

Back Country Cabins Homeowner's Association, Inc.

Board Meeting – December 15, 2014

Minutes of Meeting

A meeting of the Back Country Cabins Homeowner's Association, Inc. ("the HOA") Board of Directors took place on Monday, December 15, 2014 at the First Bank located at 18605 Green Valley Boulevard, Denver, Colorado.

Attendees: Joel Pins – President, Back Country Cabins HOA
Mara Kaiser – Vice President, Back Country Cabins HOA
Sean Serell – Secretary/Treasurer, Back Country Cabins HOA
Michael Barsch – Member, Back Country Cabins HOA
Bonnie Cole – President, UPM
Consuelo Redhorse* – Bookkeeper, UPM
**Teleconferenced into meeting*

TOPIC A. Roll call

- (1) Meeting called to order at 11:07am
- (2) Michael Barsch, HOA member, in attendance
- (3) HOA officers, Michael Barsch, and Bonnie Cole present in person
- (4) Consuelo Redhorse teleconferenced into meeting

TOPIC B. Statement of compliance with procedures for notice of meeting or waiver of notice

Notice waived: "Attendance by an Executive Board Member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Executive Board Members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting" (Section 5.14 of the Bylaws of Back Country Cabins Homeowners Association, Inc.).

TOPIC C. Reading of minutes

- (1) Bonnie distributed copies of, and read, the draft minutes of the October 31, 2014 Back Country Cabins HOA board meeting.
- (2) **Motion: Sean made the motion to approve the October 31, 2014 Back Country Cabins HOA board meeting minutes amended as follows:**
Topic C #1 change "motive" to "motion"
Joel seconded. Approved unanimously.

TOPIC D. Reports of officers – No officer reports

TOPIC E. Reports of committees – No committees, no reports

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TOPIC F. Unfinished business

(1) Reserve study discussion

a. Definitions

- i. For the purpose of this discussion, group reviewed Article III of the Declarations (see attachment) for definitions of the following terms:
 1. Common Element
 2. Limited Common Element ("LCE"), and
 3. Townhome Condominium Unit ("Unit")
- ii. Based on the definitions written into the governing documents, the group understands that:
 1. "Common Elements" are areas everyone uses, and include the Limited Common Elements
 2. A "Unit" belongs to an individual owner and is not accessible to other owners
 3. Limited Common Elements:
 - a. An owner is responsible for their front porch and lawn. Owners should be shoveling within and maintaining their own lawns. The HOA has addressed lawn maintenance, but not snow shoveling.
 - b. Electrical panels are LCEs. They are paid for, serviced, and maintained by an owner; they are used exclusively by that owner.

- b. Once the reserve study is adopted, the HOA is required to fund the reserves, i.e. there are legal implications.
- c. Once the HOA determines how a particular component will be maintained, repaired, or replaced (HOA or owner responsibility, common element vs. limited common element vs. individual unit), the HOA will need to be consistent in their treatment.
- d. Periodic updates to the reserve study will address changes in life expectancy and replacement costs for various components.
- e. The reserve study that is being discussed is the 1st draft (emailed to all HOA members on 11/8/2014)
 - i. For no additional cost, the HOA will receive a 2nd draft and may schedule a 1-1½ hour meeting between the HOA board members and the reserve specialist.
 - ii. The HOA has requested feedback from all members, which will be brought to the reserve specialist.
- f. Group discussed the reserve study Summary (see attached)
 - i. The current reserve fund balance is \$8,414.
 - ii. Future buyers will want a healthy reserve fund.
 - iii. Initial HOA dues were set way too low. HOA dues were increased at the first HOA meeting (Organizational meeting in March 2012).
 - iv. Other HOAs in the area pay approximately \$1,000 per month for HOA dues.
 - v. Benefit of having an HOA is that the HOA will take care of the exterior. Owners do not want this responsibility.
 - vi. The HOA also ensures uniformity on such items as roofing and exterior painting.

