

**Bay Club Condominiums
Annual Meeting of the Members
May 21, 2005, 12 noon
Senior & Community Center in Frisco**

Owners in attendance were: Sue Ehmsen, 107
Bill and Carol Langley, 101
Faribia Samimi, 102
Ken and Connie Stark, 103
Bruce Menzel, 104
Victor Lederman, 109
Allen Reedall, 110
Janet and Malcom Orton, 112
George and Cheryl McLaughlin, 201
Russ Den Braber, 203
Jim and Joan Rizzi, 206
Virgil Robinson, 207
Bob and Lynn Butts, 209
Van Carlton and Cora Hines, 210
Greg Clarke, 213
Laurie Helmick, 216

Owners represented by proxy: Gainey and Lynn Best, 215
Larry and Amy Oliver, 214
Mike and Sharon Nielsen, 212
Les Ainsworth, 211
Stephen Malyszko, 205
Susan Moritz, 105
Phillip Abston, 106
John and Mary Lou Grossman, 108
Jim and Karen Braden, 113
David and Mary Hostvedt, 114
Randy and Barbara Beeson, 115
Tom and Mimsi Milton, 116

Call to Order and Introduction:

The Board of Directors and Management introduced themselves to the Membership. George McLaughlin welcomed everyone and gave a note of thanks to the management company for being responsive and professional. He also indicated that, thanks to email, the Board and Management have communicated efficiently and frequently. The past year had been relatively problem-free, with minor maintenance issues and rules violations, usually guest or tenant related.

Quorum and Proxies:

As 16 units were represented in person, and 12 proxies received, a quorum (17 needed) was established.

Approval of Previous Meeting Minutes:

The meeting minutes of the 2004 Annual Meeting were sent out along with official Notice of Meeting. The board indicated to the membership that the minutes were reviewed multiple times. **Russ Den Braber motioned to dispense with the reading of the 2004 minutes. Jim Rizzi seconded, and as all were in favor, and the motion carried. Fariba Samimi motioned to approve the meeting minutes as distributed. Jim seconded, and as all were in favor, the 2004 Annual Meeting minutes were approved.**

George indicated that as the sign up list is passed around, please make sure your phone number is listed for contact, and if possible, and email.

Old Business

Management Report:

Heidi Eilers thanked the current board for a smooth transition between the management companies and the kind words.

- Only one vendor contract was changed, and it was to obtain services of Bobby Cat Snow Removal. Heidi felt his job throughout the winter was prompt and thorough.
- Management spent some time ironing out the kinks in the hot tubs. New covers were purchased, and of the whole year, major expenses for maintaining these tubs were installing a new pump and motor, heating element, terminal, and fuse.
- The heat tape was turned on this year for the whole of the winter season. Much time was spent determining the effectiveness of the heat tape, as ice buildup on both the roofs and ground can be a problem. Steve Malyszko, from unit 205, offered to analyze the tape but was unable to find much information to determine anything. A comparison of wattage used this season from last season showed an average increase of 211% for building 112, 259% for building 114, and 183% for building 110. It was determined that energy costs increased about 30%. Murray's opinion was that the heat tape made the ice situation on the ground much worse. In a previous board meeting, the Board of Directors indicated it was probably best to devote more resources to periodically removing the ice where there are problem areas.
- Unit 214 was leaking through where the dormer window attaches to the roof. The Board has just authorized Karbowski Construction to fix this repair. No other leaks were made known to Management.
- At the time of the insurance renewal, \$25K was added for the Fidelity Bond Coverage until 9/05 (when the separate Fidelity Bond expires). An additional \$125K will be added at this time so that proper coverage of \$150K will be maintained.
- It has come to the surface that Bay Club (along with most of Frisco) is not in compliance with the current regulations on gas grills. Technically, no open flame grills are allowed within 10 feet of a building other than grills with 2.5 lb. tanks or less are allowed. Murray Bain will be working with Steve Skulsky, Lake Dillon Fire Department, to draft a proposed letter to the fire authorities and the Town of Frisco seeking compliance for any gas grills with regular sized tanks, or direct feed, to be allowed, as long as certain safety considerations, such as proximate fire extinguishers, are utilized. Any safety considerations would be the responsibility of each owner to ensure, and not the Association.

- The Rules and Regulations for Bay Club have recently been revised and approved by the Board of Directors. The intent of these updated rules is to bring forward the various use restrictions in the Declarations and to allow for a better process of violation resolution for the Management Company. It was noted that within these rules, it is stated that each owner maintain a copy inside their home, for access to tenants and guests.

