

**MINUTES FOR THE MEETING OF THE BOARD OF DIRECTORS
OF THE
EAGLE CREST MASTER ASSOCIATION**

CALL TO ORDER

Pursuant to call by the President of the Association, the third quarter meeting of the Board of Directors was held on September 14, 2018, at 9:00 a.m. at 7555 Falcon Crest Drive in Redmond, Oregon.

ATTENDANCE

Directors present included Mike Bessonette (Residential Director), Hank Cavender (Residential Director), Chris Earnest (Commercial Director), Mark Hunt (VROA Director) and Bill Neumann (VROA Director). Management company staff members present included Robin Dowty, Debbie Hahn, Curt Heimuller, and Kelsey Rook. Brett Limbeck and Bob McDaniel attended representing Oregon Water Utilities. David Bishop, Financial Advisor with Edward Jones Investments was in attendance as well as Karen Smith, consultant with Resort Resources, Inc. Several members of the Association also attended. Bill Neumann, President, presided at the meeting, and Kelsey Rook recorded the minutes on behalf of the Secretary.

**CONSENT TO
AGENDA**

The meeting was called to order at 9:05 a.m. Mike moved to accept the agenda as presented and Hank seconded the motion. The motion passed unanimously.

EXECUTIVE SESSION

Upon motion duly made (HC) and seconded (MB), the following resolution was unanimously approved:

RESOLVED, that the Board adjourns to executive session for the purpose of discussing contract negotiations.

Bill advised the executive session would take approximately one hour, after which the Board would reconvene in open session. Directors requested Karen Smith and management company staff attend the executive session.

The Board reconvened in open session at 10:40 a.m. Following discussion, and upon motion duly made (MB) and seconded (MH), the following resolution was unanimously approved.

RESOLVED, that the Board approves sending a letter to the RECOA Board President and KDG Capital which expresses the ECMA Board's interest in a continuation of the current Joint Use Easement Agreement for up to 2 years with the current language and rate structure, with the understanding that if a new agreement is reached prior to the extension expiration, it may supersede it.

Resolution 2018-09.14-01

PRIOR MINUTES

Reading of the prior meeting minutes dated July 26, 2018 was waived and Mike moved to approve the minutes as presented. Hank seconded the motion and it passed unanimously.

OLD BUSINESS

None pending.

**MANAGEMENT AND
COMMITTEE
REPORTS**

FINANCIAL REPORT

The meeting agenda was amended with unanimous consent of directors in order to review the Association's investment income with financial advisor David Bishop

of Edward Jones Investments. David distributed the investment income analysis report (“Attachment 1”), reporting the projected annual investment income is \$2,454.48 for 2018. Robin Dowty provided the financial report, which included the financial summary (“Attachment 2”) and internally prepared second-quarter 2018 financial statements (“Attachment 3”). Robin reviewed the material variances as outlined in the financial summary.

Following discussion and upon motion duly made (CE) and seconded (HC), the following resolution was unanimously approved:

RESOLVED, that the financial report submitted by Robin Dowty including “Attachment 2” and “Attachment 3” be hereby approved subject to audit.

Resolution 2018-09.14-02

INSURANCE POLICY RENEWAL

Directors consented to another change to the agenda to accommodate attendance by Rob Johns, Managing Director at insurance brokerage firm Crystal and Company. Rob joined the meeting via conference call and referred Directors to the “Eagle Crest Master Association Insurance Renewal Proposal 2018-2019” (“Attachment 4”) prepared by Crystal and Company. Rob reported that the statement of values prepared by management assumed a 3% replacement cost increase. Karen explained that the renewal proposal includes addition of the directors and officers policy to the liability coverage for an increased cost of \$2,265. Rob reported that in additional \$2,000 increase in liability premium rates is driven by trending bodily injury and litigation cost increases. The Board instructed management to confirm that Oregon Water Utility carries sufficient liability coverage, and to engage Crystal and Company to review the systems management agreement for risk management.

Following discussion and upon motion duly made (MH) and seconded (MB), the following resolution was unanimously approved.

RESOLVED, that the insurance proposal submitted by Crystal & Co. (“Attachment 4”) to bind property, general liability, directors and officers liability, and umbrella liability for one year, effective October 1, 2018 be hereby approved, including the addition of directors and officers coverage under the umbrella liability policy.

Resolution 2018-09.14-03

UTILITY SYSTEMS REPORT

Bob McDaniel, reporting for Oregon Water Utilities (OWU), the contracted utility system service provider, reviewed the written utilities report (“Attachment 5”). Bill requested photos of the newly-painted Well 2 building be provided to directors.

