

**IMPORTANT NOTICE**

**MARINA PARK OWNERS**

**DUES INCREASE**

At the 10/31/08 Marina Park Board meeting, a 20% dues increase was approved. Please see attached minutes for more detailed information. The dues increase will be effective 1/1/09 and will be discussed at your upcoming 12/6/08 annual meeting. A breakdown of new dues payments by unit is as follows:

UNIT NUMBER	NEW DUES AMOUNT
A1	\$700
A2	\$760
A3	\$902
A4	\$476
A5	\$468
B10	\$503
B11	\$272
B12	\$272
B6	\$503
B7	\$641
B8	\$641
B9	\$503
C13	\$466
C14	\$713
C15	\$456
C16	\$647
D17	\$636
D18	\$637
D19	\$637
D20	\$636
COMMERCIAL A	\$148
COMMERCIAL B	\$142

**MARINA PARK  
BOARD MEETING  
OCTOBER 31, 2008**

**MINUTES**

1. **Call to Order.** The meeting was called to order at 1:09 p.m. p.m. by President Rich Rutledge.
2. **Affirmation of Attendance and Quorum.**
  - A. Board members in attendance were Rich Rutledge, Ron Melgren (via conference call), and Zeke Gazett.  
  
A quorum was established.  
  
Also in attendance was Sue Rutledge.
  - B. Representing Mountain Managers were Eric Gill and Judy Freese (via conference call).
3. **Approval of Minutes from the 9/5/08 Board Meeting.** A motion was made, seconded, and passed to approve the minutes as written.
4. **Repair and Maintenance Report** was reviewed by Eric Gill.
  - A. Eric talked about the back taxes that were filed. When Mountain Managers took over management in 2006, taxes had not been done so 2006 and 2007 were done this year. The developer was asked to pay for filing of 2006 taxes. Eric offered to pay the \$300 new HOA set up fee. Mountain Managers did not have to do this but honored its previous commitment and paid the \$300.00.
  - B. Xcel deposit for new account was paid. Xcel was not willing to waive the deposit if the Association agreed to auto pay for 2 years. There is enough money in the account to pay for the heavy utility months. The deposit will be refunded in 2 years.
  - C. Landscaping – all agreed that the landscaping done looks great and was a great value.
5. **Financial Report.**
  - A. Eric briefly reviewed the September financials and explained that these would be discussed in more detail when discussion on the 2009 budget takes place. He noted that utilities were over budget by \$11,314 year-to-date. Repair and Maintenance was also over budget by \$4,993. Snow removal was also over budget. Eric is meeting with the plowing contractor and expects to have the rate for 2009 lowered. Eric believes the 2008 contract was too rich for what was actually done. Insurance reimbursement shows the HOA a little ahead (\$15,080 shown in income; \$16,817 in expense).

The balance in the checking account was \$4,913.54 and the money market was at \$9,543.46.

Delinquencies: The developer makes up the majority of the delinquencies along with COM A. Eric spoke with COM A owner and he will bring his account current. Both have been charged late fees and interest per the change in the Rules and Regulations made earlier in the year.

A question was asked on where the money paid for painting reserves went. Eric explained that \$9,000 went towards the Xcel deposit, the delinquent accounts account for over \$7,000 and \$9,000 is still in reserves. It was explained that no specific amount of the reserve money is earmarked for any project. If a specific dollar amount is allocated for a single capital project, it can't be used for anything else. For example, if the reserve funds had been designated for painting only, they could not have been used to pay the Xcel deposit.

Sue questioned the large deposit required by Xcel and Eric explained the history of correcting errors in addresses and meters that led to Xcel establishing a "new" account for Marina Park. Eric tried to negotiate but that didn't work. The deposit will be held for 2 years. We will set up a suspense tickler to request a check from Xcel in 2010.

The reserves consist of delinquencies owed plus the Xcel deposit and the amount currently in the money market equaling approximately \$20,000.

- B. 2009 proposed budget. Eric noted that the proposed budget numbers were based on 10 months of actuals and 2 months of estimates. He explained the format and reviewed the budget comparison sheet line by line.

Income is the same as 2008 – the 3 months reserve payments and late fees are not factored into income.