George McLaughlin indicated that he does not believe there is a complete solution for eliminating the ice issue. It has been a topic of much deliberation in the past, and the board has come to the realization that the best solution may be to budget for periodic removal throughout the season. Victor also indicated that he felt that the heat tape does not work. An owner questioned whether the board was going to go ahead with putting out sand barrels for use. Given the controversial environmental issues of using sand, the board decided they would not provide the barrels; rather, owners are welcome to use whatever sand/icemelt they would like to on their own. Bruce Menzel of 104 showed pictures of severe icing along the siding and rock damage and voiced his concerns about the constant ice damaging the integrity of the building. It was stated that ice removal every day is simply not feasible. Victor remembers this sort of problem occurring from the very start of the project. It was also stated that as prevention, regular maintenance of the building will have to be built into the reserve plan. Victor stated in the last 5 years, he has known it to be done twice.

Landscaping Improvements Report:

Laurie Helmick reported on the contract she obtained with Neils-Lunceford to completely reconfigure the beds in the courtyard. The plan is to spray the grass and weeds in the beds twice (the spray has already been applied once), remove the grass, weeds and gravel, replace the soil and add 5 shrubs per bed. Because some of the existing shrubs may be saved from the spray, more perennials may be able to be planted. Laurie plans to visit the nursery to specifically pick the types of shrubbery which will go best with this landscape. She will also be looking for volunteers to help with the planting of any perennials or bulbs they may get. Volunteers were asked to contact her directly. Laurie stressed to the membership that these beds, once newly planted, would need to be regularly maintained by a contracted service provider, like Neils-Lunceford. A big round of thanks was given to Laurie for her expertise and willingness to work on this project.

Other landscaping issues were raised. It was mentioned that a dead shrub needs to come out of the middle of the West Building (208/209). Rocks will need to be filled in where there is an exposed weed barrier on the north side of the courtyard. Management will take care of these items. The noxious weeds are often a problem, and if not for Virgil Robinson's gracious efforts in pulling the weeds himself, it would be worse. Laurie mentioned that control of the noxious weeds as well as the issue of maintaining the willows coming up through the asphalt will be under whatever landscaping maintenance contract is obtained.

An owner asked if the Association had any plans for handling the increasing number of voles on the property. Response was that one could try spending money on a poison control plan, but that it was fairly costly, environmentally suspect, and often with little to no result. Laurie felt that the answer may be to hope for a better year (as the cycle of the ground critters tends to ebb and flow.) Management also stated they manage another association which tried to poison their

rodents through Mountain Pest Control to no avail. It was suggested that vole maintenance should be deferred to the next Board Meeting.

Financial Report:

Fariba Samimi reported on the financial status of the Association. She indicated that with Murray's help, they switched from cash accounting to an accrual system. She explained that there was a timing issue with the last payment to the Reserve Fund; the payment will not show up on this statement. Fariba indicated the association should still be able to meet its budgeted reserve amounts, and the proposed landscaping will not affect this upcoming fiscal year's payments. She added that the benefit to using an accrual system was that one could tell where there are advance accounts receivables (Dues). Murray noted an adjustment in the Budget Comparisons which were previously mailed to members and Jim Rizzi noticed a minor miscalculation in the 04-05 Budget in the Dues Income. It was explained that the 05-06 budget was created with the assumption that the Association would no longer be collecting the spa fees. The net result, however was that there is still no increase in Dues. The expense items in the budget were based on what the Association was currently spending, with reasonable contingencies built in. Murray presented the Reserve Schedule noting that it does not account for the "time value" of money, but rather should be used as a guide and time-line for capital replacement items the association would incur in the future. Murray bases his figures on like-costs and formulas. In looking at what is slated for capital expenses during the 05-06 fiscal year, \$5,000 is allocated to completing the landscaping project, and \$10,780 was allocated to painting all the black metal railings on all three buildings. A member questioned whether all the railings really needed to be painted. George McLaughlin stated that the board had done a walkaround and upon looking more closely, one can see where there are the beginnings of corrosion spots as well as wear in the paint coating. Further discussion concluded that it was better to maintain consistency with all the railings being at the same level of repair. In addition, one of the bidders came in at such a low price (\$4800), the board felt they should take advantage of it. Jim Rizzi moved, Russ Den Braber seconded, and as all were in favor, it was unanimously resolved:

The 2005-2006 fiscal year budget with accompanying reserve schedule be approved.