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TOPIC F. Unfinished business (continued)

- g. Group reviewed the individual components included in the reserve study to determine if any should be excluded based on the definitions discussed earlier in the meeting.
 - i. The group decided to include as presented in the reserve study those items that are asterisked on the attached "Component Inventory" page (included in the reserve study).
 - ii. The group discussed "Landscaping" expenses
 - 1. If the HOA is going to maintain, the HOA needs to repair/replace.
 - 2. Plan to use reserve funds for cyclical replacements of trees, etc. Not included in the reserve study.
 - 3. The area from the front door to planter box area is a Limited Common Element.
 - a. Will the HOA maintain, repair and/or replace planter boxes? Will the HOA pay for irrigation costs and/or snow removal? Rules & Regulations address planter boxes only.
 - b. Group would like to include these expenses as an HOA operating expense (not a reserve expense).
 - iii. The group requested clarifications/changes from reserve specialist for the following components. Any revisions are expected to be included in the final reserve study.
 - 1. Heat tape – need clarification on life expectancy (10 or 20 years?)
 - 2. Repaint exterior building surfaces – correct calculation on "worst cost"
 - 3. Repaint exterior building surfaces – clarify what needs to be repainted (make sure doors, stairs and stair railings are included)
 - 4. Windows – include common area deck/storage building only (not "unit" windows)
 - 5. Flagstone pathways – can the HOA prolong their life by sealing them, possibly a cover for the pathways and the siding during the winter?
 - 6. Composite decks – this is a blank page. Would like clarifications on the breakdown (i.e. individual unit decks, common area deck). Exclude the individual unit composite decks; include the common area deck only. The declaration is conflicting regarding individual unit decks. Include the non-composite materials on the individual decks (i.e. wood deck railings) and include in exterior painting or decking.
 - 7. PV solar system and panel, replace and major repairs – Clarify that all the pieces are accounted for.
 - 8. PV solar system and panels, replace– Exclude. Group questions the HOA's obligations once they are installed; can be funded by special assessment if the HOA is obligated to replace.
 - 9. Trash enclosure – Exclude.
- h. Bonnie will contact the reserve specialist to set up a follow-up appointment.

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TOPIC F. Unfinished business (continued)

(2) Square Footage Discussion/Vote?

- a. Sean prepared a breakdown of reserve expenses by square footage, based on the 1st draft of the reserve study (see attached). Shows the cost per unit and each unit's prorata share of the reserve expenses.
- b. Three options to allocate common area expenses recapped:
 - i. Livable square feet, do not include garage
 - ii. Livable square feet, include the garage
 - iii. Flat rate – everyone pays the same amount
- c. Board and HOA members do not want to base the HOA dues allocations upon the plat map.
- d. The board must decide on the three options to bring to the HOA members. The HOA may contact an attorney to help with their decision.
- e. Once the three options are clarified, the HOA members must vote on their choice. Group is unsure whether a special meeting of the HOA members must be held.
- f. The board decided to have someone re-measure the total square footage and use this to base the assessments on.
 - i. The board decided not to use the assessor's square footage.
 - ii. The board decided not to use the MLS square footage.
 - iii. UPM will draft letters to the owners to inform them of the board's decision.
- g. To date, Bonnie has not solicited bids to re-measuring unit square footages.

TOPIC G. New business

- a. Budget for 2015
 - i. The HOA members must vote on the dues allocation before the 2015 budget can be prepared, as the square footage/dues allocation is incorporated into the budget.
 - ii. Next, the board will present the budget(s) to the owners to be voted on.
 - iii. If the HOA does not approve a budget, the 2014 budget will continue to be in force.
- b. Snow Removal Issues/Solutions/Contract – not discussed

TOPIC H. Adjournment – Meeting adjourned at 1:29pm.

Section 2.2. Association. The name of the Association is Back Country Cabins Homeowners Association, Inc., which Declarant has caused to be incorporated as a non-profit corporation under the laws of the State of Colorado for the purpose of exercising the functions as herein set forth.

Section 2.3. Number of Units. The number of Units in this project is six (6) including one restricted unit, Unit C, which is restricted to **Affordable Housing** as defined by this Declaration or the Town of Frisco.

