

**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 18, 2020, at 9:00 a.m. at 7555 Falcon Crest Drive in Redmond, Oregon.
- ATTENDANCE** Directors present included Mike Bessonette (Residential Director), Mark Hunt (VROA Director), Bill Neumann (VROA Director), and Hank Cavender (Residential Director). Attendance by Bill and Hank Cavender was accommodated via teleconference. Management company staff members present included Hannah Henson, Debbie Hahn, Curt Heimuller, Patty Davis, and Mark Owings. Also attending were Brett Limbeck of Central Oregon Water Utilities, with Craig Gott of Central Oregon Water Utilities attending via teleconference. Rob Johns, Association Insurance Broker with Alliant Insurance Services was in attendance via teleconference. Also present was Karen Smith, consultant with Resort Resources, Inc. Bill Neumann, President, presided at the meeting and Patty Davis recorded the minutes on behalf of the Secretary.
- CONSENT TO AGENDA** The meeting was called to order at 9:00 a.m. Under scheduled third-quarter business, the insurance proposal was moved to the beginning of the meeting to accommodate attendance by Rob Johns. Mark moved to approve the agenda as amended. Mike seconded the motion and it passed unanimously.
- PRIOR MINUTES** Reading of the prior meeting minutes dated May 29, 2020, was waived and Mike moved to approve the minutes as presented. Hank seconded the motion and it passed unanimously.
- OLD BUSINESS** None pending.
- INSURANCE POLICY RENEWAL 2020-21** Rob Johns, First Vice President at insurance brokerage firm Alliant Insurance Services referred Directors to the “Eagle Crest Master Association Insurance Renewal Proposal 2020-2021” (“Attachment 1”). Rob advised the commercial insurance marketplace is considered “hardened” and premium increases are to be expected. The schedule of replacement costs was reviewed by management and values increased by 3%. Coverage proposed is unchanged from last year, including the \$10,000,000 umbrella liability limit. Rob reviewed highlighted endorsements advising they are primarily clarifying existing exclusions. He advised that cyber security liability coverage could be purchased separately. Mark questioned what ECMA’s risks would be in regard to cyber coverage. Curt noted that any cyber risks would be very minimal and would largely affect Eagle Crest Management systems, rather than ECMA.
- Following discussion and upon motion duly made (MB) and seconded (MH), the following resolution was unanimously approved.
- RESOLVED, that the insurance proposal submitted by Alliant Insurance Services (“Attachment 1”) to bind property, general liability, directors and officers liability, and umbrella liability for one year effective October 1, 2020, be hereby approved.**

Resolution 2020-09.18-01

**MANAGEMENT AND
COMMITTEE
REPORTS**

FINANCIAL REPORT

Mark Owings referred directors to the draft CPA audited 2019 financial statements, advising the audit had been delayed due to the COVID-19 pandemic. He asked Karen Smith to report on new revenue recognition rules and a related recommendation to the Board. Karen advised the draft statements incorporate a new revenue recognition reporting rule for the reserve funds. Although the draft audit letter reports the new FASB ASC 606 rules as effective January 1, 2019, Karen advised this effective date was changed to January 1, 2020. She also advised that the CPAs confirmed in a call this morning that adoption could be delayed to January 1, 2020 and they would roll back the reporting change in the 2019 audited statements. She recommended adoption be effective January 1, 2020.

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

RESOLVED, that the draft CPA audited 2019 financial statements submitted by Mark Owings be hereby approved subject to reversing the adoption of FASB ASC 606 regarding revenue recognition reporting.

Resolution 2020-09.18-02

Mark Owings provided the financial report, which included the financial summary (“Attachment 2”) and internally prepared second quarter 2020 financial statements (“Attachment 3”). Mark reviewed the material variances as outlined in the financial summary, and noted that Sports Center income was down due to closures and COVID, but there have also been reduced operational and labor expenses. Curt suggested the lower expenses resulting from the COVID impacts be recognized as one-time and not assumed to carry into 2021.

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

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

Resolution 2020-09.18-03

**UTILITY SYSTEMS
REPORT**

Brett Limbeck, reporting for Oregon Water Utilities (OWU), the contracted utility system service provider, reviewed the written utilities report (“Attachment 4”) that included operations, capital expenditures and reserve expense projects.

