

**VILLAS AT PROSPECT POINT CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
MARCH 9, 2007**

**I. CALL TO ORDER**

The meeting was called to order at 5:35 p.m. Board members present were Rob Bullard, Scott McLean, Joe Woodrow and Tony Peterson. Kevin McClain participated via teleconference.

Representing Summit Resort Group were Kevin Lovett and Peter Schutz. Erika Krainz of Summit Management Resources was recording secretary.

**II. OWNER FORUM**

There were no owners other than Board members present at the meeting.

**III. APPROVE PREVIOUS MEETING MINUTES**

Joe Woodrow made a motion to approve the minutes of the January 12, 2007 Board Meeting as presented. Scott McLean seconded and the motion carried.

**IV. FINANCIAL REVIEW**

*A. Year-to-Date Financials*

Kevin Lovett reviewed the financial status as of January 31, 2007. There was \$54,042 in Operating, \$94,884 in the Reserve account and \$4,404 in the Vanguard account. The Drainage Remediation Fund collections of \$17,333 are currently being held in the Operating account, causing the high balance. He will transfer this amount from the Operating account to the Drainage Remediation Fund.

As of the end of January, the P&L indicated the Association was ahead of budget by \$11,204, mainly due to less snow removal this year and lower expenditures on landscaping than expected.

*B. Existing Accounts*

Rob Bullard said the Vanguard account was established as an original Reserve Fund account. Peter Schutz noted Vanguard was not FDIC insured. He said the Association could buy CD's from a broker with a slightly higher yield. The Board agreed the Vanguard account should be closed and the balance moved into the Alpine Money Market account in the Reserve Fund.

SRG was directed to purchase a \$50,000 CD with maximum return and a one year maturity. Alpine Bank is currently offering 5.2% on such a CD.

*C. Reserve Plan Review 2007/2008 Plan*

Rob Bullard proposed increasing the monthly Reserve contribution. He opined that if the Association can continue to operate ahead of budget, the Operating contribution could be decreased and the Reserve contribution increased by the corresponding amount with no change to the dues. Rob also proposed introducing an inflation factor as a regular increase for the Reserve Fund contribution. He proposed a Reserve Plan with a 6% annual increase.

The current Reserve Fund contribution is \$50,000 per year. Adding 6% would increase the collection by \$3,000. Kevin McClain thought this might be too conservative, as the original expense projections were very conservative. He would support a 6% inflationary increase, potentially funded by the \$11,000 surplus from Operating this year, and reassessing the situation next year.

Kevin McClain made a motion to adopt the Reserve Plan, including a 6% inflationary increase for the coming year, for a total contribution of \$53,000 including any contribution resulting from the commitment of a surplus in the Operating Fund to the Reserve Fund. Joe Woodrow seconded and the motion carried unanimously (4-0).

*D. Operating Budget Review, First Draft 2007/2008 Plan*

Kevin Lovett said there would need to be an increase in certain expenses such as cable and insurance. Kevin Lovett recommends against reducing the budget for accounts that are under budget this year (landscaping and snow removal).

Kevin Lovett reviewed the changes to the 2007/2008 Budget as compared to the 2006/2007 Budget:

1. Legal and Professional – decreased by \$300 because there will not be additional expenses related to Senate Bills 89/100. The Board instructed him to keep the budget the same as last year.
2. Insurance – increased \$929 per new premium.
3. Management Fee - \$3,748 increase.
4. Office Expense/Supplies - \$1,650 decrease. The Board felt there should be some additional funds since postage will be going up to \$0.41.
5. Repairs and Maintenance - \$2,775 increase.
6. Cable – \$3,908 increase, which is actually double to account for last year's underbudgeting. The rate increase will be effective March 1.
7. Trash – \$490 increase per contract.
8. Electric – \$3,423 increase per Xcel.
9. Annual meeting – \$700 increase per actuals.
10. Hot Tub Supplies – \$600 decrease per actuals.

As written, the dues would have to be increased \$13,545 to achieve a zero-based budget.

Rob Bullard anticipated there would be questions about reauthorizing collections for the Drainage Remediation Fund. He believes there are projects to be done but is not sure how much funding will be needed.

## **V. MANAGING AGENTS REPORT**

### *A. Completed Items*

1. Note sent to owners regarding moving vehicles when it snows and keeping garage doors closed.
2. Owners of two vehicles were contacted and the vehicles were moved.
3. Sent out "Adopt a Flower Bed" mailer and three responses were received. SRG will check the flower bed drip irrigation systems to ensure that they are functional.

### *B. Capital Projects for 2007*

1. Asphalt Striping - \$2,000.
2. Railing Repairs - \$5,000 (possible project). The scope of the project has not yet been defined. Joe Woodrow, Scott McLean and Kevin Lovett will tour the property and make a list of railings in need of repair. Owners will be notified in advance of the inspection and the possibility that their units may be entered for access to the decks.
3. Hot Tub Covers - \$1,200 (possible project). One cover is in good shape, but the other will need replacement shortly.
4. Flat Roof Replacement - \$14,000 (for two); four south and three north remain. None of these roofs have leaked this year but 1511S and 1515N each leaked once last year.