Section 2.4. Identification of Units and Appurtenances. The identification number of each Unit is shown on the Condominium Plat and Map for The Town of Frisco, recorded concurrently herewith in that real property records of Summit County, Colorado (the "Map") and they are provided a Letter designation including the letters, A, B, C, D, E, and F. **The definition of a "Unit" shall include the land lying below the improvement and indicated on the Plat, any garage assigned to such Unit or dedicated to such Unit.** Units "E" and "F" have attached Garages. Assigned parking spaces not enclosed are not part of a Unit. Units "A", "B", have two assigned parking spaces. Unit "C" and "D" have one assigned Parking space. Units "E" and "F" have one assigned parking space outside of the Garage. All Units have "front porches." The Front porches and appurtenant "open space" as designated on the Plat are Limited Common Areas and are to be maintained by the Owner of the appurtenant Unit. Units "C" and "D" are inside units and do not have attached decks. All other Units have attached decks, which are considered Limited Common Elements. Storage areas are situated on the South Side of the Project and are assigned, one to each Unit, as a Limited Common element. Any Storage area, may in the discretion of the Association be Reassigned upon 60 days advance Notice provided a substitute storage area is provided the Owner of such assigned storage area.

ARTICLE III DEFINITIONS

Section 3.1. DEFINITIONS. The following words when used in this Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

"Act" means the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, et seq., as it may be amended from time to time.

"Articles" means the Articles of Incorporation of Back Country Cabins Home Owners Association, Inc. on file with the Colorado Secretary of State, and any amendments which may be made to those Articles from time to time.

"Assessments" means the Periodic Supplementary, Special, and Default Assessments levied pursuant to the Article named Assessments below.

"Association" means the Back Country Cabins Homeowners Association, Inc. a Colorado non-profit corporation, the Articles of Incorporation and Bylaws of which shall govern the administration of this project, the members of which shall be all the owners of the condominium units of this project, and the management of which shall be in the Executive Board of such Association, except as may be expressly provided herein or in the Articles of Incorporation and Bylaws thereof.

"Association Documents" means this Declaration, the Articles of Incorporation, and the Bylaws of the Association, and any procedures, rules, regulations or policies adopted under such documents by the Association.

"Bylaws" means the Bylaws adopted by the Association as amended from time to time.

"Common Elements" means the, unimproved land appurtenant to the Units as a whole, structural walls and utilities which are located within a Unit but serve other Units, any hot tub or gazebo, water and sewer lines, roofs or deck designated to be used by all owners on the Plat, driveways, and improvements contained in such building. The term "Common Elements" shall also include the Limited Common Elements, which are exclusively reserved for use by an Owner. **"Common Elements" do not include a "Unit" or the real estate (land) lying beneath a "Unit".**

"Common Expenses" means all expenses expressly declared to be common expenses by this Declaration or the Bylaws of the Association including (i) all expenses of administering, servicing, managing, maintaining, repairing or replacing common elements; (ii) all expenses for heat, electric, water, sewer, trash removal, snow removal from the Common Elements and cable TV; (iii) the cost of supplying trash and

snow removal; (iv) all expenses of maintaining, repairing, or replacing any part of the water or sewer utility lines and facilities serving more than one Unit or located on the Common Elements; (v) insurance premiums for insurance carried under this Declaration. Section 202 of the Act will apply to further define the boundaries of Units and Common Elements.

"Condominium Map or Townhome Condominium Map" shall mean and refer to the Townhome Condominium Map or Plat for Back Country Cabins, recorded or to be recorded in the records of the office of the Clerk and Recorder of the County of Summit, Colorado.

"Townhome Condominium Unit, "Condominium Unit," or "Unit" shall mean and refer to the fee simple interest in and to an individual air space unit called a "Townhome", the real estate or "Land" lying beneath the Unit, together with the exclusive use of the Limited Common Elements allocated thereto, all fixtures and improvements therein contained, and together with the membership in the Association as provided in that Article entitled "Membership & Voting Rights" below. Interior walls, floors or ceilings are designated as boundaries of a Unit. All decking, plywood, plaster, wallboard, paneling, tiles, wallpaper, painting, finished flooring and any other materials constituting any portion of the finished surfaces thereof are part of the Unit; all other portions of the exterior walls, floors and ceilings are part of the Common Elements. Exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are limited Common Elements allocated exclusively to that Unit. Enclosed parking garages assigned to a particular Unit shall be deemed to be part of the Condominium Unit. Assigned parking spaces are not part of a Unit.

