

Second Quarter 2011

YOUR HOMEOWNERS ASSOCIATION REPORT

The responsibilities of the Homeowner's Association (HOA) Board include providing for community security, maintaining the common property and enforcing the CC&Rs. The community is best served in these responsibilities when there is timely communication between the Board and the Owners.

The most frequently used communication channel in the past has been participation in the quarterly HOA Board meetings. Since attendance is not possible for all Owners, the newly elected Board is taking steps for more complete and timely communication including:

- Initiation of this quarterly report covering recent board activities and actions
- Upgrading the HOA website to include email contacts for the Board members

To be certain that all Owners are aware of these steps, the quarterly reports will initially be mailed along with quarterly dues notices. The reports will also be available on the HOA website.

Content of the report this time includes:

- Board priorities summarized by Buz Carrade, the Board President
- The change in landscape contractor for the common property
- The process undertaken for transition of the HOA Board control from the Montrêux Development Group to the newly elected Board
- Goals for meetings held between the Board and the RTO planning committee
- Enhancements to the HOA website
- Property Manager Notices and Reminders to the Owners
- Security Notices and Reminders to the Owners

THE PRESIDENTS REPORT

Fellow Homeowners,

As you are aware, on January 1 the full responsibility of the Homeowners Association passed from Montrêux Development to the homeowners. This transition provides the opportunity to manage the Association entirely for the singular interest of the homeowners and community. To that end, the Board has formulated the following priorities. It is expected that these priorities will efficiently set the foundation for building on the successes of the past, plan for the future and address needed improvements. These priorities are:

HOA priorities - Immediate (now):

- Examine operational expenses to reduce costs.
- Maintain and upgrade the common area landscape and complete road repairs.
- Monitor construction sites for cleanliness, organization and noise control.
- Establish centralized construction storage located in an unobtrusive area.
- Expand relationships with public agencies such as: Fire Protection, Sheriff, NDOT, and the County Planning Department.
- Improve the quality of Montrêux living by discouraging construction traffic noise, speeding, excessive exhaust noise, disruptive use of sound systems, and encouraging civility.

HOA priority - Continue existing efforts to have the RTO:

- Pay a fee, amount TBD, that includes a common area damage deposit
- Comply with rules relating to fire safety, vehicle storage and parking
- Keep all roadways unobstructed for emergency vehicles and community residents

- Place an HOA representative on the RTO Board to participate in planning meetings.

HOA priorities - Medium term (1-2 years):

- Acknowledge Montrêux's changing demographic; explore and encourage family oriented amenities in concert with the Country Club and the developers.
- Plan for common area enhancements like lightscaping and hardscaping.
- Examine and plan for improved pedestrian circulation.
- Actively participate with the developers in new home designs.

HOA priorities - Long term (3-5 years):

- Pursue establishing a new construction entrance at the south end of the community to address traffic, safety and noise issues.
- Investigate an onsite school bus area to address child safety and traffic congestion issues.

Buz Carrade, President, Montrêux HOA Board

HOA TRANSITION

Last year, Rob Nichols announced in a letter addressed to homeowners that Montrêux Development Group would be relinquishing control of the Homeowners Association and turning over complete control of the Association to the homeowners. Subsequently, the process for a turnover was initiated. Significant in this process was the election of a New Board and compliance with State laws, specifically NRS 116.31038. This statute specifies the requirements for the existing Board and the Developer to execute a proper turnover. These requirements, to name a few, address financial solvency and control, common area ownership, contractual commitments, legal arrangements, compliance with laws, insurance and existing conditions. Consultation with the HOA Board lawyer, Mr. Doug Flowers of Holland and Hart, clarified questions of applicability of the statute's paragraphs to the specific circumstances presented by Montrêux. Contact for this effort was J. Lauretig and the Montrêux Property manager, Mike Joseph.

It was agreed that Mr. Lauretig and Mr. Joseph be responsible for accumulating the required and specific documentation to demonstrate compliance. Documents were organized and an inventory was created. This Inventory consists of over 260

individual document files some of which contain multiple documents as components.

The newly elected Board for 2011, agreed to conduct an audit of the documentation prior to acknowledging completion of the exercise. An audit by Kohn Colodny of Reno executed the audit and on February 11, announced completion of their successful audit. A report was filed with the HOA.

The turnover process revealed only one operational instance that requires redress and that is in the process of completion; health insurance for the Security Staff is being moved from under the Montrêux umbrella.