Karen Smith, consultant with Resort Resources, Inc., provided updates (“Attachment 6”) on two previously approved water rights transfers which are currently in process. No action was requested of or taken by the Board.

OPERATIONS REPORT

Debbie Hahn presented the written operations report (“Attachment 7”). Debbie reported that planned seal projects were postponed by the vendor to spring 2019 due to overnight freezing temperatures which have led the contractor to drain their seal coat tank early this year. While they could still technically do the seal coat project, the result will be much better if the project is completed in spring.

Kelsey Rook reviewed the insurance claim report (“Attachment 8”), noting the property damage claim has been closed. No action was requested of or taken by the Board.

**REERVE EXPENSE
REPORT**

Karen Smith, reporting for Resort Resources, Inc., reviewed the Evaluation of Reserve Account Expenditures vs. Budget per 2018 Reserve Study (“Attachment 9”), noting that there are no variances requiring director approval.

**GOLF OVERSIGHT
COMMITTEE**

Mike Bessonette, committee chair, reported that the committee’s updated 5-year Capital Plan will be reviewed later in the meeting as scheduled. The committee recently conducted their on-site course review and found course conditions to be favorable and the recent capital improvements well-received.

**ENVIRONMENTAL
CONTROL
COMMITTEE**

Debbie Hahn, on behalf of committee chair Jim Madison, reported no new activity for the committee.

**COVENANT
COMPLIANCE
COMMITTEE**

Hank Cavender, committee chair, reported no new activity from the committee.

**CONTRACTS
MANAGEMENT
COMMITTEE**

Bill reviewed the Contracts Management Committee guidelines for purpose, role, and membership (“Attachment 10”) and noted that two contracts are lined up for bidding in the fall. Mark suggested that the committee should establish a performance review guideline document for vendors to keep the committee active in between contracts renewals. Bill agreed share this idea with the committee.

**SCHEDULED 3RD
QUARTER BUSINESS**

ANNUAL MEETING

Debbie announced a quorum for the ECMA annual meeting on September 15th, 2018 has been met by the proxies received to date. The meeting will be held at 7555 Falcon Crest Drive at 11:30 a.m.

**PRELIMINARY 2019
BUDGET
ASSUMPTIONS**

Debbie Hahn summarized the “2019 Budget Assumption Memo” (“Attachment 11”). There were no actions requested of or taken by the Board.

**RESORT GOLF
COURSE 5-YEAR
CAPITAL PLAN**

Mike Bessonette, presented the “Resort Golf Course 5-Year Capital Plan” (“Attachment 12”). Mike confirmed that the parking lot seal coating project will be postponed to spring 2019.

Following discussion and upon motion duly made (MB) and seconded (MH), the following resolution was unanimously approved.

RESOLVED, that the updated “Resort Golf Course 5-Year Capital Plan” (“Attachment 12”) be hereby approved as amended, with the parking lot seal coat to be completed in 2019.

Resolution 2018-09.14-04

**UNFINISHED
BUSINESS**

**RED TAIL
HAWK/CONDOR
DRIVE COMMON
AREA USE**

Hank verbally reported that improvements to the area could help decrease instances of trespassing and misuse. His recommendation to the Board includes improving current pathways with bark chip or gravel. The Board directed management to obtain cost estimates for refreshing pathways in 2019.

**EHOA BILLING
REQUEST**

Debbie Hahn summarized a memo outlining a sub-association request for reimbursement of costs incurred due to a dues billing practice. Management recommended that the board adopt a standard billing fee per invoice, and include an annual decision on delegation of sub-association billing terms and conditions to regularly scheduled 3rd quarter business. The Board directed Karen Smith to seek a legal opinion regarding the requirement of ECMA to pay the invoices submitted by EHOA.

Following discussion and upon motion duly made (MH) and seconded (MG), the following resolution was unanimously approved.

RESOLVED, that ECMA shall formalize the delegation of sub-association billing in 2019 under the terms and conditions that no costs shall be charged directly to ECMA, that there shall be no requirement for funds to be held in a separate trust account, and that delegation shall be offered annually to sub-associations, who have 30 days to accept after which time ECMA will undertake collection at a cost of \$10 per invoice generated.

Resolution 2018-09.14-05

NEW BUSINESS

**OTHER NEW
BUSINESS**

Directors confirmed the budget study session on Friday, October 19 at 9 a.m. and fourth quarter meeting on Friday, November 16, at 12:30 p.m. at 7555 Falcon Crest Drive in Redmond, Oregon.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:02 p.m.

Secretary to the Association