

**THE POINTE AT LAKE DILLON
BOARD OF DIRECTORS MEETING
DECEMBER 18, 2010**

MINUTES

1. **Called to Order.** The meeting was called to order at 1:30 p.m. by President Mike Gradassi.

2. **Attendance and Quorum.**
 - A. Board members in attendance were Mike Gradassi, Art Ballah, and Wendell Hughes.

A quorum was established.

 - B. Representing Mountain Managers were Phil Wells and Susan Witkowski.

Two items will be added to the agenda under New Business: Engineering Study and the hot water system pipes (owner versus HOA responsibility).

3. **Owner Forum.** No owners other than the Board were in attendance.

4. **Approval of Minutes from the 7/2/10 Board Meeting.** A motion was made, seconded, and passed to approve the minutes as written.

5. **Repair and Maintenance Report.** Phil reviewed the report covering the period of 6/10 through 10/10. Items included lifting, stabilizing, and filling the void areas of the front walkways for Building 102 C and D and the rear patios of Building 103 A and F. Exterior painting was completed on all buildings and crack filling and seal coating were done.

The concrete work does not include Building 101 A and B. This was paid in November and does not reflect on this report.

All agreed that the exterior painting was very well done – the best ever. Platte Capital Projects is highly recommended. It might be worth considering offering them an exclusive and not bidding the project out next time in order to get an even better price. Phil noted that the bidding process included an extensive scope of work for the first time which was extremely helpful in letting contractors know exactly what was expected. A copy of the scope of work will be put on the website. Phil also explained that local contractors are starting to wake up with the increased competition from Front Range companies. There should be some very competitive bidding until the economy recovers.

The crack filling and seal coating turned out very well. Crack filling is done every year and seal coating every other year (helps to preserve the life of the asphalt). It was noted that the total cost (\$5,275.15) seems high. Mountain Managers uses a contractor that is considerably lower than any other (about \$.17 per square foot). There were a lot of cracks and the crack fill material was absorbed very quickly. The contractor returned to re-do a couple of areas (no additional charge). Susan was told that the asphalt is getting pretty bad in places. This will need to be watched.

Several other items have been completed that did not appear on the report. These were either under \$500 or completed after the report was prepared and include:

- The metal caps on the vertical posts behind 102 and 104 have been completed (final bill received in November). Phil didn't have the exact cost but believes the cost was less than originally anticipated.
- The two soffit boards were repaired above Mike's and Art's units by Mountain Managers maintenance staff.
- Doors have finally been completed. The wrong doors were brought up originally. The doors are primed but trim painting cannot be done until spring. The first doors that were replaced required some touch up due to how the doors fit. This has not been a problem with subsequent door replacement. It was noted that the "E" unit doors were not replaced. Both owners stated the current doors are in good shape.
- Signs for parking and snow removal were re-done
- A new "No Parking" sign was installed
- A 2nd recycle bin has been added
- The tree between C & D units was replaced
- Heat tape and downspouts for buildings 102 and 101 (this probably appeared on the last HOA meeting's Repair and Maintenance Report. Since the Pointe has 2 HOA meetings per year, the whole year is not reflected on any one report)

Capital projects have been moved up as far as money has allowed. With so many good deals being offered, the HOA has done as much as possible instead of waiting. This has reduced the reserve account to about \$6,800 but there was still \$27,000 in the operational checking account at the end of October.

Snow plowing has been much better than in past years. The use of proper equipment has allowed driveways to be plowed and the plow people are doing a good job. The contractor will be told the HOA is very happy with plowing this year! There has been a lot of snow through November and December. The Association is on a fixed contract for the season and pays the same amount per month no matter how many plows are needed. If heavy equipment needs to be brought in or roof snow removal needs to be done, these are billed separately and may impact the budget. Early October snow resulted in plowing before the snow markers were put out. The plow went into some stone areas and the rocks will need to be replaced. This has not been a problem since the markers have been put up.

6. **Financial Report**

A. October Financials

Income was below the budgeted amount by \$408. One owner is on a payment plan and is bringing the delinquent account current.

Expenses were \$3,579 under budget and the HOA showed a net surplus of \$3,171 through October.

The balance in the checking account was \$26,949.76 and the money market account balance was \$6,829.45.

The insurance premium is paid on November 1 of each year which will lower the checking account balance. Phil noted that the premium was lower than budgeted (\$9,130 versus \$9,927). Mountain Managers' blanket policy had a very good year with few claims.

With anticipated expenses taken out and projected income added in, the year end checking account balance should be around \$25,000.

Delinquencies were discussed. As noted previously, one owner has set up a payment plan and is bringing the account current. Overall the HOA is in good shape year-to-date with no problems foreseen with payables.

B. 2011 Operational Budget

Income is based on the current dues structure (\$400 per unit per month).

