

IMPORTANT NOTICE

PLEASE READ

THE POINTE AT LAKE DILLON

DUES INCREASE NOTICE

AT THE 11/6/09 BOARD MEETING, A DUES INCREASE WAS APPROVED. EFFECTIVE 1/1/09, DUES WILL INCREASE BY \$65 (to \$400 PER MONTH PER UNIT) IN ORDER TO FUND RESERVES. THIS WAS DISCUSSED AT THE 11/6/09 SEMI-ANNUAL MEETING. PLEASE REFER TO THE ATTACHED MINUTES FOR MORE DETAILED INFORMATION.

THANK YOU.

MOUNTAIN MANAGERS
AGENT FOR THE POINTE AT LAKE DILLON

**THE POINTE AT LAKE DILLON
SEMI-ANNUAL HOA MEETING
NOVEMBER 6, 2009**

MINUTES

1. **Called to Order.** The meeting was called to order at 5:35 p.m. by President Mike Gradassi.

2. **Attendance and Quorum.**

Board members introduced themselves and owners were asked to give their names and unit numbers. Owners were requested to fill out the request for updated owner information sheets if they had not already done so. It is especially important to have current e-mail addresses since this is the easiest way to keep owners up to date. Owners were also reminded to sign in on the attendance sheets so a quorum could be verified. Mike also asked if owners who got new doors were having any problems – none reported.

- A. 11 owners representing 10 units were in attendance. In addition 10 proxies were received (attendance sheets and proxies are on file with the original minutes).

A quorum was established.

- B. Representing Mountain Managers were Phil Wells, Susan Witkowski, and Judy Freese (via phone).

3. **Approval of Minutes from the 5/2209 Semi-Annual HOA Meeting.** A motion was made, seconded, and passed to approve the minutes as written.

4. **Repair and Maintenance Report.** Phil explained that the top items were generated from the last HOA meeting. Mike explained the pillar caps. The wood has deteriorated and is being replaced with metal that wraps around the post to prevent moisture from getting in. He also stated that due to the high cost, the caps were being replaced a few at a time. One owner spoke up and stated he had a cap done in Denver for a fraction of the cost. The caps will be discussed in more detail later in the meeting. The bottom part of the report lists other key items that have been completed. It was noted there was one additional item. Gutters were cleaned – the cost was under \$250 and therefore not reflected on the report. Gutters will be inspected annually and cleaned as necessary. Unit 102A stated she could see into one gutter from her deck and it definitely was not clean. Mountain Managers will check on this and make sure all gutters were cleaned. It was Phil's understanding that all were done and it's possible that this is a new accumulation of debris but all will be checked. 104F had a major ice dam last year and this needs to be watched closely. Unit 104A has experienced major dripping problems and there may be a problem with a cracked gutter. This should have been repaired when the annual roof inspection was done. This will be checked as soon as possible. A question was asked on whether or not owners with expanded decks were charged for the additional deck staining. Mike replied that he had researched this and found it would be more trouble than it was worth to invoice these owners separately and keep track. There are 3 units with expanded decks and the cost would have been about \$20 per deck. A question was asked on mulching. One owner planted flowers behind 103 a couple of years ago and put down mulch. More mulch was needed this year and it was added not only to their unit but to neighboring units as well. The HOA then put down mulch – will this be done every year? Mike responded yes.

Another owner questioned the fact that no notices were received for landscaping committee meetings. It was explained that nothing much was done this year and no formal meetings were held. No owner work days were scheduled this year. Committees do not have any spending authority; the Board must approve any expenditure. Replacing dying plants, adding mulch, etc. was approved at the spring HOA meeting and that's all that was done.

5. **Financial Report.**

A. September financials were reviewed by Phil along with year-to-date numbers.

On the income side, dues are below the budgeted amount – there is one delinquency (30 days) that does not appear to be a serious problem.

Expense figures were reviewed line by line. Utilities were \$2,587 under budget. The budget was based on a much colder winter (last year was not as cold) which may have resulted in over budgeting. Repair and Maintenance was under budget by \$750 and security (alarm monitoring) was a little over budget. Snow removal (plowing) is on budget. No heavy equipment snow removal was needed last year but will be left in the budget just in case. Grounds were under budget by \$1,813 but the \$1,768 reflected on the MCR for landscaping will be moved to the operations budget. This will make grounds come out about even. The fire sprinkler system was \$152 over budget due to a couple of necessary repairs.

Overall, the HOA is \$5,832 (less the \$1,768 for landscaping) under budget on expenses year-to-date.

The balance in the checking account was \$18,029.21 and the Money Market was \$22,271.86. \$14,400 per year is allocated for reserves. It was explained that \$50 of each owner's monthly dues payment goes to reserves.

