

**VILLAS AT PROSPECT POINT CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
APRIL 11, 2008**

I. CALL TO ORDER

The meeting was called to order at 5:45 p.m.

Board members present were:

Rob Bullard, President

Kevin McClain, 2nd Vice President

Scott McLean, Secretary

Tony Peterson, Vice President

Joe Woodrow, Treasurer

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

II. OWNER FORUM

No owners were present.

III. APPROVAL OF PREVIOUS MEETING MINUTES

Kevin McClain made a motion to approve the March 21, 2008 Board Meeting minutes as presented. There was no objection and the motion carried.

IV. FINANCIAL REVIEW

A. Year-to-Date Income Statement

As of March 31, 2008 the Operating balance was \$47,342, the Reserve balance was \$163,325 and the DRF balance was \$20,561.

B. Profit & Loss as of January 2008

As of March 31, 2008 the Association was operating \$2,869 under budget.

C. 2008/2009 Operating Budget

The preliminary budget as written includes an overall projected expense increase of \$15,408, a proposed dues increase of 5.69% and maintaining the same contributions to the Reserve and DRF.

The Master Association has budgeted for an increase in the monthly contribution. The Villas contribution is increasing \$200/month and the Townhomes contribution is increasing \$100/month to build the fund. Another \$100 will be applied to ongoing asphalt sealing projects.

Kevin Lovett reviewed the proposed increases and decreases to the individual line items.

1. Snow Removal/Skidster - \$2,000 increase. The regular plowing has not been increased but Kevin Lovett budgeted for more aggressive front end loader use. Rob Bullard wondered if it might be more practical to combine the plowing and heavy equipment funds and to hire a contractor who uses heavy equipment all the time instead of a pickup and loader combination. Kevin said the Master Association wanted to continue with the current contractor but employ more loader trips. The Board directed Kevin to remove the \$2,000 increase.
2. Snow Removal/Ice Roof - \$1,000 increase. The three year average cost is \$5,600 and Kevin added 10% for the new budget. Tony Peterson said he would be in favor of cutting the budget and putting the money toward a permanent fix for the valleys to eliminate the need for ice removal. Valley repair costs about \$4,000 each. The Board directed Kevin to remove the \$1,000 increase.
3. Snow Removal Ice Labor - \$800 increase (50%). The Board approved this change.
4. Master Association - \$4,548 increase. Kevin Lovett said there had not been any increases to the Master assessment since the project's inception. The contribution is increasing by \$400/month, mainly for future asphalt replacement which is projected to cost \$100,000. The Reserve contribution is increasing from \$3,600 to \$8,400 for the year. Tony Peterson proposed reducing the overall increase to \$3,000 and asking the Master Budget to manage the snowplow budget. Rob Bullard pointed out this action would prevent approval of the Villas budget. Additionally, the Master Board reports to all owners, not just the Villas Board. The Master Board could be asked to change their budget at the Annual Meeting, but in the meantime it would be prudent to budget assuming the original figure. Rob Bullard suggested presenting the Master contribution as a separate line item on the owner statements. The Board agreed not to change the amount of this line item at this time.

The Board agreed to support the philosophy of putting the money toward capital projects to improve the roofs.

In summary, the suggested budget revisions will reduce total expenses by \$3,000.

D. 2008/2009 Reserve Budget

Reserve projects scheduled in 2008 included:

1. Railing Painting – \$5,000 is budgeted.
2. New Hot Tub Shells – \$18,000 is budgeted (can be moved out one year).
3. Hot Tub Covers – \$1,200 is budgeted (replace as needed).

The Association is currently collecting \$3,536/month and there will be about \$10,000 of additional revenue from last year's Operating surplus. The roof replacement estimated cost in 2015 should be increased from \$360,000 to \$550,000 and the Board discussed whether or not the Reserve contribution should be increased.

The Turner Morris roof bid breaks down the cost by small and large buildings as well as those that already have new flat roof sections. The proposal offers several different options. The \$498,000 bid includes ice and water shield underneath the new shingles, leaving the existing modified bitumen flat roofs in place and adding them where they are not yet installed, and adding metal in all valleys. The Board agreed to leave the estimated cost at \$500,000. Tony Peterson proposed spending some money from the DRF to install ice and water shield in a roof valley as a test. Since most leaks occur in the valleys or on the flat roofs, it may not be necessary to replace the entire roof.

