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# RECORD OF PROCEEDINGS

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## MINUTES OF THE BOARD MEETING

### RIVERWALK EMERALD BUILDING ASSOCIATION, INC.

**SEPTEMBER 13, 2006**

The Board Meeting of the Members of the Riverwalk Emerald Building Association, Inc. (hereinafter "Emerald Association") was held at 10:00 a.m., Wednesday, September 13, 2006 at 27 Main Street, Inn at Riverwalk Board Room, Edwards, Colorado, in accordance with the applicable statutes of the State of Colorado.

#### **Attendance**

The following Directors were in attendance and acting:

- Jim McVey
- Jeff Seel
- Ed McMillian

Also in attendance were:

- Dan Siefers – Inn at Riverwalk Property Management
- Blake Lynch
- Joe Jacaruso
- Sandy Jacaruso
- Paul Ramsey
- Sarah Ramsey
- Carol Seel

#### **Call to Order**

Mr. Seel, noting a quorum was present, called the Meeting of the Board of Members to order on September 13, 2006 at 10:24 a.m.

#### **Approval of Minutes**

The board reviewed the minutes of the June 21, 2006 meeting. A motion with minor corrections to the minutes was duly made and seconded, and it unanimously (**Resolved**) to approve the minutes as presented.

#### **Phone Conference**

On July 7<sup>th</sup> a leak test done by Borne Engineering. This leak test confirmed the boards concerns of last spring that systemic problems exist with the unit owner's decks and the (Exterior Insulating Finish System) also know EIFS that surrounds the building. Based on the report generated by Borne Engineering a decision was made by the board to contact a legal firm specializing in construction defect issues. At 10:30am a phone conference, with the board members of the association and construction defect attorney Scott Sullan was held to discuss the association's options and possible litigation with the developer based on this report. All, members present participated in the discussion. At the end of this discussion the board voted unanimously to pursue legal support and engage the services of the legal firm of Vanetta, Sullan and Sullan. As a first step in the legal process the board instructed Mr. Sullan to initiate a letter to the builder required under Colorado construction defect law statutes. At the same time the board also requested that Mr. Sullan engage the services of an engineering firm that will do a more through damage assessment. Should the board determine not to go forward with a lawsuit or should an agreement be reached with the developer that eliminates the need for a law suit the cost of the more extensive damage assessment report will need to paid, for by the Emerald Association. (See special assessment below).

#### **Financials YTD**

Dan Siefers presented financial information to the board. From all appearances the association will come in close to or on budget for fiscal year 2006.

**\$30k Special Assessment** The board, by unanimous consent voted to do a special assessment of \$22,000 to cover the cost of fees that might occur in the construction defect lawsuit and \$8,000 in funds to do a capital improvement project on the mechanical system designed to remove the heating of hot water from the boiler and reduce energy consumption. Collection of the special assessment is scheduled to begin in October and three months will be given for all members to pay this assessment.

Under the agreement with the legal firm there will be a 120 day window in which to reach agreement with the builder for repairs that might allow for the \$22000 to be recovered from the builder. If this occurs the funds collected in the special assessment will be turned over to the associations reserve fund as a 2007 contribution.

**General Business** By a unanimous vote the board resolved to adopt and enforce all of the new policies recently completed by the law firm Hindman and Sanchez as required under state statutes SB-100 and SB-89.

A short discussion was held with Dan Siefers on the new management contract and the new fee structure. It was clear that there is a fundamental disagreement in how fees will be billed according to this new contract and the board asked that a meeting be held with the Board and Bill MacFarlane who was not present. It is planned that a meeting will take place one day next week to work on resolving all differences.

As part of new policies adopted by the board to bring the Emerald Association into compliance with new Colorado statutes SB-100 and SB-89, a (Conflict of Interest) clause that applies to association management companies was added. Any management company that the association works with now or in the future will need to include this conflict of interest disclosure in their contract. The Inn at Riverwalk is reviewing this requirement.

**Next meeting** No new meeting was scheduled.

**Adjournment** There being no further business to come before the Members of the Riverwalk Emerald Building Association, the meeting was adjourned at 12:00 noon.

Respectfully Submitted,

Dan Siefers  
Inn at Riverwalk Property Management