

**TIMBERLINE COVE
BOARD OF DIRECTORS MEETING
SEPTEMBER 3, 2009**

MINUTES

1. **Call to Order.** The meeting was called to order at 3:05 p.m.
2. **Attendance and Quorum.**
 - A. Board members in attendance were George Hart, Duane Abbott, Robert Levin, and Julie Neils.

A quorum was established.
 - B. Also in attendance was Eileen Lerman (unit 102).
 - C. Representing Mountain Managers were Phil Wells, Susan Witkowski, Eric Gill, and Judy Freese (Eric and Judy participated via conference call).
3. **Approval of 7/13/09 Board Meeting Minutes.** A motion was made, seconded, and passed to approve the minutes as written.

4. **Repair and Maintenance Report.**

Eric read through the items on the report.

When the deck rails were painted the back stairwell was missed. Allman painting will go back and take care of this. The set up/repair of the sprinkler system was done in May and billed in June but did not reflect on financials until July. A new hot cover was ordered but was damaged in shipping. It should be in next week. The old cover will be retained for use in an emergency. The cost for repairing the hot tub bolts seemed high – the Board would like a copy of the invoice e-mailed to them. Additional door locks were purchased. Eric explained that it was necessary to have a back up lock in case of emergency. Whether or not a ski locker lock was included was questioned. It was noted that #301 has had trouble with the ski locker lock since the beginning. The Board noted that this should have been covered under warranty and should have been on the original owner's punch list. The Board questioned exactly which locks were replaced. Mountain Managers will have Ed go over and show Board members what was done. The Board felt that too much money was spent on locks without Board approval. Eric noted that locks can be sent back to Saflok and credit received but reiterated the need to have a spare lock in inventory for emergencies. This is the only way to ensure that a unit can be properly secured in the event a lock fails or is damaged. The Board would like to see a break out of exactly what locks were purchased, the cost, and where they were installed. The Board also felt that the ski locker lock should be billed to the unit owner. Decs will be checked first to determine owner/HOA responsibility for ski lockers. It was agreed to adhere to the \$500 limit that can be spent without Board approval. Anything over this amount will be sent directly to George.

5. **Financials.**

- A. July financials were reviewed and Eric noted where the Association is either over or under budget. Utilities are under budget by \$6,750 which is great. Insurance was over

by \$2145 due to the addition of the umbrella policy, a premium payment paid in January and partially reimbursed. The HOA carried a \$10,000,000 umbrella policy with Wilderwest; Mountain Managers' is \$5,000,000. The timing of payments affected the budget. Eric noted that last year, \$13384 was spent on insurance including the umbrella policy. Insurance claim payments have also affected the budget. The total claim was \$152,632.01 (about \$103,000 was for 2009) with an estimated \$1,200 on the deductible still to be paid. This has been billed to the owner. Since approximately \$50,000 was reimbursed through subrogation, the HOA's loss history will not reflect the total claim amount. Bob Strong is currently on vacation and he has the most information on insurance issues. It was also noted that there is a lawsuit pending against Eileen Lerman and the HOA's insurance. Mountain Managers will be talking to Bob Strong in the near future regarding the HOA's loss history and next year's premium amount. The policy renews on 11/1 of each year. Duane has a lot of insurance experience and volunteered to follow through with Bob Strong and report back to the Board. Other items that were under budget included repair and maintenance, gas, plumbing, and snow removal. Over budget items included grounds, and supplies. Year-to-date, the financials show the Association over budget in expenses by \$90,209, however, without the insurance claim, the Association is actually under budget.

Delinquencies were discussed. Unit 102 paid \$1,500 right before the meeting. She is unsure how much of the remaining balance is dues and how much is assessed monies for the water leak. Phil believes that \$1,000 is not dues; the remaining amount is. Eileen noted that she is still working with the insurance company on the claim. She also stated that she did not leave the water running. She had requested that her hot tub be repaired and then left. She thinks the repairmen left the water running. The Board was surprised to hear this since it's the first they have heard that anyone else was in the unit. They found it difficult to believe that this other entity has not been pursued during the course of the investigation. Eileen stated that her insurance company was aware of the circumstances. They believed it was better to settle the claim but are now re-thinking their position

Ocoee has paid back dues but is again delinquent. The Board asked where late fees/interest are reflected on the financials. It was noted that late fees/interest are not imposed until 30 days. Phil will check with accounting and ask if late fees/interest are reflected separately on the financials or included with the delinquent dues amount.