Expenses were reviewed. Phil pointed out that utility costs continue to escalate. Exterior lights and heat tape are common utility expense and heat tape is expensive to run. Overall, expenses are projected at \$84,912 (\$1,263 more than 2010). This is a fairly conservative budget and the negative net of \$2,832 is not a big concern. The estimated transfer to reserves will be \$33,120. By law, once money is transferred into reserves, it cannot be used for operational expenses. The HOA can "borrow" from the reserve fund for a short period of time but it must be paid back. The amount going into reserves can be re-set each year. By statute, all HOA's must have a reserve study but there is no legal requirement for funding. Some HOA's use dues payments to fund reserves and others assess for all capital projects. Many use a combination of both. Last year the Board resolved to "plan, fund, and execute" and has been successful thus far. At year end, if there are any surplus funds in the operating account, these will be transferred to reserves. The HOA should not show a profit since any profit is taxable income. No dues increase is planned for 2011. Phil noted that the Board has justification for an increase (negative net) if they want to consider one. The Board does not want to increase dues this year but will keep a careful eye on the financial picture. It may be wise to bring this up at the HOA meeting and let owners know that a small increase may need to be considered next year. If the MCR is adequately funded, the reserve contribution could possibly be reduced to avoid a dues increase. This is not necessarily recommended but it could probably be done without creating any serious problems.

C. MCR

2011 is a light year for capital expenses. Deck stripping or replacement is scheduled at an estimated cost of \$3,844. This may be low and not include replacement. Phil will check on this. SBR planned to take the railings down and sand blast to get all the paint off so they would take stain. Other deck areas can be sand blasted in place. The estimated cost was put in a long time ago and this will need to be readdressed in the spring. A decision will need to be made on what is to

be done and new bids obtained. The structural integrity of the decks should be determined before any decisions are made. One contractor (not an engineer) with a lot of deck experience said they appear to be fine. No twisting or movement has been detected and hopefully, they'll last another 8 to 10 years. It was noted that posts are splitting and snow gets in. Snow generally melts out on the vertical posts and does not cause a problem. The splitting is probably the result of dry wood and not a sign of structural defect.

Door replacement will be left on the MCR but may not be needed. The owners of 102 and 104 E do not think their doors need to be replaced.

Crack filling will be done at an estimated cost of \$1,408.

Mulching at \$1,650 is scheduled. This seems high and may not be needed. The single largest area is the berm and mulch is not needed here. The tree wells do need to be mulched. Shredded cedar is being used since it looks good and last longer than wood chips. Mulch will be looked at in the spring before doing anything.

It was noted that the drive materials are listed in 3 separate categories. The first is "Asphalt-patch, crack fill & shim garage". The 2nd is "Asphalt-seal coat, patch, crack fill", and the 3rd is "Asphalt-crack fill". The 2nd and 3rd categories are self explanatory but questions were asked about "shim garage". It was explained that if the asphalt settles it might be necessary to cut out a small 2 foot section of asphalt, pour back in and ramp it up to the concrete. This will be left in the MCR.

Exterior painting is scheduled again in 2015. Hopefully, the \$33,800 estimate is on the high side but the number is OK for planning purposes. Prices should continue to stay down unless the cost of materials goes up.

\$2,400 is scheduled every 3 years for door stain. Would it make sense to look at lower maintenance doors? Door replacement is scheduled for 2018. Phil noted that the stain cost will probably be less than the estimate and it also seems to be a waste to take out/replace perfectly good doors in order to save on staining costs. When it's time to think about replacement, it would be a good idea to look at other door options. Metal doors may not be as good looking but they wear very well. Current framing warps due to exposure to the elements. When sealed all the way around, utility bills can be reduced. This is true for the garage frame as well.

2018 is a heavy expense year. The reason for putting all this money into reserves is to be able to cover big expense years without assessments. Painting, gutters and heat tape, deck replacement, exterior lights and garage doors are all in 2018. Buildings are getting older (104 was built in 1997) and by 2018, the garage doors will be 21 years old. It makes sense to have a big number here for planning purposes. There are 24 units and a few have double doors. Phil noted that a single wood door of good quality is around \$2,200 including new motor, etc. A composite door runs about \$1,500.

Exterior lights were discussed. Building 101 should be set up the same as the other buildings. The lights on building 101 are all individual; the other buildings are on a sensor and are paid for as common utilities. The front exterior lights on 101 are builder's grade and do not look very good. Costs will be obtained for replacing these lights. The whole complex would benefit from upgraded light fixtures. This might have to wait until 2018 but nicer lights of a bigger size would certainly enhance the curb appeal. Phil noted that the lights could be looked at during a low expense year but recommended doing all of them at once.

Deck staining was talked about. Technically, any owner add on is the owner's responsibility and not the HOA's. This has been basically ignored in the past since figuring out the individual invoices is more trouble than it's worth. It probably amounts to about \$25 per invoice. If the question arises at the HOA meeting, individual invoices can be done.

The necessity of an engineering study was brought up. Art is part of another HOA in Denver. They have recently changed management companies and are in the process of setting up a reserve study. They decided a competent and licensed engineer should be used to do a base line engineering study and then the HOA would do annual updates with a professional reviewing every 5 years. The cost is from \$1,500 to \$2,000.