On the expense side, utilities will be a big increase. Last year, \$31,800 was budgeted. At the time the budget was prepared, there were 2 accounts (meters) that Mountain Managers was unaware they were responsible for. In addition, utility cost escalated much more than anticipated. The 8% increase was not nearly enough to cover the higher cost. 2009 will be budgeted with a 12% increase over what was actually spent last year. Cable is a multi year contract (cable and hi speed internet) for all 22 units. This breaks down to about \$62 per month and you can't do better than that individually. Insurance costs may be increasing due to the couple of claims that the HOA had. Sue noted that these were really the developer's problem and shouldn't have been an HOA claim. Eric explained that the HOA has the insurance and is in 1<sup>st</sup> position. If an owner's sink overflows due to negligence, the owner pays the HOA deductible through their personal HO6 policy and the HOA pays the rest of the claim. The current claims will fall off after 3 years. It was asked whether the HOA's insurance is adequate. Eric explained that the HOA was at 8.1 million for replacement cost (\$200/sq.ft.) and is now at 9.4 million (\$230/sq.ft.). If one building burns down, there is 9.4 million available for replacement. If all buildings are destroyed, there is the same 9.4 million for replacement cost. You must insure for all buildings; you can't just insure for 1 building. It was noted that when the 2008 budget was put together it was for 2

buildings. When the other 2 buildings came on line, the premium went up and coverage also increased. The annual premium of \$8,097 is due on 11/1/08. Eric also had some information on an umbrella policy now offered by the insurance company. This would provide an additional \$5,000,000 in coverage for an extra annual fee of \$254. This is a great rate due to Mountain Managers' buying power. The exact amount of the 2009 regular premium is not yet known but the budget number reflects a 7% increase. Information from the insurance company regarding the umbrella policy will be forwarded to the Board in the next week or so and a decision will be made at that time on whether to take the policy.

Repair and Maintenance will be kept at last year's actuals plus 3%. Trash is budgeted with a 10% increase. Overflows aren't too big of an issue but there is still unauthorized use.

Water and sewer are budgeted with a 3% increase – there may be a little "fluff" here if the increase doesn't occur. Snow removal rates will definitely be lower. Eric stated that the contractor plowing Mountain Managers' Frisco properties is really good and there are few complaints. If any problems arise, they are taken care of immediately. Heavy equipment snow removal and roof snow removal will be budgeted at the same amounts. It is much better to be proactive in removing roof snow before problems occur instead of waiting until there is a problem. The hot tub is budgeted with a 3% increase as is grounds.

Total expected income for 2009 is \$117,576 and expenses are projected at \$128,729 leaving an \$11,153 deficit. A 10% increase in dues would cover the deficit.

- C. The Major Component Reserve (MCR) was reviewed. Crack fill/seal coat/stripe was done this year. This is on a 4 year cycle but should be every 2-3 at the most. This prolongs asphalt life and keeps the area looking good. It was resolved to have this done every 2 years. Also completed this year was hot tub cover replacement. Re-keying was rolled over from last year.

There are a lot of major projects scheduled for 2012. These need to be looked at to see what can be moved to another year. Shingles – move to show 7 years remaining.

Exterior painting is now staggered. Zeke would like to see all buildings on the same paint schedule. It will cost \$100,000 to do all buildings at one time. After discussion on whether the buildings scheduled for painting now can wait until 2010, it was decided to put all building painting in 2010. By then the Xcel deposit will have been refunded which will help a little. How to fund the \$100,000 was discussed. Dues can be increased or a special assessment can be done. Eric said a combination of both will be needed to meet the operational budget deficit and to bring the reserves up. It's vital to fund the reserves and a 15-20% dues increase will be needed do to this. A 20% dues increase will mean an additional \$10,000 for reserves.

Eric finished reviewing the MCR. Exterior painting will be changed to reflect remaining life of 1 year with all buildings to be done in 2010. Deck staining will be done in 2010 with painting and every 2 years thereafter. Siding repair will be increased by \$1,500 per building (\$6,000). Steps will be removed from the MCR. Seal coating of decks will be removed (included with building staining). Wood hand rails will be taken out. Metal hand rails – 10 years remaining. Seal coat – 2 years remaining.

Pool replacement. Eric met with Shannon (Maximum Comfort) and got an estimate of \$75,000. There is a lot of “fluff” here depending on what is actually done. A large stainless hot tub can be dropped into where the pool is – will need a concrete pad and some decking. This needs to be discussed at the HOA meeting. The current hot tub is residential and has a 7 year life when used in a commercial setting. It’s also in a bad location – it’s shoved into a corner that ices up. When ice melt is used, it gets into the hot tub. Is a new hot tub something to even consider at this time with painting coming up? Eric will have Shannon come to the HOA meeting and explain options. Owners will need to decide whether or not to keep the pool or get rid of it, keep the pool and put a new hot tub in a different area or where the pool is now, etc. It was noted that the current hot tub cannot be moved. It has no sides and was specially fitted to the area it was installed in. Gel coat and maintenance will be necessary in 6 years or sooner if the pool is kept.

