

**Lake Forest Condominium Association  
Board of Directors Meeting  
Saturday, November 5, 2011  
County Commons**

<b>Board Members</b>	Dave Haraway	305F	Bob Bruyn	205F
	Marshall Blaney	103C	Gary Cushner	101A
	Jude Kirk	304A		
<b>Others</b>	Bob Polich	Mountain Systems, Inc.		
	Mike Castaldo	Premiere Property Services		
	Anne Watts	Unit 1600		

The meeting was called to order at 12:02 PM by President Dave Haraway.

**Minutes.** *The minutes from the August 27, 2011 meeting were approved as written. (Cushner/Kirk, 5-0).*

**Owner Comments.** Anne Watts, Unit 1600, had provided the Board an email regarding concern over a carpet patch in the bedroom of her unit to repair water damage caused by the foundation leak corrected this summer. Also communicated was a request for an assigned parking spot as Anne was having a child in the next few weeks. Her concern was the long distance to walk during the winter with a baby. The Board discussed insurance options, if the patch was noticeable, and if the replacement of the carpet in the bedroom would solve the problem. Anne left the meeting following her presentation. The Board did not feel the Association could assign parking places that were open to all owners and guests. As individuals, the Board arranged for the use by the Unit 1600 owner of a garage near the unit for parking during the winter. *The Board approved reimbursement to the Unit 1600 owners of a maximum of \$750 based on a bid obtained by the Association for the replacement of the bedroom carpet. (Blaney/Haraway, 5-0).*

**Property Manager Report.** Mike Castaldo of Premier Property Services provided the property management report. The painting was materially completed and the quality of the work was better than expected. The surface of the entrance stairways was improved as an extra to the painting work. One of the completion issues was the walkway doors in the Building A and B entrances. Mike noted a problem with the Unit B-101 tenant from a commercial vehicle parking with fuel tanks and the regular tracking of mud in the stairways. Mike was working with the owner to rectify the problem. The Association continues to have problems with the life of light bulbs in exterior fixtures and the holiday lighting strings. Mike is obtaining opinions regarding if there is a solvable problem with the common electrical feeds. One of the costs of the holiday lighting was the lift truck to install and remove the lighting at a cost exceeding \$1,200. *A motion was approved by the Board to limit the holiday lighting to that which can be installed without a lift truck to reduce the expenses. (Kirk/Cushner, 5-0).* Based on prior complaints after the holiday season, owners are requested to limit personal holiday lighting between the periods of Thanksgiving to the end of January. Units that have not provided access keys to the Association as required by the documents were A202, A103, B301, B104, D201, and E204. Any expenses resulting from an emergency access would be the responsibility of the owners not providing access keys.

**Building D Foundation Water.** The Board had approved the Building D foundation water mitigation work at the last meeting. The work was scheduled for mid-October. Due to weather concerns, Mike and the contractor agreed to defer the work until the 2012 construction season.

The contractor would remove snow in the spring from the area to reduce the potential of damage at no additional cost. There was a discussion regarding the use of a temporary tarp cover in the area to assist in minimizing damage. The Board directed Mike to investigate the use of a tarp if the overall cost was less than \$1,000.

**Future Projects.** The failure of the furnace in any unit could lead to frozen water pipes. Information regarding checking the furnace would be included in a future newsletter. The upcoming projects include the Buildings A to D lakeside garden areas, repairs or improvements to the decks, and replacement of the flat portion of the freestanding garage roofs. The discussion would be part of the budget and reserve fund consideration.

**Unit Rental.** The guidelines for the unit rental was to have a winter lease for an amount not less than \$1,650 with a longer term lease rate negotiable.

**Financial Report.** Bob Polich had provided to the Board a financial summary through September that included a projected year-end, a proposed 2012 budget, and projected 2013 and 2014 budgets. There was a line by line review and discussion of the 2011 operating costs including the basis for the 2012 budget in each category. The Association has a history of exceeding the operating budget due to board approved expenditures that were not anticipated during the budget process. Bob Polich recommended maintaining some contingencies to have a realistic total operating budget compared to historic expenses. The Board would continue to work on limiting expenditures as prudently as possible. The majority of the costs exceeding the budget in past years were from building construction improvements including the building foundation water intrusion mitigation.

The budget presented to the Board included an 8% increase in operating dues and a 110% increase in the reserve funding to recover the cost of unanticipated expenditures in 2011 and to fund future deck, garage roof, spa replacement, and lakeside garden area projects. The overall increase was 30%. After discussion the Board set the annual prepayment discount at 4%. The future deck work would be removed from the current budget and presented to the ownership as part of the 2012 annual meeting. There was a lengthy discussion regarding the budgeted expenses and appropriate assessments for 2012. Based on the meeting input, a revised budget would be presented to the Board via email for final approval that would include an overall 8.5% increase or approximately \$30 per month per unit.

**Line of Credit.** The Board had approved a draw to \$115,000 on the line of credit with Bank of the West (BOTW) at the August meeting. BOTW indicated the line was only to \$60,000. BOTW indicated they would not increase the line, but offered a “flex” loan of \$55,000 that would not be drawing and would have fixed monthly payments. The cost of the loan would be \$500 to \$1,000. Negotiations were in progress with Alpine Bank for a line of credit loan of up to \$200,000. A line, secured by the unit owned by the Association, was important to the reserve fund planning for the next three years. The cost of the loan, with origination fees, would be \$2,500 to \$3,000. *The Board approved a motion to accept a flex loan offer from the Bank of the West to not exceed \$55,000 if this loan was determined to be the best available option for the Association. (Cushner/Bruyn, 5-0). A motion was approved to obtain a line of credit from Alpine Bank to not exceed \$200,000 if this loan was determined to be the best available option for the Association. (Cushner/Bruyn, 5-0).*

**Next Meeting.** The next Board meeting is scheduled for Saturday, January 21, 2012 at 12 PM. The following Board meeting was set for Saturday, March 10, 2012 at 12 PM.

The meeting was adjourned at 3:30 PM.