Mike has done an outstanding job on the MCR along with Mountain Managers but Art wants to be sure legal requirements are met. Phil stated that the MCR's prepared by Mountain Managers meet all legal requirements. He also noted that some HOA's have spent a lot more than a couple of thousand dollars for a professional engineering study – more like \$4,500. Mountain Managers also found that a lot of the engineer's numbers were bogus. Companies that prepare reserve studies aren't in Summit County and their numbers reflect that fact. They also have a tendency to go overboard and this distorts the bottom line. If you feel it's necessary, it's not a problem but it could be a big waste of money. Art said based on the size of our HOA he tends to agree with Phil. The Pointe is not comparable with his Denver HOA. If Phil is comfortable with the legal aspects then Art is comfortable with that decision. Phil is sure that legal requirements are met. All numbers are reviewed every year and as each project gets closer, they are looked at by professionals and changes to the MCR are made as necessary. As long as the Board and the management company keep on top of it, the MCR should be good unless something was missed when the MCR was originally done.

It was noted that there is only one line item for all roofs. There are two different types of roofs (membrane and shingle). There is also a 4 year span in original installation dates. Roofs are not scheduled until 2019. Next year they will hit the 10 year MCR and that's when we need to start looking at when they should be scheduled. Roofs will be looked at, life expectancy estimated, and bids obtained. Numbers and dates will be revised depending on the findings. Phil also noted that roof replacement at the Pointe is not a huge expense (\$46,000 for all). Doing one per year at \$15,000 max is not going to be a bank breaker. Roofs are also inspected annually and routine maintenance done. The insurance company really likes preventative measures like annual roof inspections. On going maintenance is very important.

It was resolved that no professional reserve study will be done but the Board will review annually.

7. **Old Business / New Business.**

Windows are an owner responsibility but questions were asked on sliding glass doors. These are considered windows and are also an owner responsibility. Owners may replace sliders if they so choose but prior approval is needed to ensure uniformity.

8. **New Business**

- A. All HOA's are now required to register with the state (new law). The original deadline was 1/1/11 but this has just been extended. All HOA's are automatically registered for 3 months until the paperwork is set up. The operational budget includes the fee for registration (not to exceed \$50) and Mountain Managers will take care of this. Phil believes it's a fairly simple procedure
- B. Mud jacking was brought up. This is generally much cheaper than replacing concrete. There is a new process that requires drilling a much smaller hole (virtually undetectable) and the injection of a chemical. Phil stated that this was the process used at the Pointe and it worked great. The area can be used immediately and you can't even tell where it was done. The new process is a little more expensive but when you consider concrete replacement you also have to consider ruined landscaping that will have to be replaced. In addition, the area being replaced is not usable while it's torn up and then for another 48 hours at least after new concrete is poured. You might also have to create an alternate route to be used during the replacement process. Overall, lifting and stabilizing is much better/cheaper than replacement. It will not work on very small footprint areas but overall, it's a great process.
- C. 104E has had an icicle problem in year's past which has deteriorated the fascia. Solutions have been tried every year but the problem often recurs. Phil noted that there has been a lot of snow but also a lot of warm weather. If the icicle problem has not yet recurred this year, it may not happen.
- D. The Board requested an updated owner list. This will be revised after the HOA meeting and posted on the website. It was noted that the list is only available to the Board and not to owners. There is a privacy issue and Mountain Managers only publishes information that is a matter of public record. Anything else would require the owner's permission. It was noted that all minutes, governing documents, etc. are available on the website. Owners can access this information by going to mountainmanagers.com and clicking on the HOA button at the top of the page. Select "Homeowner" from the drop down menu and enter your homeowner code (pt22). The MCR is not on the website and Mike will be sent a copy.
- E. The amendment to the Bylaws concerning Board terms was discussed. Terms are no longer staggered as they should be. When the Board was reduced from 5 to 3 members, the terms got out of sync. The amendment will allow for the temporary adjustment of terms to get the staggered cycle back on track. In May there will be

two vacancies on the Board. Instead of 2 3-year terms, one should be a 2-year term. The terms can be stated at the time of the election. Any amendment to the Bylaws requires a vote of the owners and this will be discussed at the HOA meeting. Continuity is important on the Board and having one term expire each year creates a slower turn over.

- F. Unit 103A had the boiler go out. It was found that there were faulty materials in connecting plastic piping. Generally, if the pipe is in an exterior wall it's an HOA responsibility and if it's an interior wall, the responsibility is that of the owner. In this instance, it is an integral part of the furnace which is an owner responsibility. If it was a gas line or water line leading to the furnace it would be the HOA's expense but this piping is the owner's expense. It's a connection issue more than the pipe that's causing degradation. Owners are encouraged to have annual professional inspections done. Boilers generally have a 10-15 year life expectancy. With regular service, it's often closer to 15.
8. **The Next Board Meeting** will be scheduled at the HOA meeting.
9. **Adjournment.** A motion was made, seconded, and passed to adjourn the meeting at 3:45 p.m.

Respectfully submitted:

Judy Freese, Recording Secretary. (Minutes were prepared using a tape recording of the meeting and notes taken by Susan Witkowski)

APPROVED

Approved via e-mail

1/18/11

Mike Gradassi, President

Date