Kevin Lovett provided an itemized list of roof leaks going back to 2005. This list can help the Board to identify which buildings need attention first.

Leaving the Reserve contribution at \$53,000 would result in a projected \$300,000 shortfall in seven years. The Reserve Plan assumes a 6% contribution increase annually. If the contribution is left at \$43,000/year with no increase, a Special Assessment of \$552,000 would be necessary in seven years.

Kevin McClain suggested moving the remaining money in the DRF to the Reserve Fund because the projects are actually capital projects. At this point, roof valley replacement is not a DRF item. Ten valleys leaked this winter. The cost to replace them is about \$4,000 each. It should be confirmed with Turner Morris that the new valley treatment can stay in place if and when the shingles are replaced. The Board agreed to leave the Reserve contribution at \$53,000 plus 6%, for a new total contribution of \$56,182.

In summary, the Board approved an Operating Budget of \$260,923.92, a Reserve contribution of \$56,182 and to sunset the DRF at the end of the fiscal year. The remaining money in the DRF is actually owed to the Reserve Fund and will be transferred into that account.

V. MANAGING AGENT'S REPORT

A. *Snow Removal Expense Summary Update 2007/2008*

Kevin Lovett reviewed the spreadsheet with Snow Removal expenses for November through March. The account was \$2,707 over budget year-to-date.

1. Supplies – \$647 over due to ice melt purchase.
2. Plow – \$3,040 under budget.
3. Skidster – \$8 over budget.

4. Ice Roof – \$5,142 over budget.
5. Ice Labor – \$50 under budget

Kevin estimated the snow removal expense accounts would be a total of \$3,775 over budget at year-end.

B. Roof Snow Removal Expense Summary and Interior Repair Estimates 2007/2008

1. Total Projected Roof Snow Removal - \$7,142.
2. Total Interior Repairs Projected - \$7,000.
Total Spent on Leaks - \$14,172.

A grand total of \$30,349 has been spent on roof snow removal and interior repairs over the past three years, plus one insurance claim in 2008 with a deductible of \$1,000.

C. Tax Return

Kevin Lovett said he had two bids for preparing the tax return (\$350 and \$650). Rob Bullard asked Kevin to get a bid from the same firm that did the audit.

D. Damage to Buildings from Snow Removal

1. Building 1505 – There is damage to the underside of the deck which will be repaired by Independent Builders.
2. Building 1515-204/101 – There is damage between the garages. Extreme Excavating will pay for the repairs.
3. Building 1511 – Kevin McClain said there was a split board that needs to be replaced.

E. Landscaping Company Bids for Spring Cleanup and Bed Maintenance

1. Bed Cleaning – \$3,500.
2. Routine Expenses – \$700
3. Adopt a Flower Bed – \$700
4. Pine Beetle Spraying – \$450
5. Irrigation – \$1,000
6. Cushion - \$550
Total - \$7,400

Tony Peterson reiterated that the Board would like to get a bid from a contractor to come in every two weeks to take care of everything except mowing.

VI. OLD BUSINESS

A. Insurance

The insurance bid from CAU was higher than the bid from Farmer's (\$16,000 with a \$2,500 deductible). The policy was renewed with Farmers with a \$1,000 deductible and a total premium savings of \$1,604 compared to last year. The

budget will be reduced by this amount. Kevin Lovett is still waiting for the bid from Neil Garing. The insurance market is soft this year and he anticipates rates will increase next year.

Kevin Lovett spoke to the attorney about how owner claims can be controlled. The attorney indicated that the Association can adopt written non-discriminatory policies regarding the deductible. She can draft this document at a cost of \$500.

The Board agreed to table further discussion on this topic until the next meeting.

VII. NEW BUSINESS

A. Roofs

The bid for the work to the roof valleys should be verified and Turner Morris asked to confirm that any work done can remain when the future reroofing is done.

B. Annual Meeting Notification Mailer

The Annual Meeting will be May 24, 2008. Kevin Lovett provided a copy of the proposed packet to be sent to the membership.

C. New Site Manager

The new Site Manager Chris Trettle will start April 15th.

VIII. SET NEXT MEETING DATE

The next Board Meeting was set for Friday, May 24, 2008 prior to the Annual Meeting at 10:00 a.m.

IX. ADJOURNMENT

Scott McLean made a motion to adjourn at 8:10 p.m.

Approved By: _____ Date: _____
Board Member Signature