The balance in the checking account was \$21,536.88 and the money market account balance was \$31,982.70.

George had some questions regarding the format on the financials and where to find the actual total monthly expenses, total spent, etc. Eric explained and clarified. George wanted to make sure the Association was on track and to determine if there would be any discretionary money to be spent. It was noted that by looking at the budget comparison sheet a better idea of what was and will be spent can be seen. It was also noted that the MCR will be pretty much on track until 2014. Phil stated the MCR would be in the negative in 2013 assuming all money is spent as estimated. While no HOA is 100% funded, it's important to have a plan in place in order to avoid huge dues increases and possible assessments. Eric suggested going through the budget first and then the MCR before proceeding with more discussion.

- B. 2010 Operating Budget. Eric asked the Board to look at the budget comparison sheet which compares the 2009 budget to 2010. This is the best way to see any differences and to look at the explanations for the 2010 budget figures. He explained that figures were arrived at by using actual numbers from last year and estimating about 5 months.

Utilities (electricity) are currently under budget and it is hoped that the HOA will still be under budget at the end of the year. Utilities were budgeted based on last year's actuals plus 10%. Cable is budgeted with a 6% increase in March – this occurs each year. Insurance is based on last year's premium (\$13,384) plus 7%. The actual number was known when the 2009 budget was prepared but is not yet known for this year. Repair and Maintenance may have a little fluff. Trash removal went up a little with the recycling added. Gas was based on last year's actuals plus 10%. It was noted that the rate is locked in but usage could go up with a cold winter. The security system was budgeted too low last year (Wilderness budget) and has been increased. Nothing was spent on the heating system last year but the amount was kept the same. Snow removal was under budget last year but if 2010 is a heavy snow year, the cost could increase significantly and the amount budgeted includes a 10% increase. Heavy equipment snow removal has not been budgeted for (Board decision last year) but it would be good to have something there just in case. Robert noted that hauling out of snow should never be needed. Eric pointed out that heavy equipment snow removal also includes push backs and that may be needed. It's often necessary to push back snow after several snows have been packed down. Roof snow removal should not be needed but, again, it would be a good idea to have monies allocated in the budget. Hot tub expenses were kept the same but may not be needed. Grounds may also have a little fluff. Clerical was kept the same and supplies were budgeted with a 3% increase since they were over budget in 2009. Legal was kept at the same amount (taxes account for about \$600). The amount for the elevator was kept the same. Eric noted that this may not be needed since Wilderness's figures may have included items that are not budgeted separately.

With income projected at \$158,904 and expenses at \$149,126, the cash flow will be \$9,778. With \$9,000 estimated as the MCR contribution, that leaves a net of \$778.

Several items were discussed:

Eric stated that he wasn't sure why electricity came in so low last year but he is hesitant to put the 2010 budget at that low an amount. Originally, the HOA was under budgeted and the amount was raised substantially last year (Wilderness). The Board stated they were excessive users in the beginning but steps have been taken to lower usage. The Board is comfortable with the budgeted amount.

Repair and Maintenance will be left as budgeted. If it comes in lower, the money can be used a discretionary funds. Gas will also be left as budgeted.

Grounds will be lowered by \$1,500 with this amount put into heavy equipment snow removal.

Supplies will be lowered by \$1,500 with this amount added to snow removal for a total of \$4,520.

Elevator will be kept as is. There may be a cushion here and if all monies are not spent any excess will be added to the reserve contribution.

The reserves need to be built up but it's important to retain enough in the operational account to cover day-to-day expenses. The Board would also like to be able to have money left over to spend on such items as a luggage cart, etc. Phil stated if all goes as planned, there should be \$5,000 or more at the end of the year to be used as discretionary funds or transferred into reserves. It was noted that there is still an outstanding engineer's bill and the Ocoee matter has not been fully resolved. Eric stated that on the positive side, the budget will improve if \$7,000 is received from the developer. On the negative side, attorney's fees can be a big factor. Phil noted that he received a call from an architect hired by the developer to look at dumpster enclosure roofs. Drawings are needed. The HOA has no intention of paying for design work and won't agree to pay anything until they see the cost. Phil also noted that the annual insurance premium is due on November 1 and is not yet reflected on the budget.