B. The 2010 Operational Budget was reviewed.

Income is projected at \$96,480 and is based on the current dues structure.

Expenses were looked at and questions answered. Insurance premiums are paid annually on 11/1. Insurance was budgeted with a 7% increase (this actually came in closer to 4%). Heavy equipment snow removal is budgeted at \$460. This is probably for a one time removal of snow if snow storage areas become full. It is not automatically done by the plow company. If they think it's necessary, they will call Mountain Managers for approval. It was noted that last year owners were asked to move vehicles from the parking area at the end building 101 so the area could be used for additional snow storage.

Total expenses are projected at \$81,885 leaving a cash flow of \$14,595. With \$14,400 allocated for reserves, the annual net will be \$195. If dues are kept at \$335, \$285 per unit per month goes into the operational budget and \$50 per unit per month goes into reserves.

- C. MCR: Mike explained that the reserve study contains major maintenance/replacement items. Phil noted that these items are not routine repair and maintenance – they are capital improvements. Mike explained the format. Each item is listed with a useful life expectancy, remaining life, and probable replacement cost. The report goes out through 2020 so upcoming expenses can be planned and budgeted for. Mike went through the funding requirements and explained that the \$14,400 annual contribution is about half of what the HOA needs. There is not enough money set aside to complete the painting scheduled for 2010. It is vital to maintain the buildings and painting cannot be deferred. A bid has been obtained in the amount of \$34,000 versus the \$45,000 budgeted. That's a plus but it's not enough. At the very least, we will need to double the currently allocated \$50 per unit per month for reserves. If painting is done in July/August, the HOA will not have collected a full year's reserves and we do not want to go into the negative. The Board has discussed the shortfall at length. The best option is to increase dues by \$65 per month which will allow \$115 per unit per month to go into reserves and \$285 into operations. At the end of 2010 the HOA will have about 5 weeks of operating expenses in the account which is a very small cushion. The MCR will have \$4,400 at the end of 2010 which is not much.

Anticipated expenses for 2010 were reviewed. These include painting (\$33,800), siding repair (\$3,500), and deck caps (\$5,000). It was explained that the Board previously voted to change the budgeting for deck caps from \$2,000 in 2010 and \$2,000 in 2011 to \$5,000 in 2010. There are more deck caps than originally thought and it is hoped that a lower price can be obtained and possibly an additional discount for doing all caps at once. It was suggested that a metal fabrication company be called and caps ordered. It's a 5 minute installation job (2 screws) and then the caps would be spray painted. It was also suggested that Front Range companies be brought in. Phil stated that all options will be explored but he is uncomfortable with accepting a super low bid from an unknown contractor. This could lead to a lot of problems. Questions were also asked on the painting bids and whether or not they are too high. One owner noted the bids are actually low compared to some she's seen. Phil explained that the current bid being used for budgeting purposes is from Sunshine Painting. They did Water Dance and the complex looks great. All owners were happy with the work done. Mountain Managers has some leverage due to the number of associations managed and paint bids are still being worked on. Using local contractors versus Front Range was discussed at length. There are pros and cons on both sides. The important thing is to have an exact scope of work and to ensure that all contractors are bidding the same thing. Phil also noted that the only contractors willing to come up from Denver are the larger, more expensive companies and not the smaller, cheaper ones. He also mentioned that he likes to spend where he lives whenever possible but not if it will cost the HOA substantially more money. Local contractors should be given the opportunity to match any lower outside bids. Door replacement (\$3,400) is also scheduled for 2010 along with the mud jacking that was not completed in 2009. One owner stated that 104D had something done to their front stoop that looked like mud jacking (not done by the HOA). This will be looked at. The owners should not have done this on their own but maybe they have the answer to the mud jacking issue. The expense total anticipated for 2010 is \$48,700.

Mike asked if there were any questions. There were questions on the cumulative reserves and how it's calculated. It was explained that this is how much money you should have in reserves in order to be fully funded. No one is 100% funded and you do not need to be. Mike explained various approaches to funding and will e-mail information to any owner who requests it. The Pointe has been using an annual approach. As long as everything does not have the same life expectancy, when a big item comes due (roofs) you can "steal" from something else that has more remaining life. Items can also be deferred and moved forward or back as necessary. Looking ahead, there are a lot of negative numbers at the bottom of the MCR. With a \$65 dues increase, the HOA will remain on the positive side.

Questions were raised on the dues increase. It was pointed out that there is no such thing as "competitive dues". Mike stated the Board has worked long and hard on the HOA's finances. Dues cannot simply be kept low. If this is done you end up with huge special assessments. Deferring items such as painting and siding work is not an option. You must keep the property in good shape in order to protect property values. In addition a good looking property equals more curb appeal and more value. Phil stated that the Board is doing everything right by looking at expenses, future projects, and funding requirements. Delaying a dues increase can cause more problems. You do not want to wait until you "have" to raise dues and they try to play "catch up". When homes are new people don't think about major expenses but as buildings age, more maintenance is required. Mike has been working on all this for a long time and will continue to do so. This will be discussed again at the next HOA meeting and probably every meeting thereafter.