- J. Lauretig

TREASURERS REPORT

For the Year 2010, the **Reserves** ended the year at \$1.62M demonstrating small but positive growth. *(The Reserves are presently primarily invested in CDs that are all within the insured limit of \$250K).* **Income** included \$100,000 from Ladera and played a significant role in offsetting income delinquencies. Positive variances of significance to the **Operational Budget** included \$42.5K in accounts associated with Security operations as the result of Mr. Christoffersen's careful management.

Additionally, common area repairs, tree replacement back-flow testing and signage realized \$14K in budget savings. Negative variances of significance included \$39K in legal fees resulting from foreclosure activity, the Ladera acquisition and the HOA transition. Irrigation was primarily responsible for \$23.7K over budget in 2010. The HOA **Balance Sheet** identified total assets of \$1.9M with the commensurate amount of \$1.9M in Liabilities and Assets. **Reserves** expenditures totaled \$65K for slurry, taxes, concrete, street and equipment repairs. Finally, delinquencies remained higher than in previous years requiring the HOA to maintain an aggressive, but fair, collections program.

For the beginning of 2011, the **Reserves** continue to demonstrate small but positive growth; \$45K or 2.8% compared to the yearend value for 2010. Positive variances of significance to the **Operational Budget** included \$32K in accounts associated with Security operations; the result of overtime management and vehicle maintenance. To date, there are no significant negative variances. The HOA **Balance Sheet** identified total assets of \$2.0M with the commensurate amount of \$2.0M in Liabilities and Assets.

Going forward, the affects of seasonal billing for snow removal will diminish any existing positive variances

and legal expenses will be monitored for cost savings. Health insurance costs will exceed the budget. In this instance, an already existing positive variance is expected to alleviate the negative impact on the budget. Lastly, issues with dues collections and foreclosures will follow the HOA through 2011, necessitating the HOA to continue its aggressive, but fair, collections program of 2010.

-J. Lauretig, Treasurer

NEW LANDSCAPER CONTRACT

As many of you know by now, the Board of Directors recently awarded the landscape contract for the common areas and the Creekside Manors to Century Landscapes. The Association is confident that Dan George and his company will make a noticeable improvement to the common areas of Montrêux in the upcoming season. You may have noticed that Century Landscape has been working since the first of January on snow removal on the Bordeaux walk way, common area preparation and seasonal storm clean up.

Century Landscapes is a licensed contracting firm specializing in the management of landscapes and the Century staff has been involved in the landscape industry for over 30 years in Northern Nevada. In Montrêux, Century has performed for three successful years managing many of the homes in Montrêux as well as the Cottages. The Board, in selecting Century, expects a fresh new attitude full of new ideas to breathe new life into the lawn and planting areas and execute a successful landscape management program.

To that end, the Board has required that Century abide by the Montrêux HOA Landscape Management document. This document requires weekly and monthly task, performance and quality reviews. The HOA expects improvement with troublesome grassy areas, use of plantings appropriate for our location, proper pruning, rigorous staking of trees, and the addition of color elements. The HOA expects that the success demonstrated by Century's care of the Cottages will be repeated with the remaining common areas and Creekside Manors.

The HOA Board initiated discussions in September of 2010 regarding the contract for landscape maintenance. A three member evaluation team composed of Mr. Carrade, Mr. Joseph, and Mr. Lauretig, accepted the responsibility for writing a landscape management document, executing a request for bids, performing a bid evaluation, and making an appropriate recommendation. Quotes were evaluated with an initial Compliance Assessment, a Quality and Competency Valuation, a Dollar Value Comparison, and a Point Award

process. The top two candidates were subjected to a one-on-one, informal meeting coinciding with a site visit for equipment inspection and a capabilities assessment.

The evaluation team recommended that the HOA Board award the landscape contract to Century Landscapes. The value of the contract award is \$246,575.00 and provides Montrêux with landscape maintenance for the all common areas, the Cottages and Creekside Manors.

- J. Lauretig, Treasurer

THE RENO TAHOE OPEN AT MONTRÊUX

The 13th annual Reno-Tahoe Open will be held August 1st - 7th, 2011 at the Montrêux Golf & Country Club. Visit <http://www.renotahoeopen.com/> the RTO website for complete details.

The HOA now has a representative to the RTO, Michael Burkitt. Areas of discussion with the RTO executives have included fire safety, vehicle storage and parking, hours and days of operation, keeping all roadways unobstructed so that emergency vehicles and residents can travel freely.

