

**VILLAS AT PROSPECT POINT ASSOCIATION  
ANNUAL MEETING  
August 20, 2005  
Frisco, Colorado**

Board members present were:

Rob Bullard, President, #1505/104	Tony Peterson, Vice President, #1515/203
Joe Woodrow, Treasurer, #1517/201	Scott McLean, Secretary, #1517/204
Kevin McClain, 2 <sup>nd</sup> Vice President, #1511/206	

Owners in attendance were:

Jim & Arlene Dinkel - #1501/203	Gary Valbert, #1503/102
Nancy Lee, #1503/204	Inge Levie, #1505/101
Karen Rubinow, #1507/202	Lynn Meyer, #1509/102
Henry Sparks, #1509/201	David Sherman, #1509/202
Shalini Vallabhan, #1509/203	Jan Griffith-Rahn, #1509/208
Gene Wakefield, #1511/104	Judy Lawten, #1511/204
Kristy McClain, #1511/206	Sally Willis, #1517/101
Marshall & Sharon Constantino, #1519/101	Brenda Lloyd, #1519/102
Richard Loftus, #1519/201	John & Elizabeth Blackmar, #1519/203
Virginia & Guy York, #1519/204	Jack Cheeseman, #1519/208
Tom & Gigi Hillyer, #1521/202	

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

\* \* \* \* \*

**I. CALL TO ORDER**

The meeting was called to order by Rob Bullard, President at 10:00 a.m. With twenty-five units represented in person and fifteen proxies received, a quorum was reached.

**II. APPROVE PREVIOUS ANNUAL MEETING MINUTES**

Marshall Constantino made a motion to approve the minutes of the August 21, 2004 Annual Meeting as presented. John Blackmar seconded and the motion carried.

**III. PRESIDENT'S REPORT**

Rob Bullard reviewed major issues facing the Board over the past year:

1. Drainage remediation has been a focus of the past two Annual meetings. This will be further discussed later in the meeting.
2. The Board recently signed a new management contract with Summit Resort Group (SRG). The Board felt there were significant performance issues with ResortQuest and began the process of researching new management at the end of last year with the goal of a new contract after May 2005. During that period, Peter Schutz obtained the management contracts for a number of ResortQuest

properties, including the Villas. The Association is now on a month to month contract with SRG. The new Board will need to address the contract issue. Since SRG has taken over there has been a significant improvement. All procedures remain the same, including the contact phone number.

3. The Board appointed two new members in the past year (Kevin McClain and Scott McLean).
4. The 2005/2006 Budget that will be proposed is slightly different than the one mailed to the owners in the July packet due to updated information.
5. There will be an Owner Forum after the meeting is adjourned.
6. There are two Board seats up for election this year (Rob Bullard and Joe Woodrow).

#### IV. TREASURER'S/FINANCIAL REPORT

##### A. *Balance Sheet as of July 31, 2005*

It is projected that the Association will end the fiscal year about \$22,000 under budget due to savings in Water and Sewer (\$7,000), Snow Pushback (\$1,900) and Landscaping. Improvements to the "wild areas" were included in the budget but the work will not be done until October and will therefore be paid in the next fiscal year.

Drainage Remediation was budgeted for \$50,000 but to date only about \$34,000 has been spent. Joe Woodrow pointed out there were still two roofs to be extended at a cost of \$10,000 each so the Drainage Surplus will actually be about \$6,000.

Virginia York made a motion to accept the financial report as of July 31, 2005 into the records of the Association. David Sherman seconded and the motion carried.

#### V. OLD BUSINESS

##### A. *Drainage Projects Update*

Tony Peterson explained that the Special Assessment levied this fiscal year was to pay for projects to improve drainage under and above ground. One roof has been extended, with plans to extend two more. Grading was changed around some of the buildings to prevent freezing of the runoff and heaving of the sidewalks. All drainage work is projected to be completed for about \$6,000 under budget.

An owner asked if re-landscaping was part of the project. Tony said there was some sod added after the work was completed but additional planting would have to be addressed as part of the overall landscaping plan. An owner thought there was still water running back toward the timbers due to the sod. Tony said the small amount of water should not cause a problem. The situation will continue to be monitored and adjustments made as necessary.

Karen Rubinow asked if Building 1507 was scheduled to receive a roof extension. Joe Woodrow confirmed this would be done before winter.

Gary Valbert said there was a problem with ice piling up on the highway side of his building. Tony said there had not been any changes made to that building. The damaged concrete will be replaced. If the building needs a roof extension, this will be scheduled sometime in the future. Tony said the ice at the bottom of the stairs was a problem to some extent around every building.