"Declarant" means Back Country Cabins, LLC, P.O. Box 4272, Frisco, CO 80443 ("Declarant"), a Colorado Limited Liability Company, and its successors and assigns.

"Declaration" means and refers to this Condominium Declaration of Back Country Cabins, a planned community in the Town of Frisco, Summit County, Colorado.

"Executive Board" means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Property and all improvements on the Property.

"First Mortgage" means any Deed of Trust or Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

"First Mortgagee" means any person named as a mortgagee or beneficiary in any First Mortgage, or any successor to the interest of any such person, under such First Mortgage.

"Limited Common Elements" means a portion of the Common Elements allocated by this Declaration or the Plat Map for the exclusive use of one or more Owners but fewer than all the Owners; the Limited Common Elements are depicted on the Plat Map and described in this Declaration.

"Manager" shall mean a person or entity engaged by the Association to perform certain duties, powers or functions of the Association, as the Executive Board may authorize from time to time.

"Member" means every person or entity who holds membership in the Association.

"Mortgage" means any mortgage, deed of trust or other document pledging any Unit or interest therein as security for payment of a debt or obligation.

"Mortgagee" means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

"Owner" means the owner of record, whether one or more persons or entities, of fee simple title to any Unit, and "Owner" also includes the purchaser under a contract for deed covering a Unit of this Project, but excludes those having such interest in a Unit merely as security for the performance of an obligation, including a Mortgagee, unless and until such person has acquired fee simple title to the Unit pursuant to foreclosure or other proceedings.

"Project" or "The Project" shall mean the planned community created by this Declaration, consisting of the Property and any other improvements constructed on the Property and as shown on the Plat Map.

Summary of Back Country Cabins HOA, Inc. –**Assoc. ID #8993**

Projected Starting Balance as of January 1, 2015 -	\$8,414
Ideal Reserve Balance as of January 1, 2015 -	\$40,092
Percent Funded as of January 1, 2015 -	22.7%
Current Monthly Reserve Allocation -	\$136
Recommended Monthly Reserve Allocation -	\$1,232
Minimum Monthly Reserve Allocation -	\$1,078
Recommended Special Assessments -	\$0

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on October 17, 2014. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representatives (Community Manager). To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 6 townhome style homes that were constructed in 2011. The association's responsibilities include maintenance of all exterior building surfaces (roofs, siding, painting, etc.), driveways, patios, and landscaping. Since the property is still new, there have not been any major reserve projects completed recently. Please refer to the Projected Reserve Expenditures portion of the Financial Analysis section (last few pages) for a list of when other components are scheduled to be addressed.

In comparing the projected balance of \$8,414 versus the ideal Reserve Balance of \$40,092, we find the association Reserve fund to be in a less than average financial position at this point in time (approximately 23% funded of ideal). As a result of the information contained in this report, we find the current budgeted Reserve allocation (\$136 per month) to be less than adequate in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we are recommending a major increase of the Reserve contribution to \$1,232 (representing an average increase of \$182.67 per unit) per month, followed by nominal annual increases of 4.5% thereafter to help offset the effects of inflation. By following this recommendation, the plan will maintain the reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see we have also provided a "Minimum Reserve Contribution" of \$1,078 per month. If the reserve contribution falls below this rate, then the reserve fund will fall into a situation where additional Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The Minimum Reserve Allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period.

This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$25.67 on average per unit per month in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be minimal, and based on the risk involved, we strongly suggest the Recommended Reserve Allocation is followed.

Component Inventory for Back Country Cabins HOA, Inc.