More questions were asked on painting. Can it be deferred? Can some buildings be done and not others? Painting is currently on a 6 year cycle and should really be on a 5 year cycle. If painting is delayed or only partially done uniformity will suffer and unprotected siding can cause more serious problems down the line. It's extremely important to protect all buildings and do regular painting. It would be best to have all buildings on the same paint cycle but one building was done 3 years ago and it is not necessary to spend the extra money now to paint that building.

Any dues increase will go specifically to reserves. At the end of next year the HOA will be pretty "skinny" but will improve after that. On the capital side, the HOA should be in fairly good shape for the next 5 years. There haven't been too many problems on the operational side. The single most important reason for a \$65 dues increase at this time is painting. It was reiterated that all dues increase money will go into reserves; the amount going towards operating expenses will remain the same. If there is an unexpected jump in operating expenses, that will be addressed later. Phil does not anticipate any huge increases – possibly 5% maximum due to inflation.

A question was raised on making the increase \$10 less. Mike stated that the Board started at \$80, went down to \$50 and settled on \$65. The Board has already approved this increase but wanted all owners to have a chance to comment and discuss. Phil also noted the necessity of keeping at least \$10,000 set aside for paying the insurance deductible (\$5,000 per occurrence). A bad winter that incurs a couple of roof leaks and subsequent insurance claims could wipe out any savings.

After more discussion on the amount of the dues increase, deferring painting (not an option), the reserves account, etc. one owner thanked the Board for a job well done and the good explanation. The Board takes its fiduciary responsibility very seriously and will continue to do so.

Dues will increase by \$65 per month per unit bring dues to \$400. This will be effective 1/1/09. Notices will be sent out with these minutes.

6. **Old Business.** None

7. **New Business**

- A. One owner asked Phil to expand a little more on his background and philosophy of running a business. Phil explained that he has extensive experience in real estate and property management. He has worked in sales, management, and as a general contractor. He is well grounded in working with HOA's and insurance. He's very big on loss prevention and will be going to Farmers Insurance on Tuesday to talk about what can be done to cut losses. He believes in being proactive – it's better to act than to re-act. Phil lived in Summit County in 1987. When his job fell through he drove the Summit Stage, worked as a wine steward, etc. He stated it was quite an adventure but he went back east and got his old job back. He moved to Florida, bought 2 small landscaping companies and grew them from 8 employees to 52. He essentially retired 4 years ago then decided he'd have to go back to work. He looked around on the east coast but was extremely happy to see the Mountain Managers opportunity on the Internet. He's glad to be back in Summit County again.
- B. Phil was asked if the insurance deductible could be lowered. He explained that this is part of the "blanket" policy that insures all Mountain Managers' associations. A stand alone policy with a lower deductible would cost substantially more.
- C. Questions were asked on vendors, unit maintenance, etc. Phil explained that Mountain Managers loses some leverage with contractors when Mountain Managers is not the entity paying the invoices. Even with that in mind, many of our reliable vendors will give owners a good deal. A vendor list is available on the website along with a lot of association information (minutes, rules, governing documents, etc.). To access the website, go to mtnmanagers.com and click on HOA on the left side of the page. Make sure you click on HOA and not on HOA Information. Click on The Pointe on the list of associations and all public files will be displayed. To access locked files (financials, etc.), your homeowner's code is pt22 (case sensitive).
- D. There was a question on the trellis installed to cover the electrical panels. Phil feels this was done at a great price and the contractor did a terrific job.

- E. It was asked if Mountain Managers' staff members could be more observant when they are on property and try to catch small things early. Phil explained that many of his people are doing as much as they are capable of. The director of maintenance is a very smart, capable person but he's spending more time doing maintenance jobs than supervising. Phil is working on this and is hoping to see more visibility and supervision in this department. He has also made some personnel changes and has teamed up the Property Management guys so they are working in pairs. One owner noted that when he reported a soffit board coming off he expected it to be fixed in a reasonable 7-10 day time period – it was done the next day. Good response time!
8. **The Next Semi-Annual HOA Meeting** will be held on 5/14/10, 5:30 p.m. at Mountain Managers. The Board will meet two hours prior to the HOA meeting.
9. **Adjournment**. There being no further business, the meeting was adjourned at 8:10 p.m.

Respectfully submitted:

Judy Freese, Recording Secretary

APPROVED:

Approved via e-mail

11-14-09

Mike Gradassi, President

Date