

**VILLAS AT PROSPECT POINT CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
OCTOBER 19, 2007**

I. CALL TO ORDER

The meeting was called to order at 5:35 p.m.

Board members present were:

Rob Bullard, President	Tony Peterson, Vice President
Kevin McClain, 2nd Vice President	Joe Woodrow, Treasurer
Scott McLean, Secretary (via teleconference)	

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

II. OWNER FORUM

No owners were present.

III. APPROVAL OF PREVIOUS MEETING MINUTES

Tony Peterson made a motion to approve the August 10, 2007 Board Meeting minutes as presented and the motion carried.

IV. FINANCIAL REVIEW

A. 2006/2007 Year-to-Date

As of August 30, 2007 the Operating balance was \$28,123, the Reserve balance was \$150,037 and the DRF balance was \$11,683.

B. Profit & Loss as of September 2007

Significant variances to budget included:

1. Electricity - \$1,154 over budget. Kevin Lovett provided usage data by building. The usage in some buildings doubled in certain months as compared to the previous year. Rob Bullard asked Kevin Lovett to call Xcel to request an audit (a "fast meter investigation"). The only item running on the common circuits in the summer are the lights. He asked Kevin Lovett to look at the meter during the day; it should not be moving since the lights are off.
2. Asphalt Crack Seal - \$1,520 over budget due to unbudgeted asphalt striping. Rob Bullard noted striping was a Reserve expense. Kevin will transfer the expense.
3. Landscaping - \$3,838 over budget due to improvements and irrigation repairs. The snowplow contractor damaged several zone control boxes and credited the Association for the repairs in the last bill. Rob Bullard said the credit should be moved to the Landscaping account to offset the expense.

Overall the Association was operating \$690 under budget.

Rob said the flat roof repair expense should be moved from the Reserve account to the Drainage Remediation Fund.

He also pointed out there should be some type of “alarm” mechanism when the expense overage in any particular account is significant.

Kevin Lovett was directed to send the monthly financials to all Board members by email instead of mailing or faxing.

V. MANAGING AGENT’S REPORT

A. *Completed Items*

1. Repaired and touched up railings. Shored up all loose railings per the inspection earlier this summer. The total cost was about \$3,000 and the expense will be paid out of the Reserve account.
2. Replaced flat roofs on 1511S and 1515N.
3. Remediated water in crawl space of 1509-102. The initial cost estimate from outside contractors was \$3,000. Summit Resort Group completed the repairs for \$1,300. A sump pump was added at the end of the drain; it activates when there is an accumulation of water. The atrium gutter will be connected to the pipe under the sidewalk to keep the water from seeping into the crawlspace.
4. Repaired concrete on the back deck of 1513-102.
5. Winterized and blew out irrigation system. All spigots in crawlspaces will be shut off next week.
6. Painted garage trim. Joe Woodrow said the white paint did not match and it was visible because only sections of the trim were painted. Kevin said the grey trim should be repainted next year.
7. Added two more recycling totes.
8. Caulked crack by 1503 retaining wall.

B. *Pending/Report Items*

1. Snowplow contractor was selected (the same contractor as last year). Kevin Lovett drove around the property with him today. Kevin will install the snowstakes. The contractor provided the same bid as last year (\$840/month). The contract starts November 1st.
2. Ordered new hot tub cover.
3. The owner of 1503-203 built an interior wall to create a third bedroom. Kevin Lovett informed the Frisco Building Department but they indicated they could not take any action because the work was already completed. Kevin spoke to the owner and asked him to contact the Building Department because he did not get a permit. The owner is cooperating. A neighboring owner is concerned. There does not appear to be any electrical in the new wall. Kevin McClain said the work probably did not require a permit or inspection if there is no plumbing or electrical. Kevin Lovett will check on the requirements and will report to the Board at the next meeting.

4. The owners of 1509-203 and 1509-201 have requested that the exterior windows be washed at the Association's expense. Rob Bullard said this had been discussed in the past but it was not done due to the cost. Rob thought the Board had resolved to help make arrangements but any interested owner would be responsible for the cost.
5. Electrical/telephone box covers. Kevin Lovett researched fake rocks to cover the boxes but the boxes are too big. Rob Bullard suggested building some large moveable flower boxes around the boxes and planting shrubbery in them. Rob said this could be a project for next year.
6. Kevin McClain said there were a couple of buildings with missing ridge vent screens.

VI. OLD BUSINESS

A. *Internet Options*

Rob Bullard said early termination of the Comcast contract was not feasible. The quoted cost of \$29.99 per unit is a great deal but would require participation of all owners. The "transport only" option has been discontinued. Rob did not think the Comcast contract was very competitive anymore but it will have to be put on hold until the contract expires in 2010. Rob asked Kevin Lovett to place a note in the Comcast file reminding him not to renew the contract automatically.

B. *Parking Garage Discussion*

Tony Peterson did not have any new information so this item was tabled.

VII. NEW BUSINESS

A. *Property Management Agreement*

Tony Peterson said he worked on some changes to the Management Contract with Peter Schutz. The proposal entails bundling a number of services including the line items for snow, landscaping and maintenance at a flat rate. Peter hopes this approach will streamline the operation. The proposal includes a six month review and an opt out clause for both sides, with a thirty day right to cure. Kevin McClain pointed out that Peter was taking on all the financial risk. He was concerned this could force Peter to opt out of the agreement. Kevin McClain suggested an alternative, i.e. setting up an "allowance" within which the management team has to operate, with a percentage of any savings as an incentive. He did not think the risk should be shifted for things beyond management's control. Peter said he would be open to tweaking the structure to enhance his protection if it would still accomplish the goal. Peter pointed out the only area with significant risk was snow removal.

Rob Bullard agreed with the idea of streamlining in order to move away from micromanagement, but thought they may want to pull out any items that are truly variable and pose the greatest risk.

B. Executive Session

The Board adjourned to Executive Session at 6:51 p.m. They reconvened the regular meeting at 7:40 p.m. and Peter Schutz and Kevin Lovett rejoined the meeting.

Kevin McClain summarized the Board's discussion. The bundling amounts to a couple of additions for which Peter cannot control the risk, which they do not feel is practical. The goal is to reduce the micromanagement of daily operations. The Board feels this has been improved in the last six months. They believe that good management is imperative. The Board would like to memorialize the management agreement they have been using for the past six months. If it makes sense to bundle some aspects, this can be discussed at a later time. The contract will be signed by November 1, 2007. The fees will remain the same. The one stipulation is that if during the course of the three year agreement any of the "material" employees (i.e. Peter Schutz or Kevin Lovett) change, this would be deemed a material change in the contract and would provide the Association the ability to opt out if the Board does not approve of the replacement. Rob Bullard clarified that a change in personnel could be classified as a material breach with a right to cure. Peter Schutz said he would agree to the definition of "material" to include Kevin and himself, but not the on site Manager. The Board agreed to this definition. The Board would also like to reduce the number of Board meetings to four per year.

Tony Peterson made a motion to authorize Rob Bullard to execute a three year Management Contract that memorializes the operating agreement by November 1, 2007, with the stipulation that any change in the two top management positions would be defined as a material change and would give the Association the ability to opt out if the Board does not approve of the replacement. There is a 4% fee increase in the second and third years. Joe Woodrow seconded and the motion carried.

VIII. SET NEXT MEETING DATE

The next Board Meeting was set for Friday, January 11, 2008 at 5:30 p.m.

IX. ADJOURNMENT

With no further business the meeting was adjourned at 8:00 p.m.

Approved By: _____ Date: _____
Board Member Signature