The pool, hot tub, etc. will be left in the MCR for now until decisions are made at the HOA meeting.

Re-keying will be moved to show 6 years remaining.

Carpet cleaning is not on the MCR (this comes under Repair and Maintenance). Cleaning the carpet once per year will prolong life.

Responsibility for the hallway and elevator monitoring was brought up. Regardless of who uses these areas and who does not, they are common elements and therefore the responsibility of the HOA and not individual owners. Many owners don’t use the pool or hot tub or even the parking lot but they still must pay for maintenance and upkeep of these common elements. The elevator is there because two units must be handicap accessible. There’s nothing that can be done about that. Sue asked if there was a better solution to having carpet in hallways and could tile be used. Eric pointed out that tile requires constant cleaning. Carpet is vacuumed once per week and also cuts down on noise.

Ron recommended a 20% dues increase which will allow for a reserve contribution. One half would go to fund the operational budget and one half to reserves. This would come to \$50,000 in reserves in 2 years. Rich agreed. A motion was made, seconded, and passed to raise dues 20% effective 1/1/09 This will be covered at the HOA meeting. The dues increase notice needs to go out by 12/1/08 and will be sent out with these minutes. All owners need to be aware that a dues increase will be coming soon and an additional assessment will occur in 2010 for painting. Owners need to start planning now and put money aside to pay this.

It was noted that A1 was reconfigured by closing in part of the garage as living space. If the square footage for A1 was increased, more money would be coming in. Eric pointed out that if A1 unit is recalculated, everyone's percentage of ownership will change. This will require an amendment to the Declaration. Eric will call A1's owner and make him aware that the Board is concerned about this issue and is considering refiguring everyone's square footage in order to be fair to all owners. The simplest solution would be to remove the wall and use the garage for its intended purpose – parking of 3 vehicles. This would also alleviate parking problems caused when A1 unit tenants park in the fire lane because there is not enough room in the garage.

It was noted that A1 is also in violation of the Rules and Regulations regarding window coverings. White coverings are installed that look bad and are not fitted to the windows. The Rules and Regulations specify that 2" dark wood blinds will be used. Board approval is required for any other installation. A1s blinds were installed after the Rules and Regulations were written. A letter regarding the blinds will be sent to A1's owner.

6. **Old Business.**

A. Utility Billing Study.

The study contains 9 months of actual billings. Once the boiler was turned off, the numbers dropped dramatically. Eric noted that he has just signed Marina Park up with Tiger Gas. This will become effective on 12/1/08 and will save about 10% over Xcel costs.

The study has proven that the pool doesn't cost as much to run as was previously thought. Utility bills won't be a big factor when deciding what to do with the pool. If the pool is retained, owners will need to decide if they want it on all the time or only in summer and over peak times.

As the study was reviewed, some discrepancies were noted in the pool account. This needs to be addressed before quoting actual numbers to owners. Eric will re-format the study and clarify meters/accounts.

B. Relocating the hot tub was discussed under financials.

7. **New Business**

A. Refiguring the square footage for unit A1 was discussed earlier in the meeting.

B. A proposal was obtained for upgrading the gym (\$3,000). After a 20% dues increase and a painting assessment coming up, the Board does not want to put any more into amenities. This can be looked at again when the HOA has more discretionary funds. In the meantime, if any of the current exercise equipment is dangerous, it should be removed. After discussion, it was decided to put gym upgrades on the HOA agenda. It will be explained to owners that while upgrades would be great, the Board feels this needs to be postponed until there is more money.

- C. The number of Board members was discussed. A motion was made, seconded, and passed to amend the By-laws to allow for up to 5 Board members. There will be a total of 3 open positions on the Board. Ron Melgren's term is expiring and he has agreed to run for re-election. You will be receiving the annual meeting notice and proxy in the near future. If you are interested in serving on the Board, please complete the applicable section on the notice and return to Mountain Managers.
8. **Schedule Next Board Meeting.** The next Board meeting will be January 23, 2009, 4:00 p.m. at Mountain Managers.
- The annual HOA meeting will be held in Rich and Sue's unit (D20). Po Boys may be an alternative if there are too many people planning to attend.
9. **Adjournment.** There being no further business, the meeting was adjourned at 3:40 p.m.

Signed:

Revised – OK for distribution

11-8-08

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Rich Rutledge, President

Date

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Judy Freese, Recording Secretary

Date