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	102 *	Mod. Bitumen Flat Roofs - Replace	20	16	\$17,820	\$21,060
	105 *	Comp Shingle Roofs - Replace	20	16	\$5,850	\$6,750
	108 *	Metal Roofs - Replace	40	36	\$5,775	\$6,825
	120 *	Gutters/Downspouts - Replace	20	16	\$1,365	\$1,560
	121 *	Heat Tape - Replace	20	16	\$1,900	\$2,280
Painted Surfaces	204 *	Building Ext Surfaces - Repaint	6	2	\$10,800	\$2,600
Siding Materials	303 *	Wood Siding - Major Repair	6	2	\$1,000	\$1,200
	309 *	Stone/Rock Siding - Major Repairs	N/A		\$0	\$0
	310 *	Metal Siding - Replace	N/A		\$0	\$0
Drive Materials	401 *	Asphalt - Major Overlay	24	20	\$5,210	\$5,860
	402 *	Asphalt - Surface Application	N/A		\$0	\$0
	403 *	Concrete - Repair/Replace	6	2	\$2,250	\$3,000
Property Access	501 *	Miscellaneous Doors - Replace	30	26	\$17,860	\$19,740
	506	Windows - Replace	30	26	\$103,700	\$115,900
Decking	603 *	Flagstone Pathways - Major Repairs	8	4	\$1,500	\$1,660
	609	Composite Deck - Replace	20	16	\$23,500	\$26,300
Mechanical Equip.	704	Photovoltaic Solar System - Replace	36	32	\$7,000	\$8,000
	705 *	Photovoltaic Solar System - Major Repair	9	5	\$1,200	\$1,400
Fencing/Walls	1009 *	Split Rail Fencing - Replace	N/A		\$0	\$0
	1010	Trash Enclosure - Replace	25	21	\$5,000	\$5,500
Light Fixtures	1602 *	Exterior Lighting - Replace	25	21	\$3,300	\$3,740
Irrig. System	1701 *	Irrigation System - Rebuild	N/A		\$0	\$0
Landscaping	1801 *	Landscaping - Replenish	N/A		\$0	\$0

** Include as presented in the reserve study*

Table 1

	Back Country Cabins 2014 Reserves ! \$ Curr Cost/ UL	Unit A	Unit B	Unit C	Unit D	Unit E	Unit F	
102 Mod. Bitumen Flat Roofs	\$972	\$188	\$113	\$121	\$158	\$203	\$182	
105 Comp. Shingle Roof	\$315	\$0	\$85	\$0	\$68	\$76	\$85	
108 Metal Roofing	\$158	\$63	\$22	\$16	\$16	\$22	\$16	
120 Gutters	\$73	\$12	\$12	\$12	\$12	\$12	\$12	
121 Heat Tape	\$105	\$18	\$18	\$18	\$18	\$18	\$18	
204 Build Ext Surface Repaint	\$1,117	\$211	\$145	\$122	\$212	\$201	\$201	
303 Wood Siding - Major Repair	\$183	\$35	\$24	\$20	\$35	\$34	\$34	
401 Asphalt	\$231	\$55	\$55	\$30	\$30	\$30	\$30	
403 Concrete	\$438	\$73	\$73	\$73	\$73	\$73	\$73	
501 Doors Replace	\$627	\$112	\$112	\$62	\$62	\$139	\$139	
506 Windows Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
603 Flagstone Pathways	\$198	\$33	\$33	\$33	\$33	\$33	\$33	
609 Decks	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
704 Photovoltaic system replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
705 Photovoltaic system Repairs	\$144	\$24	\$24	\$24	\$24	\$24	\$24	
1010 Trash Enclosure	\$210	\$35	\$35	\$35	\$35	\$35	\$35	
1602 Exterior Lighting	\$141	\$24	\$24	\$24	\$24	\$24	\$24	
Total Annual \$ per Unit		\$683.00	\$775.00	\$590.00	\$800.00	\$924.00	\$906.00	\$4,078.00
Monthly \$ per Unit		\$73.58	\$64.58	\$49.17	\$66.67	\$77.00	\$75.50	\$406.50
% per Unit Responsibility		18.1%	15.9%	12.1%	16.4%	18.9%	18.6%	100.0%