Nancy Lee asked if the structural damage from the original problem would be addressed. Tony said a structural engineer inspected the stairs and found the structure was still sound.

Tom Hillyer noted there was standing water between Buildings 1521 and 1501; he thought the drain needed to be cleaned out. Tony said the drainage was addressed in that area; there is positive flow but not always complete drainage. Kevin Lovett said the current plan is to fill the swale with river rock

## **VI. NEW BUSINESS**

### *A. Painting*

Kevin McClain said the Board did a comprehensive review of the property. The building siding is a cement fiberboard and the trim is natural wood. The cement siding is not at risk of rotting but the wood trim areas are. The Board considered just painting the trim or rotating the painting from one building to the next each year but this proved to be considerably more expensive than doing multiple buildings at the same time.

The Board has selected a bid of about \$90,000 for painting all buildings, including the deck rails but not the horizontal deck surfaces; painting the decks would increase the bid by \$7,800. Some owners commented that their decks were in need of painting. Rob Bullard said owners could paint their own decks, but should be aware of the potential for dripping through to the deck below.

Arlene Dinkel did not think the siding needed to be painting. Kevin McClain said it would not be economically beneficial to paint only the trim. Arlene asked what the Board would do to ensure the paint would hold up to the elements and exposure. She felt high quality paint was not used in the past. Kevin noted the prep work must be properly done, but pointed out that paint does not last very long at this altitude. The Board obtained the specifications for similar properties and provided that information to the bidding contractors. The bid selected was from a high quality contractor and includes a warranty clause for one year.

Virginia York said the individual workers were often the cause of problems. Kevin Lovett said management would oversee the preparation and watch the ongoing work. David Sherman asked who would be qualified to inspect the work and who would follow up on the one year warranty. Kevin McClain said a qualified engineer or architect could be hired but he did not feel this was a necessary expense. David disagreed; he felt the money would be well spent if there was not someone on the Board or in management with the appropriate qualifications. Kevin McClain said the architect would not administer a specification that he did not write, so it would cost an additional \$2,000 – 5,000 to have specifications written, and then the architect or engineer would have to be paid to administer it. Tony Peterson thought someone should be responsible for ongoing supervision rather than just doing spot inspections.

Gene Wakefield felt this decision should be made by the owners not unilaterally by the Board. Rob Bullard said it should be a balance of owner involvement and Board decision.

Arlene Dinkel asked about trim replacement and the preparation procedure. Kevin McClain said there were funds set aside for replacing bad siding. The preparation would include power washing and scraping.

Inge Levie asked if vinyl siding had ever been considered. Rob Bullard said the cost of residing would be exorbitant.

David Sherman asked about the other bids. Kevin McClain responded that there were six bids received with a spread of \$80,000 – \$140,000. The contractor is willing to do a bond. The rate would be around 2%. David recommended that the Board require the contractor to be bonded.

John Blackmar asked about the effect on dues. Rob Bullard said the Board had approved the painting project at cost not to exceed \$90,000 (not including bonding of contractor, third party inspection or horizontal deck surfaces).

Gary Valbert asked for an explanation of the bonding process. Kevin McClain said there were two types of bonds, i.e. a payment bond or a performance bond. A performance bond would necessitate hiring of a third party to make inspections.

David Sherman made a motion to include a \$90,000 painting budget plus a not to exceed amount of \$5,000 for bonding and to hire a third party professional. John Blackmar seconded. It was noted that if a professional is involved, the project could not be started until next year. In discussion, Virginia York felt \$5,000 was not enough and waiting until next year would result in more damage to the building. David Sherman thought the Board could negotiate with the contractor to have him include some or all of the bond expense in the contract. Marshall Constantino made a motion amend David Sherman's motion to increase the

\$5,000 to \$10,000 for inspection and bonding. Guy York seconded. The amendment to the motion was defeated and David Sherman withdrew his original motion.

David Sherman then made a motion to include \$90,000 for painting in the budget. Brad Orr seconded and the motion carried.

Brad Orr made a motion to include a not to exceed amount of \$8,000 in the proposed 2005/2006 Budget for the painting of the horizontal deck surface. David Sherman seconded. In discussion, Arlene Dinkel pointed out that some owners paint their own decks, first floor owners do not have decks and should not have to pay for the project, and some owners might not like the color selected. In a vote on the motion, ten were in favor, four proxies were voted in favor, fourteen were opposed and ten proxies were voted in opposition. The motion was defeated.