Rules and Regulations:

George McLaughlin stated that the board had recently adopted and approved a revision of the rules and regulations. A copy was present for each member at the meeting. George pointed out that one of the additions to the rules was that each owner keep a copy of the rules in their condo at all times, accessible to guests and tenants as well as owners. Murray Bain indicated that the goal in the rules revision was to bring to line what the current practices of the HOA are as well as provide an easy reference to the use restrictions and other rules as indicated in the governing Declarations. The new rules also have an easier format for enforcement of the rules. Victor Lederman stated he felt the revised rules were in contradiction with the Declarations. His example was that of the fire sprinkler system referenced under Maintenance. Victor feels that by stating in the rules the Association would take care of and maintain the entire fire suppression system but shall hold an Owner responsible for any cost of repairs due to negligence, the association would be going against how the Declarations treat Limited Common Elements. He feels that because the fire system is classed a Limited Common Element, any repair work done to this classification should be charged to the owner in which the repair was completed. George indicated that this is a case where there is a matter of disagreement on interpretation; his opinion

is that they are not trying to change the Declarations, merely pointing out in the rules that if an owner damages a part of the sprinkler system, then that owner would still be responsible for the repair. Maintenance of the system, however was a safety issue, and for that reason, the rest of the Board felt that it is the Association's duty to look after the fire suppression system. Murray Bain added that he does not feel the rule contradicts the Declarations, and that if any such document created by the Board ever does, the Declarations would supercede anyway. The discussion was wrapped up with mention that a copy of the new rules will be sent to all owners via mail.

Resolution to Abolish the Hot Tub Fees:

George read the resolution as mailed to the membership with notice of meeting. He clarified that all this resolution asks is that the association cease collecting the hot tub fee, and nothing more. The Board added that when the hot tub fees were instated a few years ago, the fees were supposed to go into a specific segregated account to pay only for the additional repairs from damage that renters and guests imposed on the hot tub. Research shows that this fee was not used for this purpose; rather, it was just absorbed into the regular operating budget. George further added that this topic has caused tremendous dissention among owners, and is not, nor could ever be, equitable. A question was raised on how the Board was going to handle refund for those owners who had paid into the fund. George reminded all that this resolution only dealt with a vote on whether or not the hot tub fee should be abolished. Janet Orten moved, Jim Rizzi seconded, and as all were in favor, it was unanimously resolved that:

As of 5/21/05, the hot tub fee would no longer be collected.

Discussion on the refund issue resumed. Malcom Orten stated he felt that out of principle, the fees should be returned to those who have paid all these years and therefore made a motion that the fees be refunded. More discussion brought out the fact that research would be needed to see how much money would be needed to complete the refund. A special assessment most likely would be imposed. There was no second to the motion; therefore, it failed. Malcom indicated he would file a lawsuit against the association to recoup the losses. George indicated a special assessment would then be likely to defend the case. This topic would be deferred to the new board should it be raised again.

Resolution of Maintenance, Repair, and Periodic Replacement of Upper Unit Deck Coating Material:

George McLaughlin read the resolution as presented by Gainey Best. In sum, it would resolve that the Association would conduct inspections of the coating on each upper deck, make repairs when necessary in order to preserve the integrity of the decks, and periodically recoat the decks from time to time. The Association would also build into its Reserve Plan, adequate funds for the coating of these decks. Jim Rizzi motioned for the approval of the resolution as read. Carol Langley seconded the motion. Further discussion was held as to the current coating situation, and the expected life and costs of re-coating. Victor stated that unless there is deliberate dragging of iron legs or sharp objects on the surface, the coating should last well over 5 years. It was mentioned that in order to pass this resolution a 2/3rds majority vote of the membership was needed (22 affirmative votes). As there were 28 members represented, either in person or by proxy, and that Victor Lederman indicated that 7 of his 9 proxy votes are against the measure, the motion to approve the resolution failed.

New Business

High Speed Internet:

Virgil Robinson indicated he would like to know what it would cost to have high speed internet installed at Bay Club. George indicated he and Steve Malyszko (who is also interested in this topic) were going to research the possibility of obtaining a few receptors and routers. Their guess was that it was going to be roughly \$100/mo extra. The consensus at the meeting showed a majority interest in obtaining high speed internet. It was decided that Jim Rizzi, Virgil Robinson, Steve Malyszko and George McLaughlin would look into this topic further.

Window Washing:

After several owners expressed their interest in having the window washing coordinated, it was agreed that Heidi Eilers would find out prices per window and ask owners if they'd like to join a list to have their windows cleaned.

Election of Directors:

The Nominating Committee reported that they had called on and emailed all members of Bay Club to solicit interest to service on the Executive Board. Of those called, only one expressed a willingness to serve. Three Board positions were available. The nominations from the floor were: George McLaughlin, Greg Clarke, Victor Lederman, Jim Rizzi, and Lynn Butts. After election by secret ballot, the top three nominations were Victor Lederman, George McLaughlin, and Greg Clarke. It was therefore motioned, seconded and unanimously resolved:

The Victor Lederman, George MaLaughlin and Greg Clarke be elected to the Executive Board of Directors for another term.

Next Annual General Meeting:

The next annual general meeting was set for May 20, 2005, 12 noon, at the Senior and Community Center in Frisco, Colorado.

Adjournment:

As there was no further business brought to the table, the meeting adjourned at roughly 2:30 p.m.

I hereby attest that these minutes are a true and accurate account of the meeting thus held on May 21, 2005.

Signed

as _____
Board Position

Date