

IMPORTANT NOTICE

TIMBERLINE COVE OWNERS

DUES INCREASE

A dues increase was discussed at the 10/2/10 annual HOA meeting and subsequently approved at the Board meeting. Effective 1/1/11, dues will increase by 3% per unit per month. Please see attached minutes for additional information. New dues amounts are as follows:

IF YOUR CURRENT DUES AMOUNT IS:	YOUR NEW DUES AMOUNT WILL BE:
\$263	\$271
\$269	\$277
\$365	\$376
\$391	\$403
\$422	\$435
\$511	\$526
\$522	\$538
\$594	\$612
\$730	\$752

**TIMBERLINE COVE
ANNUAL MEETING
OCTOBER 2, 2010**

MINUTES

1. **Call to Order.** The meeting was called to order at 10:05 p.m. by President George Hart.

George introduced himself and requested an agenda change. Prospective Board member Jessica Bergan and her husband Dan will need to leave the meeting early due to a prior commitment. It was resolved to hold elections at this time instead of waiting until the end of the meeting.

2. **Attendance and Quorum.**

- A. 16 owners representing 11 units were in attendance. In addition, 19 proxies were received and a quorum was established.

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

3. **Election of Officers.** There were two vacancies on the Board for 3 year terms. The terms for Mark Hull and Jerry Frazee were expiring this year. Mark declined to run for re-election. Jessica had expressed interest in serving on the Board and was duly nominated. Nominations were open from the floor; none were forthcoming and nominations were closed. Jessica was unanimously elected to the Board. She noted that she and Dan reside in unit 309 for 8 months out of the year. She serves on another Board for a children's hospital and is looking forward to working with this Board. She is very interested in keeping the complex a first class property. (Note: Through an oversight, Jerry was not officially re-elected at this time. This was brought to the Board's attention at the end of the meeting and a motion was made, seconded, and passed unanimously to re-elect Jerry to the Board.)

George noted that all owners were invited to his unit (209) for a get together after the meeting.

4. **Approval of Minutes from the 10/3/09 Annual Meeting.** A motion was made, seconded and passed unanimously to approve the minutes as written.

5. **President's Report** – George asked to defer this until after the Repair and Maintenance Report. Many issues that he will discuss concern what has transpired this past year.

6. **Repair and Maintenance Report** was reviewed by Phil Wells. The report covered the period of 9/09 through 8/10 and contains completed items over \$500.

- A. Legal fees totaled approximately \$4,300. These were incurred in an effort to get the developer and builder to take care of issues the Board felt were their responsibility and had not been done. A lot has been accomplished but there are still a few outstanding things that will be discussed during the course of this meeting.

- B. Cedar fencing was installed along the front side and along the rocks at the rear of the property. The original cost was \$958.50 but it was discovered that the fence was too high and part of the fence had to be taken out and reinstalled. The additional cost was \$510.00

- C. There were two service calls to the elevator company when the elevator was reported as being stuck. Both instances occurred outside of normal working hours and were therefore very expensive. The policy has subsequently been changed. The Board has resolved that no service calls will be made except during normal working hours on weekdays.
- D. Other completed items included purchasing a luggage cart (Duane was reimbursed for this), converting the garage door system to one that uses a standard opener, parking lot crack fill/seal coat/stripe, cleaning high windows, cleaning dryer vents, pruning trees and shrubs, and repair of a leak on the sprinkler system in the mechanical room.

7. **President's Report.** George stated that the Repair and Maintenance Report reflects what actually happens during the course of a year. There were a few significant issues but primarily, the Board receives phone calls about things not working properly or maintenance that's needed.

The new elevator policy was discussed at length. George pointed out that if someone is stuck in the elevator, the fire department will respond. The elevator company has an office in Summit County but they are based in Denver. By the time they dispatch someone to come up it results in a very expensive bill. Travel time up and back is charged plus time on the scene. The company is union (as is the other company that was looked at). Expense was what dictated the new policy. Owners may be inconvenienced due to the elevator not being available for part of a weekend. If there is a handicapped renter in residence, Mountain Managers will be able to help out if necessary. Should an owner have a real problem with a tenant who demands elevator service, a service call can be placed with Board approval, but the owner will pay the cost. If there is ever an occasion where a handicapped person is staying on an upper floor, the Board will be contacted and advised of the issue. Exceptions to the policy can be made and will be handled on a case by case basis.