### *C. Discussion Items*

1. Mice were discovered in 1503/103. They were gaining access via a small hole in the siding where it meets the sidewalk. The hole has been filled and the mice eliminated. The Board authorized payment of the \$115 expense out of Association funds.
2. Roof Leaks 2006/2007
  - The 1503/201 roof leak was caused by snow entering the roof peak vent because mesh was dislodged. Turner Morris refastened the mesh and the leaking stopped. Interior repairs have been completed.
  - The 1503/204 roof leak was caused by a seam split on a flat roof. Turner Morris removed ice and snow and repaired the split seam. The front door has been temporarily fixed to make it easier to open and close. Legend Home Improvement will do the remaining drywall and closet door repair.
  - The 1505/201 roof leak was due to an ice dam on the roof and a split seam. There was no interior damage. The leak came through

- the light fixture into the entryway. The ice dam was removed and the split seam was repaired.
- Water was leaking into the crawl space of 1501/101 along the vent pipe. The vent pipe was caulked and the leak stopped. No bills have been received from Turner Morris and the roofs were all installed in 2004, so they are no longer under warranty.
3. Owner of 1513/102 requested repair to the concrete on his back deck. There is a significant void under the slab, possibly due to runoff. SRG will get a bid to replace it.
  4. There is a settling crack in the middle of the living room wall of 1517/201. Kevin Lovett was directed to fix the crack and to watch and see if it comes back. Rob Bullard opined this may not be an Association expense because it was an interior wall. Peter Schutz pointed out that the failure of a common element causing damage to owner property should be an Association expense. The Board authorized payment by the Association.

## **VI. OLD BUSINESS**

### *A. 1503-204 Remodel*

The remodel is complete and the exterior vents have been painted.

### *B. Snowplowing – Performance Review*

There were some issues at the beginning of the year but it appears the contractor is now doing a good job. The contractor has been very responsive about taking care of problems. Joe Woodrow said his parking area and the area by the trash bins were not plowed well. Also, the contractor is not plowing the roads wide enough. The contractor should be asked to come next week to push some areas back. Sand should also be spread on the icy areas. Some of the ice melt containers are missing lids. Three buildings are missing No Parking Fire Lane signs. Tony Peterson said he had two of the signs in his garage. Three more signs need to be purchased (1501 needs two and 1515 needs one).

## **VII. NEW BUSINESS**

### *A. Deed Restricted Unit*

1503/203 is currently on the market and is listed as a deed restricted, low income housing unit. The developer who previously purchased the unit changed it to a deed restricted unit in order to get town authorization to develop another parcel. Kevin Lovett checked with the Association attorney and there is no restriction against such action. It can be prevented in the future through an amendment to the Declarations. This will require attorney crafted language and approval of the owners. Kevin Lovett estimated it would cost \$500 for the attorney and \$100 for miscellaneous expenses. Rob Bullard supported this amendment. Rob did some research and found the deed restriction has not yet been recorded (but it could still be in process). This amendment will have to be approved by the owners at the

Annual Meeting. The attorney should be consulted to determine if the approval can be done by mail. If not, the Board may want to consider moving the date of the Annual Meeting forward or holding a Special Meeting. Tony Peterson suggested scheduling a meeting with the Town to discuss this issue, and possibly inviting Mark Gage of the Frisco Community Development department to a Board Meeting. The Board should make sure this issue comes before the Town Council; they may not be aware that it is causing problems. Kevin Lovett will contact the attorney and ask her to draft the language and ask if it can be approved through a mail vote. The amendment will require 66% approval from the ownership and 33% of first lien holders per Senate Bills 89 and 100. If lien holders do not respond within thirty days, it is considered tacit approval. Kevin Lovett will also check with the Assessor's office to determine if the new deed includes the deed restriction. Tony Peterson will call Mark Gage.

*B. Association Insurance Renewal*

The insurance policy renews April 1, 2007. The 2006/2007 premium was \$13,828 for \$15,094,900 of coverage (\$163/sq.ft). The 2007/2008 premium is \$14,763 (a 6% increase) for \$16,000,528 of coverage (\$172.68/sq.ft). The coverage was increased for sewer backup and there are no new exclusions. Kevin Lovett noted the odds of all buildings being destroyed simultaneously would be pretty low, so the valuation amount should be adequate.

*C. Feasibility of Adding Parking Garages – Tony Peterson*

Tony Peterson thought there might be other owners who would be interested in additional garages. Kevin McClain liked the idea of extra garage space both for storage and for resale value. Joe Woodrow had a number of questions about the location, the effect on nearby unit value and responsibility for maintenance.

Rob Bullard thought the next step should be a brainstorming session to come up with a list of questions. Tony Peterson made a motion to dedicate half an hour next during next month's Board Meeting to develop a list of questions and concerns regarding additional garages. Scott McLean seconded and the motion carried with Joe Woodrow opposed.

**VIII. SET NEXT MEETING DATE**

The next Board Meeting will be at 5:30 p.m. on Friday, April 6, 2007 at the Summit Resort Group office.

**IX. ADJOURNMENT**

With no further business Rob Bullard made a motion to adjourn the meeting at 7:28 p.m. The motion carried.

Approved By: Robt C. Bullard  
Board Member Signature

Date: 6/22/2007