennis programming has ended for the season due to frost on the courts and the heave of lines on the clay surface.

Grounds

- Common Areas
 - Plans for the replanting of trees in the Heritage ponds area are available for viewing at the Ranch house and will be posted in the RVR newsletter for review.
 - Trees and shrubs along the entry to Triangle Park were trimmed and pruned.
 - We tested the use of a selective and non-selective herbicide that is extremely toxic to plants but people- and pet-friendly.
- Plans for the playground equipment in the Triangle, Orchard and Ranch House park areas are moving ahead rapidly. Thanks to Leslie Marcus and RJ Spurrier of the Playground Committee for the diligence and passion surrounding kids at play and kids at heart.
- Rocky Mountain Custom Landscape is scheduled for three leaf clean ups through-out the common areas as well as Old Town and the Settlement neighborhoods. They have completed one cycle and will continue this effort through Nov. 15, which is the end date of their contract.

Irrigation

- The community is thirsty, using 82% more water in the month of September of 2019 than in September 2018. We may need to implement watering use days next year to maintain availability for all properties.

- Monthly Water Usage (gals)

	September 2019		September 2018	
○ Total Usage	54,348,968	100.0%	36,558,390	100.0%
○ Golf Usage	30,180,301	55.53%	23,266,390	63.65%
○ RVRMA Usage	24,168,667	44.47%	13,292,000	36.35%
	Golf		Residential	
○ YTD Usage	120,637,997 Gallons		100,452,366 Gallons	
	54.57%		45.43%	
	*Final numbers will be available in November 2020			

- Main Line and Cla-Valves
 - Blow out of the community is complete. We delayed a week due to the 70+ degree days and were rewarded with a single digit freeze Oct. 11. Our compressor will be headed to the shop for an overhaul this winter.

Operations

- Old Town
 - Mid Valley Painting may run out of good weather to complete the painting of the last home. MVP has worked out with the homeowner to be the first painted in the spring of 2020 if necessary.
 - The Alley serving homes on Lamprecht Dr. and Holland Thompson Dr. was crack filled and seal coated as scheduled in the reserve study and funds were used from the master associations reserve account. This should be done at 3-5-year intervals and had never been done.

Sterling mentioned the reserve study was presented on an impossible to read format and he finally obtained a copy of the Excel version, which was much easier to read, and he discovered the adjustment (inflation adjuster) allowed for is 1.5%. He predicts this is not enough of a guide and it will be adjusted when a new reserve study is done. However, the reserve funding is in good shape and once the budget is done, he will focus on the top projects that need to be focused on. He also noted he would like to change the reserve study company to one that is in Colorado that is familiar with resort area cost. The last company to conduct the reserve study is from Ohio and their pricing on costs are way off.

Sterling also pointed out the water usage for the community is up about 10% from last year. The RVRMA kept the watering that it manages (Old Town and Settlement) to every other day. The difference is coming from homeowners who are watering every day and over watering.

Sterling noted after the first of the year the maintenance schedule is going to change so there is personnel available for all the hours the Ranch House is open for needs within the Ranch House and in the community.

FINANCIAL REPORT: James Maguire

1. For the month of September, actual income exceeded budgeted income by \$1K which is only a 1% variance. As for year-to-date, we are within only a 2% variance of budgeted vs actual income. We budgeted \$1.89M and received \$1.92M.

Total expenses (COGS + expenses) came in \$6K under budget for September and \$139K for year-to-date. The main variances continue to be in Wages (\$37K), Golf Legal Expenses (\$32K), Tree Maintenance (\$13K) and Other Admin Expense (\$31K).

One factor contributing to the Wage difference is replacing an employee cleaner with an outsourced contractor cleaner. Hence why Cleaning Labor is \$27K over budget.

As for Tree Maintenance, the costs to replace the trees around the lake have been charged to the Reserve Fund. Cost-to-date for that project is \$25,500.

2. Regarding Accounts Receivable, we have one homeowner who has not been paying monthly dues. They asked to have their late fees waived, but I told them I couldn't do that without Board authorization. They said they would try asking someone else. They have not made any payments since August.
3. The only item from the reserve fund in September was the tree project around the lakes.
4. Our tax return has been completed. We have hired a new CPA and filed an 1120-H for the first time. This will provide greater liability protection going forward. Our tax bill was \$524 for Colorado and \$3,393 for the IRS. As mentioned, these amounts are taxes on, and come from, the income generated from our "non-exempt" revenue activities such as Seasons Memberships, guest fees, and concession sales.
5. The same CPA firm who prepared our tax return can also provide an audit or a review. The audit would cost around \$8,150 and a review would cost around \$3,350. A review would involve applying analytical procedures and preparation of the financial statements. An audit includes review and testing of internal controls, an opinion on the financial statements as a whole and significantly more substantive testing. An audit would require them to be on-site and would take much more effort and time from staff, especially the accounting office.