Robert pointed out that on one service call, the company responded and found the elevator working. The charge was \$1,250. There is a service contract in place but after hours calls are considered to be out of the service contract. There is no charge for calls placed during normal working hours unless the problem is caused by abuse. The service contract is \$150 per month and they come out periodically to check the elevator and do needed repairs.

Robert was thanked for negotiating the current contract. He kept at it and was able to get a really good rate (probably 30% less than the bid price.)

Questions were asked on why the elevator experiences problems. It was explained that it is actually an outdoor elevator placed in an indoor structure. Cold temperatures can have a drastic effect on the hydraulic oil component and the elevator can stop working. For half the year a heat lamp is used to keep the temperature up.

The elevator issues are just a part of what the Board deals with every year. They work with the management company to ensure everything is maintained and working properly and that the property is kept in good shape. All this needs to be done within the parameters of an established budget. A policy has been established with Mountain Managers regarding maintenance/repairs. If the cost is under \$500 and needs to be done immediately, Mountain Managers is authorized to proceed. If the cost is over \$500, a Board member is contacted for approval. Anything over \$500 that can wait is presented to the entire Board for a decision.

George noted that Mountain Managers is doing a good job and is very responsive. Owners who have any problems are encouraged to contact a Board Member or Mountain Managers directly. Owners should remember that if Mountain Managers is called and they are required to send someone to the property, there can be a charge. For example, if someone is in the hot tub late at night and making noise, the chances are better if the police are called versus calling Mountain Managers. Phil explained that any time there is a disturbance/trespassing call, employees have no authority except to ask them to stop. A police officer on scene usually gets prompt results!

The Chief of Police has stated there is no problem dispatching an officer to the complex and owners should call if the situation warrants it. Having a police officer respond avoids danger to owners and keeps conflicts between neighbors to a minimum.

The Board spends quite a lot of time on routine items such as cleaning of dryer vents, gutter work, landscaping, removal of dead trees, etc. These are all small, routine issues but decisions are required to be made. Non routine items often require an extensive amount of time. The hot tub issue is a good example. With the exception of one owner, the consensus is to keep the tubs. Both heat exchangers went out on the tubs this year. Since the tubs are about 3years old, this is a pretty short life span. The exchangers cost \$900 plus installation for a total of about \$1,000 each. They are brass and very expensive. The Board made the decision to replace one heat exchanger now (completed yesterday) and look at the other one a little later. One tub will be kept operational and the other has been winterized and closed down. There was some discussion on the possibility of tub damage if it is drained and the Board will look at options. No decision has been made yet but the tubs may be replaced in a few years with a single, larger, commercial grade, fiberglass or acrylic tub. The cost will be approximately \$30,000 for a tub that is partially in ground and partially above ground. This would provide handicap access. Stainless is also available but would be much more expensive. There is money allocated in the MCR for tub replacement but it's advisable to hold on to the current tubs as long as possible.

Another big issue the Board has diligently worked on is getting the builder and developer to accomplish punch list items dating back to the 1st year of completion. Unfortunately, it was necessary to bring in lawyers to accomplish this since no response was forthcoming from the builder/developer and no work was being done until a lawsuit was threatened. Money was spent on legal fees but quite a lot has been accomplished. The parking lot is a good example. The low spots have been filled, seals and cracks done, re-paving completed and the drainage issues by the dumpster have been addressed along with water penetration issues.

The sound issues are still being worked on. Sound engineer testing has been done and solutions ranged from doing nothing to a complete rebuild. This would entail pulling out all carpets, furniture, cabinets, etc., and then pulling the ceiling down to re-do the tracks. This would be followed by total repainting and moving everything back in. Obviously there would be a lot of disruption and there would be no guarantee that sound issues would be solved.