Craig Gott joined the discussion regarding the FOG (fat, oil and grease) limits contained in the sewer easement agreement with ECMA. He advised that Niblick’s and Greene’s is spending about \$2,000 a month to clean out grease traps to address FOG readings above the current 50 mg/l standard. OWU is concerned this is financially unsustainable for this customer. Brett advised he is researching other private and municipal FOG standards for commercial sewer customers. OWU recommends increasing the FOG limit for the sewer easement agreement and also suggested contacting Jim Frost at Parametrix for input on the standards due to his knowledge of the ECMA sewer collection and treatment system. Karen

Smith, of Resort Resources, Inc., advised she will add this discussion item to the annual utility system reserve study update with Parametrix.

Directors discussed the importance of expediting the review process to be sensitive to the financial impact on the commercial restaurant operation. Karen advised a written consent resolution can be drafted to implement a change in standards prior to the next regular meeting.

Karen reported that the water rights transfer certificates were issued by the state and this project is complete.

**OPERATIONS
REPORT**

Hannah Henson presented the written operations report (“Attachment 5”), beginning with the introduction of new management staff member, Patty Davis.

Mike Bessonette requested that Eagle Crest Management work with the EHOA manager at Brickhouse Property Management regarding emergency exit signage and placement. There was discussion of the new lock on the emergency exit gate on Red Tail Hawk drive and different parties’ responsibilities during an emergency. Hannah agreed with Mike and shared the intent to coordinate an evacuation strategy with all sub-associations.

**RESERVE EXPENSE
REPORT**

Karen Smith, reporting for Resort Resources, Inc., reviewed the Evaluation of Reserve Account Expenditures vs. Budget per 2020 Reserve Study (“Attachment 6”), noting one highlighted minor variance.

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

RESOLVED, that the Evaluation of Reserve Account Expenditures vs. Budget per 2020 Reserve Study (“Attachment 6”) be approved, including the variance as noted in highlighting on the report.

Resolution 2020-09.18-4

**GOLF OVERSIGHT
COMMITTEE**

Mike Bessonette, committee chair, reported on plans to remedy some ongoing irrigation and electrical issues at the Resort Golf Course. The Committee plans to use the allocated reserve funds to retrofit all three pumps this year, resulting in an overall cost savings. Mike reported that bids are being obtained for this work and there is ongoing long term planning.

**ENVIRONMENTAL
CONTROL
COMMITTEE**

Hannah Henson, 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 for the committee.

**CONTRACTS
MANAGEMENT
COMMITTEE**

Mike Bessonette., chair of the committee, reported that the committee plans to reconvene to evaluate the expiring Guest Services contract prior to 2021 budget determination.

**JOINT USE SYSTEMS
EVALUATION
COMMITTEE**

Mike Bessonette, on behalf of the committee, noted that there is nothing new to report since their last meeting in the early spring.

**SCHEDULED 3RD
QUARTER BUSINESS**

ANNUAL MEETING

Vice President Mark Hunt will read the president’s report at the annual meeting on behalf of President Bill Nuemann. Hannah announced that the quorum for the ECMA annual meeting on September 19, 2020 has been met by the proxies received to date. The meeting will be held at 7555 Falcon Crest Drive at 11:30a.m, with homeowners attending remotely.

**PRELIMINARY 2020
BUDGET
ASSUMPTIONS**

Hannah Henson summarized her memo “2021 Budget Assumptions” (“Attachment 7”). There were no actions requested of or taken by the Board.

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

Mike Bessonette, presented the amended “Resort Golf Course 5-Year Capital Plan” (“Attachment 8”).

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

RESOLVED, that the updated “Resort Golf Course 5-Year Capital Plan” (“Attachment 8”) be hereby approved as presented.

Resolution 2020-09.18-05

**UNFINISHED
BUSINESS**

None pending.

NEW BUSINESS

**SPORTS CENTER
LEASE RENEWAL**

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

RESOLVED, that the Sports Center Lease between Vacation Resort Owners Association (“Landlord”) and Eagle Crest Master Association (“Tenant”) be renewed for a second five-year period beginning January 1, 2021 and ending December 31, 2025.

Resolution 2020-09.18-06

**OTHER NEW
BUSINESS**

Directors confirmed the budget study session on Tuesday, October 22nd at 9:00 a.m. and fourth quarter meeting on Friday, November 13th at 9:00 a.m. at 7555 Falcon Crest Drive in Redmond, Oregon.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:55 a.m.

Secretary to the Association