The 2010 budget will be presented to owners at the annual HOA meeting but does not need to be approved until December.

- C. MCR. It was explained that the MCR is a planning tool and all items can be changed/moved as necessary. The Association needs to think about what it wants to spend money on next year and in future years. What was spent in 2009 was reviewed. It was noted that staining and painting of the deck railings appears twice - painting of the rails will be removed. The Board also asked that if this was paid for out of the operational budget reimbursement needs to be made from reserves. Eric stated that transferring money from reserves into the operational account does not benefit the HOA. More interest is earned by leaving money in the money market account. He recommended leaving the money in reserves until December and then making a decision on how much should be in the operational account and how much in reserves. The Board also stated that the goal is to keep twice the needed monthly expense amount in the checking account. By December this will be down to one month. Anytime the amount drops to below 1 month a transfer can be done from the money market. Phil said as long as we know it's there we won't move money unless we have to.

Eric noted that the split rail fence was not listed on the MCR and will be added for 2009. The exact cost is not yet known but \$900 will be used for budgetary purposes.

Anticipated expenses/projects for 2010 were reviewed. Gutter and heat tape work is budgeted for 2010 and every 3 years. If it's not needed, it will be moved ahead to 2011 and every 3 years thereafter. Stonework is budgeted every 2 years but the full amount (\$1750) probably will not be needed. This will be reduced to \$1,000 all the way across - every 2 years.

Painting of the hallways/bathrooms will be moved to 2011. The Repair and Maintenance account can cover any needed touch ups.

Staining of handrails will be increased to \$1,200. It is hoped that the current stain will last 2 years. This will be looked at next year.

Asphalt striping is due next year (2 year cycle). CFC has been looking at the asphalt and is supposed to give the Board options/remedies. Whether or not to stripe at all was discussed. There isn't really a need but for aesthetics, it would look better to at least have the front striped. Striping will be moved to 2011 and what to stripe will be decided at that time.

Mulching is budgeted at \$3,000 every 3 years. This may be more than needed. The Board felt that more stone than mulch would be used. What CFC does will also affect what's budgeted.

Hot tub cover is budgeted for 2010 if needed. Window cleaning will not be done this year. Dryer vent cleaning was discussed – what actually needs to be done? Phil asked how much use they actually get with part time residents. It was noted that the vents were not properly installed and we're waiting to see what Ed Chang comes up with to fix the problem. This will be left for now and looked at again at a later date.

Eric has spoken with Shannon (Maximum Comfort) regarding compliance issues with the hot tub. The code compliance report should be ready next week and it will probably cost between \$10,000 and \$11,000 to get everything done. Solid figures should be in next week. The Board briefly discussed taking out the 2 current tubs and installing 1 large tub that is code compliant. It was felt that the 2 existing tubs are not worth the expense to bring them into compliance. This will be discussed again once the report is in.

Fire suppressant system (annual testing and repairs) – should this be on the MCR? Eric noted that there are a couple of items (i.e. window washing) that appear on the MCR simply it's a red flag and ensures that items don't get missed. The fire suppressant system is covered under account #5008 on the operational budget.

Funding of the MCR was discussed. Once painting is done, the HOA will be in the hole. Will an assessment be needed for painting every 5 years? It was again noted that no one funds their reserve at 100% but 50% is not accurate either. It will be more like 20% and a dues increase may need to be considered next year. It was noted that when units sell, the HOA does get 3 months for the reserve fund. It was decided that nothing will be done this year but owners need to be prepared for possible dues increases/assessments. Regular dues increases could help to keep any necessary assessments from becoming too large.

The budget will be revised for the HOA meeting and will be approved in December.

6. **Old Business.**

- A. Furnishing/decorating the entry to the building will be put off until the Ocoee situation is resolved. No money will be spent at this time.