This PGA sanctioned event raises money for local Reno charities with special emphasis on the Kenny Guinn Millennium Scholarship Fund this year. The Nevada Military Support Alliance charity was featured in 2010 and again this year.

If you are interested in volunteering to help with this non-profit event, please click on "volunteers" on the internet website.

Michael Burkitt, RTO Representative

OVERVIEW OF HOMEOWNER WEBSITE

Some Owners might be unaware of the Montrêux Homeowners Association website, which has existed for about 4 years. The site can be visited at www.mtxhoa.com. No password is required. The site provides information useful to the Owners including:

- HOA meetings
- HOA documentation including CC&Rs
- Security Notices and updates
- HOA contact numbers
- Contact numbers for medical, fire or law enforcement emergencies
- Real time winter road conditions

Next quarter the website will be upgraded to include:

- email contacts for HOA Board members
- Timely notices and reminders by both Security and the Property Manager

- HOA calendar of quarterly and annual meetings
- Copy of the HOA report issued quarterly

For ease of access and use, the upgraded website will be merged by mid June with the Golf and Country club website www.Montrêuxgolf.com. Therefore all Montrêux related business will be accessible on a single website. Initially this could cause some confusion as the Country Club and the HOA are separate and distinct organizations. The Country Club board deals with all matters pertaining to golf and to golf course property. The HOA on the other hand deals only with matters of Montrêux security and maintenance of the non-golf common properties including streets and boulevards. The HOA is also responsible for enforcement of the CC&Rs which all Owners agreed to when purchasing property. If you are unfamiliar with the CC&Rs, please scan through the document on the existing HOA website.

When completed, the new website will provide a means for real time HOA reporting and for Board member contacts by the Owners. Issues identified by Owners requiring Board action will be placed on the next HOA meeting agenda. All Board actions must be in response to agenda items and must be voted in the open HOA quarterly meetings.

We hope you will routinely access the website.

Bill Coffrin, Secretary

PROPERTY MANAGER NOTICES AND REMINDERS

The Association will conduct street sweeping activities sometime in April or May depending on weather and snow melt. The association needs to wait until all snow has melted away from curbs and road medians in order to do an efficient and cost effective job. Once the streets have been cleaned the association will schedule its annual crack filling on all streets and any scheduled road maintenance. It will also be repairing and replacing any damaged curb that occurred during this past winter's snow removal process.

Property Owners:

- If you have a fire hydrant on your property please make sure that all bushes and trees are sufficiently trimmed so that there is easy access, generally the fire department wants a minimum of three feet around the entire perimeter.
- Don't forget to secure your trash receptacle lids and any other refuse that is out on collection day. (Monday)

- Please remember that **any changes** you wish to make to the exterior of your property whether changing the color scheme of your home, revising your landscaping, adding a play structure, etc. must first be submitted to the Design Review Committee before any work is commenced. It is also a good idea not to schedule any contractors until you receive final approval. If you are unsure as to the process for submittal, questions or information required please contact Mike Joseph at 853-9056 for details.

Golf Members and Property Owners:

- Please remember to obey all traffic signs and rules of the road when driving your vehicle or golf cart on Montrêux streets. Please exercise caution and look all directions before proceeding through an intersection. Thank you!
- If you notice a sprinkler head malfunctioning please make note of the time of day and location and report it to association management at 853-9056.

Mike Joseph, Property Manager

SECURITY NOTICES AND REMINDERS

On behalf of the entire Security staff, I am pleased to have the opportunity to contribute to this and future editions of the Montrêux HOA report. Similar to what we post on the HOA website, this is an excellent forum to communicate with Montrêux residents regarding Security policies and procedures, events, security staffing, reminders and projects.

Resident Datasheet Review and Update:

Montrêux Security maintains contact information for all our residents which includes: phone numbers (residence, business, cell), emergency contacts, e-mail addresses, and the names of household members, guest authorization lists, etc. You provided this information to Security when you originally moved to the Montrêux Community with a Homeowner Data Sheet. We safeguard and keep this information confidential and use it only to contact you if necessary or verify guest status or entry. Enclosed is a copy of your information that Montrêux Security currently has on file. Please take a moment to review it, make changes and update as appropriate. You may make changes on the sheet and return it to the gatehouse in person, by fax (849-9782) or e-mail (security1@mtxhoa.com). If you prefer you may call Montrêux Security with the updated information, 849-9780. Thank you for your cooperation and participation.

Pete Christoffersen, Director of Security