Yvonne requested that income tax payment as reflected on James' report are accounted for in budget.

The Board had discussion around what to finally decide on for a financial approach this year and whether to do an audit or a review. James obtained quotes and found the cost to be \$8,000 for audit and approximately \$3,000 for a review. Todd suggested every four or five years for an audit and reviews every two years. A lot of this can be determined and decided on after this first audit is done and we see the results of it then it will be much easier to strategize on a plan that makes sense moving forward. The Board agreed an audit should be conducted this year and noted there needs to be a line item in 2020 budget for the cost of the audit.

VII. Committee Reports

- **Landscape**

Gary Harada noted there was a meeting on Oct. 8, when there was discussion on everything from pesticides, a show-and-tell on tumbleweeds, and a plan about trees. Gary stated he will have notes from that meeting at the next meeting.

- **Golf**

The Golf Committee is continuing to evaluate the DHM Open Space Study and Billy Casper Golf Study. They are also looking forward to getting together with RVR Golf course operator Red Cunningham to see how the year has been for him.

Gary Lesser mentioned the main purpose of the Golf Committee was to do the due diligence on the items that came out of former owner Dale Rands' demands. The committee has accomplished this, and he suggest that once the financial analysis is presented it will be time for the committee to step back. The Board discussed the idea of just doing a temporary stay of meetings so if issues begin to arise again the Committee members who have all the background and research are still available to continue with the work.

- **Governing Documents**

Gary Lesser reported the committee has met four times. The current discussion is around developing a community survey. The timeline agreed on is to have some recommendations regarding changes to the Governing Documents to the Board by March and work toward having a vote on the recommended changes by next Labor Day.

The homework for the committee right now is to go through the covenants over the next three weeks and note items that may need to be addressed.

- **Playground**

RJ Spurrier noted he and Leslie Marcus have met with three out of four playground vendors. RJ noted Leslie Marcus's work with the Town and shifting the tone of the relationship to one of collaboration. The Town's key issues are maintenance type of issues where they want the equipment replaced and RVR to pay for it. From what they have seen so far from vendors the final proposal should fit the reserve budget. RJ and Leslie's recommendations are likely going to be expedited to the Board and the plan is to start with Triangle Park. The Board agreed the playgrounds need to be a priority issue and addressed in an expeditious manner.

- **IT – nothing to report this month**

Yvonne noted there will be a Committee section in the weekly newsletter. This will be where committee meetings are noticed so each committee chair needs to be sure to pass scheduled meetings dates on to Kendra so she can make sure they get in the newsletter. She also mentioned the minutes from each meeting will need to be presented in the form of a report at Board meetings.

VIII. Old Business

- **Audit versus Review**

The Board agreed to have an audit done in 2020 because one has not been done and moving forward a schedule do a review every two years and an audit every four years. Todd suggested before finalizing when the next audit or review will be done the Board should wait to see how the upcoming audit turns out and what we learn from it.

- **Clarification of Guest Policy for all Ranch House Facilities including use of Great Room and Conference Room.**

There was discussion around this issue at September's meeting. After further review with staff and management the Board has asked that notice be given to regular meeting groups that they have until January 1 and starting at the first of the year any guest using any area of the Ranch House facilities will be charged a guest fee which is keeping within the current guest policy and Ranch House Rules and Regulations. There was an agreement that in keeping with existing practices, charitable organizations using the conference room for meetings may after review, have a guest fee waived for their meetings.

MOTION

IX. New Business

- **Adult Children of Members**

The annual audit was conducted of owners who have adult children on their membership. This year's audit went out to 165 owners who were in this category. Out of the 165, there were two owners who had issue with this and would like to have their adult children who no longer live with them still have memberships. One owner requested this be brought before the Board. The Board reviewed the current RVRMA Rules and Regulations which state:

“Children of the principal adults must be under the age of 25 and living in the home to be eligible as dependents on the membership, otherwise will be considered as part of the two “additional family members” allowed on the account. Residency requirements still apply.”

After some discussion the Board agreed the current policy is reasonable and in keeping with membership and dependent standards both in other similar style communities as well as general legal considerations.

