

**TIMBERLINE COVE  
BOARD OF DIRECTORS MEETING  
DECEMBER 16, 2010**

**MINUTES**

1. **Call to Order.** The meeting was called to order at 3:10 p.m.
2. **Attendance and Quorum.**
  - A. Board members in attendance either in person or via conference call were George Hart, Duane Abbot, Robert Levin, Jerry Frazee, and Jessica Bergan.  
  
A quorum was established.
  - B. Also in attendance was owner Stacey Gilbert, Unit 206
  - C. Representing Mountain Managers were Phil Wells and Judy Freese (via conference call).
3. **Approval of 7/16/10 and 10/2/10 Board Meeting Minutes.** A motion was made, seconded, and passed to approve the minutes as written.
4. **Repair and Maintenance Report.** Phil read through the report covering the period of 9/10 through 10/10.
  - A. The sprinkler leak in the mechanical room was repaired at a cost of \$700.00. Phil explained that the cost is high due to having to shut down a section of the system before repairs could be made. The glycol had to be drained, repairs done, and glycol put back in. The cause of the leak is unknown but generally it's just the nature of these systems to experience leaks. This may be on-going but the budgeted amount for repair and maintenance should be adequate for 2011. The numbers were based on the previous year's actual expense plus 5%.
  - B. The heat exchanger on the boiler for the north hot tub was replaced at a cost of \$1,002.05. One hot tub is currently up and running. The second tub has not yet been repaired. It is anticipated that the heat exchanger will need to be replaced – cost should be the same as the other tub.
  - C. It was noted that the ice/snow melt system is not working in certain areas. The ramp is being shoveled as is every area where snow and ice are seen. When Ed Chang was contacted, he asked Mountain Managers to call Umberto with CFC to ensure all valves were on (they were). Ed also noted that Mike with Countywide Plumbing would be the one to call about repairs. Phil has asked Mike to look at the system to see if he can tell what needs to be done. The Board requested an estimate for repair as soon as possible. Phil will make sure Mike knows this is a priority. CFC has stated they would have the system repaired but it is still not working. The Board is in agreement that it must be repaired and if necessary, a claim can be filed in small claims court for reimbursement. It was also noted that the ice melt system is not working in front of the entry. This area is being shoveled as needed.
5. **Financials.**
  - A. October financials were briefly reviewed. Year-to-date income is above the budgeted amount by \$11,726 due to the sale of some units, collection of back due amounts, etc. On the expense side, cable was over budget due to the cable upgrade (HD/DVR box

for all units). Repair and maintenance and legal were also over budget. Over all, the HOA was \$973 over on expenses year-to-date and showed a budget surplus of \$10,753 through the end of October.

The balance in the checking account was \$29,884.20 and the money market account balance was \$40,001.36.

Delinquencies were looked at. There is only one unit that is behind in dues but it is not anticipated that this will be a problem. The owner is not habitually late in paying and it is expected the account will be brought current shortly. If for some reason payment is not forthcoming, the owner will receive a letter stating legal action will be taken if payment is not made.

A couple of the annotated items were discussed. As noted above, the monthly cable billing has increased due to the upgrade. The additional cost is \$8.00 per unit. Electric bills are still going up. Heat tape is expensive to run but it can't be turned off. Phil explained that it isn't hot (it's warm). If you turn it off and ice forms, the heat tape will never catch up. It's cheaper to pay for the increased utility costs than to have an insurance claim for a roof leak. Utilities were over budget in October (a very cold and snowy month). Utilities were increased substantially on the 2011 budget. Gas was slightly over budget. The Board had hoped gas would come in under budget for 2010. The budgeted amount was reduced last year and the numbers have stayed pretty close to budget. A lower rate has been negotiated for gas this year. Phil explained that the locked in rate only affects about 1/3 of the total bill. More people are living in the buildings and therefore there is more usage.

B. 2011 Budget

Changes were made to the budget as discussed at the last meeting. Phil noted that current lending standards for banks put more emphasis on reserve contributions than in the past. Banks like to see a minimum of 10% of annual expenses put into reserves. Timberline Cove is currently at about 6½ %. He prepared a couple of MCR alternatives and the HOA needs to seriously consider increasing the annual contribution to reserves. It was noted that with annual window cleaning added to the budget, even a dues increase of 3% results in a negative cash flow on the budget. Not enough is going into reserves to make lenders comfortable granting loans. If this is not addressed now, it should at least be put into the MCR showing that it will be done in the years to come. It will be impossible to get to a positive number without a large assessment and increasing the annual contribution or a combination of both.

Robert questioned the replacement of the key card system scheduled for 2017. Phil explained that whoever put the MCR together put a 10 year life expectancy on the system. Since Timberline Cove is the only HOA Mountain Managers has with a key card entry system, the actual life span isn't known but they won't last forever. In any case, the amount is not enough to have much impact on the MCR. It was decided to remove this from the MCR and take care of any needed repairs through repair and maintenance (operations budget). It can always be put back on the MCR if necessary. Phil also noted that hot tub replacement was taken out. Whenever that happens it will probably be covered through assessment if owners want to have the hot tub. George

does not agree. The hot tub is an amenity and maintenance should remain on the MCR. Phil explained that repairs/maintenance come out of the operational budget. George felt hot tub replacement should remain on the MCR and owners should not be asked to come up with the money for this expense. There will be no funds available for hot tub replacement and the only way this can be accomplished is through assessment. George feels strongly that it should remain on the MCR with a line item for future assessment. Decisions for assessments are made as each project comes up but these items should be left in the MCR. Assessments have been added to the MCR for painting every 5 years. It was decided to put the hot tub assessment (\$26,000) in 2015. George felt this amount is high and the HOA should be able to pay at least part of the cost and reduce the assessment to owners. Robert thought \$26,000 might not be enough for a new hot tub but that can be looked at later.