Gene Wakefield made a motion to include a not to exceed amount of \$5,000 in the proposed 2005/2006 Budget for a combination of third party inspection and bonding at the Board's discretion. David Sherman seconded. Kevin McClain proposed paying Summit Resort Group to be responsible for regular inspections. Peter Schutz said the management contract calls for his staff to be responsible within their expertise and he was not very comfortable taking on that responsibility, although he could provide reasonable supervision. In a vote on the motion, nine were in favor and ten were opposed. The motion was defeated.

*B. Ratification of 2005/2006 Operating Budget*

Rob Bullard explained that the Association assesses and collects separately for each of the three funds (Operating, Reserve and Drainage Remediation).

Dave Sherman made a motion to adopt the 2005/2006 Operating Budget with the exclusion of the \$75,000 painting expense line item. Marshall Constantino seconded. In discussion Gigi Hillyer asked about the audit expense since an audit was performed last year. Rob explained annual audits or reviews were now mandated per the recently passed Senate Bill 100.

A question was raised about the management fee and what it covers. Peter Schutz said the management contract covered maintenance of the exterior and grounds, as well as administrative and fiscal management.

Sally Willis asked about the landscaping expense. Rob Bullard said the Board had decided to significantly increase the amount of money put toward landscaping. There are now funds included in Operating as well as in Reserves.

Gene Wakefield suggested including touch up painting in the budget to maintain the new paint job.

A vote was taken on the motion to approve the 2005/2006 Operating Budget and the motion carried.

*C. Reserve Fund*

The Board originally considered funding the painting project with a loan, but after reviewing the status of the Reserve Fund, they agreed incurring interest expense when there is cash available in another fund did not make sense since the Association could provide an intra-fund loan with no interest.

The current Reserve contribution is \$2,917 per month. The Board is proposing a Special Assessment for painting of \$75,000 for the first twelve months and \$15,000 for the following year.

Rob Bullard distributed a cash flow analysis. It assumes there will be a \$23,000 Operating surplus transferred to the Reserve Fund at year-end. Rob noted there was some risk in having a very low balance (\$2,831) at the end of September.

Tony Peterson made a motion to adopt the 2005/2006 Reserve Budget as presented with normal collections of \$2,917 (\$35,004 total) plus a \$75,000 Special Assessment spread over twelve months (\$6,250/month) for painting. Marshall Constantino seconded. Tom Hillyer made a motion to amend Tony Peterson's motion, to increase the regular Reserve dues to a total of \$60,000 per year (\$5,000/month) and to reduce the Special Assessment from \$75,000 to \$50,000. Virginia York seconded. After further discussion Tom Hillyer withdrew his amendment.

David Sherman commented that having a large Reserve Fund does not make good financial sense. He would support a "hybrid" budget, incorporating a reduced but responsible Reserve balance, some amount of financing, Special Assessments and/or a line of credit for emergencies. Sharon Constantino said she had experience with a similar situation in a condominium in Denver and found that it was not easy for an Association to get a loan at a low rate since there is no collateral. David Sherman disagreed.

In a vote on the motion to adopt the 2005/2006 Reserve Budget, nine were in favor, eleven proxies were voted in favor, fifteen were opposed and two proxies were voted in opposition. The motion carried.

*D. Landscaping*

Tony Peterson said the "wild" areas (the areas along the back sides of the buildings that are not sprinkled or sodded) were originally planted with native seed which never took very well, but it was not a high priority item in the past. The Board would now like to try to plant the areas again, but this time will also add topsoil and temporary irrigation. The project has been budgeted at \$8,000.

*E. Election of Directors*

The Board seats of Rob Bullard and Joe Woodrow were up for election. Gene Wakefield nominated David Sherman. Tom Hilliard nominated Joe Woodrow and Rob Bullard. David Sherman declined his nomination and nominations were closed.

Rob Bullard and Joe Woodrow were re-elected to each serve another two-year term.

David Sherman said he felt the Board had been working in secrecy for the past two years. He urged them to keep the owners' best interests in mind. He hoped communication and representation could be improved going forward. Virginia York recognized the Board for their efforts on the membership's behalf.

**VII. SET NEXT MEETING DATE**

The next Annual meeting was set for Saturday, August 19, 2006.

**VIII. ADJOURNMENT**

With no further business, a motion was made to adjourn. The motion was seconded and carried at 1:33 p.m.

Approved By: \_\_\_\_\_  
Board Member Signature

Date: \_\_\_\_\_