- B. Luggage cart – George would like to see a good quality cart purchased. All agreed this was a good idea but there would be no guarantees that it wouldn't disappear into someone's unit. A good quality cart will probably cost at least \$1,000. Duane will do some research and obtain options to e-mail to the Board.
- C. The bench and hooks in the hot tub area hallway will not be done at this time.
- D. Dryer vent cleaning (discussed earlier) – hold off for now.
- E. Fireplace inspections – not needed now – discuss again next year.
- F. Gas rates: Anthony (Tiger Gas) has stated that it is not smart to lock in rates right now (rates are in the high 6's). Robert will keep tabs on this and keep the board informed.
- G. Insurance discussion – Duane will be talking to Bob Strong.
- H. Asphalt infra patching – This will be held off until the proposal/solution from CFC is received.
- I. The split rail fence is almost done – the back is completed except for the very end.
- J. Ed Chang update.

Concrete – Ed Chang feels the price is too high. This was a hazard and needed to be fixed now. Steve should have taken care of this a year ago. Eric had spoken to both Steve and Wildernest about this issue – nothing was done. It couldn't wait and Columbine was contracted to fix. Robert stated that a letter needs to be prepared stating all the reasons why this was done. Eric said if the HOA is expecting to hear from CFC in 10 days or so it would be better to wait and see what's on their list. You don't want to deal with items in a piece-meal fashion – everything needs to be addressed at one time. The Board agreed. CFC will pay something (Steve has admitted that it needed to be done and was not). The HOA should not settle for any lesser amount.

Sprinkler system repair – when this was needed the first time Eric called Steve. It was outside of warranty – Matrix was called to look at it and charged an exorbitant amount to tighten bolts. When it happened again, Mountain Manager's vendor was called and the charge was substantially less.

- K. Insurance was discussed again. Eileen stated that she only came to the meeting because the preliminary agenda stated that an insurance representative would be there to discuss owner responsibility, especially on water originating from their unit. Duane is primarily concerned with the HOA coverage and what coverage owners need to have. He will be contacting Bob Strong for further information on this and also on the pending law suit against the HOA's insurance company.
- L. Upgrading cable to HDTV was discussed. Nothing will be done on this until the current contract with Comcast is up. Owners may upgrade to HDTV on their own but the HOA cannot do anything until the contract expires.

7. **New Business.**

- A. An email was received from Jason Suits asking that a couple of plants be moved because they block the view from the hot tub. Phil looked at this and stated it depends on where you sit in the hot tub. After discussion, it was decided not to move plants at this time. Mr. Suits will be notified and told that owner input is always welcome.
- B. Bats – this has been looked at by a professional company and there is evidence of bats. 1/8" screen hardware cloth (wire) is needed on vents and over any opening by the deck support beams to keep bats from getting in. The cost will be \$250 per deck. There is not much that can be done to get bats out but it was noted that they will be leaving on their own in a month or so (they are migratory). Nothing will be done at this time but installation of the screening will be discussed again at a later date. If it is decided to proceed, the work may be done over a period of time with one or two areas done each year.
- C. Robert brought up the subject of dogs running loose at the complex and owners not picking up after their pets. The Declaration specifically states that dogs must be leashed when on the premises. The Rules and Regulations were written to allow for dogs to be off leash if they are under voice control. It was noted that the Rules and Regulations should be revised to comply with the Declaration. This will be done and sent to owners with the minutes. Robert also stated he has seen piles of dog waste that have not been picked up. He said one of the reasons he bought at Timberline Cove was because there were specific rules in place. Eileen said she is one of the original owners at TLC and has never seen dog waste in the back area. She also would like to see the HOA consider amending the Declaration to allow for dogs to be off leash.
- D. The annual meeting agenda was discussed. The Board would like to see a copy before it goes out to owners. The meeting will be held on October 3, 2009, 10:00 a.m., at Mountain Managers. The Board would like to see coffee served along with some kind of continental breakfast. Whether or not to have lunch available was briefly talked about. The Board will discuss food options via e-mail and make a decision.

8. **The Next Board Meeting** no date was set for the next Board meeting.

9. **Adjournment.** There being no further business, the meeting was adjourned at 5:55 p.m.

Signed:



9/15/09

George Hart, President

Date

Judy Freese, Recording Secretary

Date