Phil noted that with a \$9,000 annual contribution to reserves, the hot tub put back in 2015 and painting assessments in 2012 and 2017, there will still be a \$54,000 deficit in 2017. Instead of a \$30,000 assessment, \$85,000 will be needed. The Board needs to take a hard look at increasing the annual contribution and that means increasing dues. A 3% dues increase will help fund operational expenses but another \$3,000 increase will be needed to increase the reserve contribution. Operating costs cannot be reduced and the building must be maintained. On the original MCR, the HOA goes negative in 2012 and stays there with the deficit getting bigger and bigger each year.

If the annual contribution is increased by \$3,000 in 2011 and by \$4,000 in 2014 along with the two \$30,000 assessments, the MCR will look pretty good.

It was noted that a 3% dues increase has already been approved for 2011 and notice has been sent out to owners. Another increase can be done explaining that it's for reserves but the Board would prefer not to do this. The 3% dues increase will be left as is for 2011 and looked at again in 2012. An assessment as well as a dues increase may be needed then.

With a \$30,000 assessment scheduled for 2012, there will be almost enough money to accomplish the projects scheduled for that year.

In 2018 boiler replacement (3) is scheduled at \$10,000 per boiler. This is probably a low estimate and Phil will get actual costs. The boiler replacement can be spread out over several years instead of putting all 3 in 2018.

A motion was made, seconded, and passed to approve the 2011 operations budget with the 3% dues increase.

- C. MCR – many items were discussed earlier in the meeting. The 2012 annual contribution will be left at \$12,000 and should be increased again in 2014 or 2015. The two \$30,000 assessments (painting) will be left in place. The hot tub replacement will be put back in (2015). A more realistic figure of \$30,000 (vs. \$26,000) will be used as the amount with an assessment of \$10,000 to \$15,000 depending on how the numbers look. It was also noted that the current hot tub will be kept running as long as possible.

The MCR will be revised and a copy sent to the Board.

6. **Old Business.**

- A. After hours expenses were paid to Mountain Managers for repairs to a leak in the garage and the shower drain leak in unit 207. Phil will find out the details on the garage leak.
- B. George has not yet called unit 208 (Neff) but will do so.
- C. Duane and George received a letter from Ed Chang basically asking if the attorney could be kept out of negotiations. Ed feels he's being "bullied" and would like to resolve any remaining issues without the attorney involved. He also feels the Board needs to clarify its position regarding legal fees. Robert stated he didn't understand why they would question legal fees. It's their non-response that resulted in legal action being taken. If issues had been taken care of, it wouldn't have been necessary to call in an attorney. Discussions only opened up after the attorney was involved.

Per Ed, CFC will not come to the table. They say the issues are between Ed and Timberline Cove since he's the one who offered the warranty. A question was raised on whether or not to set a final number or to keep pursuing each item separately. This topic will be discussed in more detail during a Board executive session following the meeting.

7. **New Business.**

- A. Parking issues have been raised by Stacey Gilbert. She is unable to access her parking space due to the truck belonging to the tenant in 407 sticking too far out into the driving lane. It was noted that while the Rules and Regulations prohibit "oversize" vehicles, the truck in question is not "oversize". There is a large industrial fan at the rear of his parking space which prevents him from pulling his truck back any farther. The driving lane is not blocked but Stacey has no maneuvering room to turn into her parking space. There is also another vehicle (unit 207) that consistently parks too far over to the left making it difficult for Stacey to access her space without hitting her mirror on the post. The current Rules and Regulations state, "The Executive Board shall have the authority to redirect or restrict the parking of any vehicle to facilitate traffic flow, parking access, snow removal or trash collection." Stacey provided a set of parking rules from another complex that she would like incorporated into Timberline Cove's Rules and Regulations. The Board does not feel that the rules should be changed to mandate "centering" a vehicle in a parking space. This is a matter of common courtesy and would be difficult to enforce. They may consider limiting the length of a vehicle. The Board will review the current rules and decide if any changes are warranted. In the meantime, the owner of 407 will be contacted and notified that his tenant's vehicle extends too far out into the driving lane and impedes maneuverability for other owners. A picture of the truck in question will be sent with the letter. It was noted that the owner currently lives in Saudi Arabia but has e-mail. Mountain Managers deals only with owners and not directly with tenants.
- B. Jessica noted that the dumpster is getting stuck frequently. When people can't get it open, they leave garbage/trash bags on top of the dumpster. Heavy grease (axle grease) on the tracks has worked in the past. Mountain Managers will see that this is done as soon as possible.

8. **The Next Board Meeting** will be held on Thursday, March 10, 2011, 3:00 p.m. at Mountain Managers.
9. **Executive Session.** In accordance with CCIOA 38-33.3-308, "The minutes of all meetings at which an executive session was held shall indicate that an executive session was held, and the general subject matter of the executive session." The general subject matter was discussion of legal issues with Ocoee.
10. **Reconvene Regular Board Meeting.** The Board reconvened in regular session. A motion was made, seconded, and passed for George to call Ed Chang with the Board's position and try to reach a settlement. Duane will also take part via conference call.
11. **Adjournment.** There being no further business, a motion was made, seconded, and passed to adjourn the meeting at 5:17 p.m.

Respectfully submitted: Judy Freese, Recording Secretary

Approved:

Approved via e-mail

1-3-11

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Robert Levin, Treasurer

Date