

VILLAS AT PROSPECT POINT CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
APRIL 21, 2006

Board members present were Rob Bullard, Joe Woodrow, Scott McLean and Tony Peterson.

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

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**I. CALL TO ORDER**

The meeting was called to order at 5:47 p.m.

**II. APPROVE PREVIOUS MEETING MINUTES**

Rob Bullard noted a correction to Section V.A.9 – “changed” should read “corrected”.

Scott McLean made a motion to approve the minutes of the March 10, 2006 Board Meeting as amended. The motion carried.

**III. FINANCIAL REVIEW**

*A. Year-to-Date Financials*

It was noted that some buildings of similar size had significantly different electric costs. Kevin Lovett was asked to research the \$549 overage in March in the Electricity account. The Board Expense overage in March was for minute-taking. This was not budgeted for in the 2005 -2006 budget.

Rob Bullard noted the end of April would be the end of the newly established fiscal year. The Association will end the current fiscal year with a deficit.

Joe Woodrow made a motion to adopt the Financial Report. Scott McLean seconded and the motion carried. Kevin will make sure the reports are posted on the website.

*B. Proposed 2006/2007 Operating Budget*

The proposed Operating Fund Budget was reviewed. The overall proposed change in operating revenue is \$12,908, a 5.78% increase to cover the increase in operating expenses. The following expense accounts have changes to their budgeted amount:

- 1. 501 Legal / Professional fees      \$1000 SB100 has resulted in a number  
Of documents and policies which must  
be prepared and/ or reviewed by an  
Attorney
- 2. 504 Insurance      \$1607 Scheduled increase
- 3. new Insurance Contingency      \$2000 New account to cover self-insurance for  
un-filed claims.

- |                                    |          |  |
|------------------------------------|----------|--|
| 4. new Insurance Claims Deductible | \$5000   | New account to cover self-insurance for deductibles  |
| 5. 5112 Snow removal – Plow        | \$1800   | Increased in expectation of increases in marketplace. Prior contract was a 5-year deal and cost-advantageous to the Association and unlikely to be reproducible. The Board also desires to improve the quality of service, and expects that will translate to higher fees. |
| 6. 5113 Snow Removal – Skidster    | \$2000   | Acknowledgement that “warm day” cleanup passes are billed above and beyond in the marketplace, and greatly improve the condition of the complex during the snow season.  |
| 7. 5114 Snow Removal – Ice Roof    | \$1400   | Board desires to more aggressively snow and ice form roofs next season to try and reduce the problem with roof leaks.  |
| 8. 5115 Snow Removal – Ice Labor   | (\$400)  | Reduced to reflect new policies on labor Rates the Board will pay.   |
| 9. 513 Cable TV                    | (\$435)  | Reflects contract with Comcast   |
| 10. 515 Common Electricity         | \$882    | Based on Xcel estimated increase   |
| 11. 522 Rodent and Pest control    | (\$660)  | Reflects contract  |
| 12. 525 Landscaping                | (\$2100) | Reduction from additional allocation in 2005-2006 for wild area seeding project.   |
| 13. 527 Board Expenses             | \$400    | To cover previously unbudgeted manager bonuses.  |

The proposed Operating Budget is appended to these minutes, as part of the record of the proceedings.

C. *Capital Projects Budget*

Kevin Lovett reviewed items added or changed since the March 10, 2006 Board meeting:

1. Siding Repairs - \$11,400, equating to 3.8% of the total siding replacement. This would cover 30 man hours per building (two people for two days at \$30/hour) and \$1,500 in materials. This breaks down to \$250/building side and includes corner piece replacement. It covers all high priority items. Assuming 78 areas to be repaired, it equates to 4.2 hours/repair at \$150/repair.
2. Concrete - \$12,000. Kevin said he toured the property and does not feel there are any immediate concrete needs. There are some areas that are spalling. This project was moved to 2008.
3. Flat Roof Upgrade – \$17,000. Kevin anticipates three roof replacements (for 1505, 1517 and 1509), including two flat roofs (\$7,000 each) and one valley