- **2020 Budget Discussion**

Yvonne Perry started the discussion off, stating that this is the first time that we have had a open budget discussion at a regular board meeting inviting residents to attend and listen. It was noted that there was no one in the audience to hear the budget discussion. Next month we will be sending out the budget we plan to recommend to the community for vote and hope that homeowners will come to that board meeting with any questions before it is passed by the board.

Yvonne also mentioned that payroll would only be discussed in general terms in open session and that individual salary discussion would take place in executive session.

Yvonne asked Sterling to start it off by stating that the initial draft at the budget reflected a 3% increase in salaries and expenses above 2019 estimated actual. Then he had made line by line adjustments with what he anticipates for next year. With that beginning budget in hand, discussion began.

Treasurer, Todd Richmond, brought up overall concerns that cost of labor is increasing faster than 3% and many expense categories are more than 3% higher as well.

Sterling addressed this payroll increase by saying that we were not able to hire a replacement in 2019 for one of the outdoor employees, but we need to hire someone this year as we need this employee going forward. The board also discussed the tight labor market, and the increasing cost of qualified employees in our valley.

Yvonne asked Sterling about the new maintenance employee; when did he start and would he be doing some of the cleaning in the evening? Sterling said yes. That this employee would reduce the contracted cleaning costs.

Todd pointed out that grounds, administrative expenses and Ranch House expenses were also much higher than 3% over actual. Sterling and Yvonne concurred that all the Ranch House expenses are anticipated to be more than 3%: they feel this may be due to the older facilities that will need more continuing maintenance as the equipment ages.

The board had a lengthy discussion about golf legal expense budget for 2020. We had budgeted a lot for this item last year gearing up for a legal battle over developing the driving range. We saved about

\$40,000 as we did not have this expense as anticipated. This excess will go into reserves and can be taken back out in future years if needed. We all agreed that we would reduce to \$15,000 for 2020. \$5000 is earmarked for restating the governing documents to incorporate amendments into the body with or without changes to the substance of the Governing Documents.

Yvonne notes that budget for trash is much reduced, as expense will go away April 1, when it is shifted to the Town of Carbondale.

The board discussed the income and expense associated with advertising in the Business Buzz. RJ recommended that we discontinue this. It takes a lot of time and energy for the staff and is not widely used. So, the board agreed that both expense and income would be removed from the budget. Ben also emphasized the liability of this publication for the HOA.

Yvonne noted to the board that we spend \$30,000 on coffee, peanuts and pretzels for the community to enjoy. The board members all felt that this was a nice perk for the community, and it did not require a lot of management by staff.

James reported that it would cost a little over \$8000 to do an audit or \$3300 for a review. The board discussed the merits of both and agreed that in 2020 we would do a full audit as we have new employees and have never had an audit before. Todd recommended that we do this maybe every 4 years with a review in between or even yearly. All agreed. So \$8000 was included in the budget. James is to get a firm quote.

Todd asked that the board think about what the HOA needs and or wants to be providing to the residents regarding fitness classes, tennis instruction, social affairs, etc. Each area has it costs and benefits to a variety of members. Should those who use certain activities pay for them a la cart, like user fees, or should the entire community pay for all of these options?

With suggestions made for changes to this beginning budget, the board agreed to meeting again in two weeks to continue discussion on a proposed budget. Yvonne reminded everyone that we needed a completed agreed upon budget to deliver to the community five days prior to our next board meeting on November 20th.

- **Old Town Meeting Update**

Sterling reported the Old Town Annual Meeting was attended by five out of seven of the Advisory Board members and three homeowners. There was conversation around the irrigation and management of the Old Town irrigation system.

Todd Richmond recommended RVR tells owners to handle their backyards themselves. He suggested that RVR send messaging out to Old Town owners to remind them their backyard irrigation is not managed or controlled by the HOA. Sterling suggested an “Old Town Day” in the spring when the irrigation gets turned on to educate everyone in Old Town.

Sterling suggested the advisory boards for the special neighborhoods meet quarterly.

- **Homeowner use of RVR personnel and office equipment**

The Board has become aware there is regular practice of homeowners using the office equipment and RVR personnel as their personal business center. The general feeling of the Board was this seems like an unnecessary distraction and use of HOA resources for a small number of individual owners. There was discussion on how to establish reasonable boundaries around the request and ultimately the Board decided this practice should be eliminated altogether and the community will be alerted by newsletter that business center request will be not be accommodated as of January 1

Adjourn

The meeting was adjourned 8:16 pm

Executive Session