- (\$3,000). Kevin said four of the eight new Turner Morris roofs leaked. Turner Morris shoveled them over the course of the winter. One caused interior damage and it was patched this winter. Turner Morris couldn't find anything wrong with three of them but will return this summer to reinspect. Tony Peterson and Scott McLean did not feel it was acceptable for Turner Morris not to take any further action. Tony thought the leaking roofs should be replaced under warranty. Kevin will follow up with Turner Morris.
4. Roof Extensions – \$5,000 for one per year. The roof scheduled for 2006 was actually replaced in 2005. Rob suggested doing one more this year and asked Kevin to get a bid. He will identify the other two buildings for possible roof extensions.
  5. Drainage Remediation Drains – Three garages have serious water accumulation and need drains installed in front (\$7,000 for small buildings and \$14,000 for large). The cost is \$10/sq.ft. Tony Peterson described an alternative type of drain that would be less expensive. He thought in-house staff could correct the drain problem in less than an hour. He recommended not pursuing this remediation project until they have tried the alternative for one winter in one garage.
  6. Hot Tub Autofeed - \$2,500. This was a proposed project that was never approved. Rob supported the idea of this project but did not believe the bid was complete. It was removed from the schedule.

Rob proposed doing four projects each year over the course of five years at about \$6,500 each, for an annual Drainage Remediation Fund total of \$26,000.

With the changes to the Capital Projects Budget discussed above, the revised total expense for 2006 was \$161,000 or \$13,000 per month. The current budgeted Reserve contribution is about \$3,000/month, so the projects would necessitate a \$10,000/month contribution increase, equating to about \$144/unit/month. The Reserve dues increase would be an additional 18% over the Operating increase of 5%. The alternative would be to continue, knowing the Reserve is under funded and do a Special Assessment if necessary. Rob discussed implementing a cap on the increase percentage, perhaps around 10%. Scott McLean felt it might be better not to use the term "cap" because it would be limiting. He also recommended providing only one version of the budget to the owners.

Rob felt the Board needed to avoid any increase in total dues this year. With the decrease in Operating expenses, the Reserve contribution could be increased to \$71,000 without changing the dues. Since the Painting Fund was going to be eliminated, Rob proposed increasing the Reserve contribution to \$50,000.

Scott McLean made a motion to adopt the 2006/2007 Proposed Budget as presented in the revised attachment. Tony Peterson seconded and the motion carried.

Discussion returned to this topic later in the meeting. Rob said if there was an opportunity, he would like to address the ice buildup from the gutters in the atriums.

He thought it might be possible to dig a ditch with a grate and let the ice buildup underneath, eliminating the need for more heat tape.

#### IV. MANAGING AGENTS REPORT

##### A. Completed Items

1. New hot tub cover installed.
2. 1501/101 vapor barrier installed.
3. Spring clean up work has begun.

##### B. Report Items

1. The Association is \$11,453 over budget in the combined snow removal categories. The Board previously approved an additional \$14,000 for snow removal, so there was a positive variance of over \$2,000. Kevin Lovett was asked to provide a snow removal expense summary spreadsheet.
2. Interior Repairs for Roof Leaks – A summary and proposal was included in the meeting packet. Kevin was authorized to have this work done for \$1,500.
3. Shed Inventory - Included in meeting packet.
4. Bylaw Amendment Drafts – The attorney will review the Bylaws for \$300. The Board authorized this expense.
5. Security Checks – The cost estimate was \$500/month. No inspections are being done right now.
6. Annual Meeting Preparation - Kevin Lovett provided a draft of the Annual Meeting packet. The Homeowner Meeting will start at 10:00 a.m., preceded by a Master Board Meeting at 9:00 a.m. The terms of Tony Peterson, Scott McLean and Kevin McClain all expire this year. The Board agreed that any discussion of the painting should be kept very general. Rob Bullard requested a written lien waiver from the contractor for the amounts paid to date.
7. Pine Beetles - There are 23 trees to be sprayed (\$10 each), none of which are infected at this point. Kevin Lovett was authorized to move forward with the project.
8. Landscaping - Sunrise is ready to start watering newly seeded areas once weather permits.
9. Pest Control - The first round of spraying will be done 4/27/06. Notice will be posted 4/26/06.

#### V. SET NEXT MEETING DATE

The next Board Meeting will be held May 27, 2006 at 8:00 a.m. in the Best Western restaurant.

#### VI. ADJOURNMENT

With no further business the meeting was adjourned at 8:30 p.m.

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

Board Member Signature

A handwritten signature in black ink, appearing to read "D. M. Cole", followed by a horizontal line.

6-23-06