The Board has done a lot of research and even attended a class on noise issues. After much discussion and consulting with engineers, it was resolved to work through an attorney to create a smaller settlement with the developer/builder. Owners will be informed once a final agreement has been negotiated. The Board will continue to use legal leverage to gain some sort of settlement which should mitigate at least some of the noise and cover some of the legal costs.

George asked other Board members for comments. He was thanked for a very thorough report. There have been lots of meetings and legal issues to deal with this year. Overall, the property looks great and the HOA is looking good financially. All Board members have done a terrific job. It was noted that Duane and Robert are in residence for several months each year and both have done a tremendous amount of work. Thanks were given for a great job. It was also noted that it will be nice to have new Board member Jessica in residence for 8 months out of the year. Mark explained that he is finishing up 3 years on the Board and noted that he has not been able to contribute as much as the other board members. He, too, singled out Duane and Robert for stepping up and putting in so much time and effort. Robert asked owners to pitch in and notify someone if they see something not working, leaking, etc. The sooner something is reported, the sooner it can be fixed and damage can be controlled.

8. **Introductions.** Phil and Susan were introduced. Phil purchased Mountain Managers from Eric Gill 14 months ago. He's happy to be in Summit County and things are going very well. He has a good staff and several key employees have been with the company for many years. Susan (Property Management) has been with the company for over 9 years and handles most of the phone calls from owners. She was given a round of applause for all she does. She has been very helpful and did a lot of work on the new garage door openers. Someone asked if the home link instructions for the garage door openers can be sent out to owners. This will be provided with the minutes.

Owners were asked to introduce themselves and state how long they had been an owner and how much time they spend in residence.

One owner asked about the bike trail and when it would be done. Posted signs say the end of October but it seems to be taking a long time. Eventually, it's supposed to go all the way to the overlook.

George stated that the annual HOA meetings were more for the owners than the Board. The Board meets every quarter (more often if necessary). Owner comments and input are welcome.

9. **Financials.** It was noted that the HOA was \$2,152 ahead of budget at the end of August. Any excess funds can be put into reserves.

There was some discussion on refinancing. One owner stated that there are a couple of issues being raised by lenders. One is the percentage of units owned by one owner and another is the percentage of HOA reserves. Less than 10% is raising red flags for lenders. Phil stated it depends on the mortgage company since some pay more attention than others.

There is no legal requirement for a specific amount or funding, just the requirement that the HOA has a study. It appears that many lenders are looking for excuses not to lend money and focus on things like the number of rental units (FHA and VA don't like rentals), and reserve funds.

Phil reviewed the August financials. Income was \$11,417 ahead of budget year-to-date due to some prepayment of dues. It was explained that Mountain Managers works on a cash basis versus accrual and money is posted when it is received. There were no delinquencies noted (good job). Working capital was at \$2,908 (collected when units sell). Overall, the HOA was \$19,637 ahead of budget on income at the end of August.

Phil asked owners if they had any questions on expense items. Snow plowing was briefly discussed. The HOA uses a per plow contract versus a fixed monthly rate. Phil explained that over about 5 seasons, monthly versus per plow usually come out about the same. The last couple of years have been favorable for snow plowing (not much snow). There were questions on what is included in "grounds". This includes mulch, trees, the irrigation system, tree spraying, etc. Mountain Managers primarily takes care of the grass areas (mowing, fertilizing, etc.)

One owner asked why there was no line item for the reserve contribution. This appears on the balance sheet but not on the income statement. It was felt that if reserves are taken out monthly (\$750) this should be reflected on the income statement. Phil stated that none of the Associations managed by Mountain Managers have a line item for reserve contribution. He will check on whether the reserve contribution is taken out monthly and if it should or could be a line item.

The balance in the checking account was \$37,760.58 and the money market account balance was \$37,691.14.

The 2011 Budget was looked at. Phil noted that several variations of the budget had been prepared using the current dues structure, a 2% increase, and a 4% increase. Using the current dues, the ending number would be a negative \$7,010. Utilities are being budgeted with a 20% increase. A steady rise in rates is being seen but 20% may not come to pass. Gas has been locked in at \$4.80 versus \$5.50 last year (utilities are mostly electric). Several ways to cut electricity usage have been looked at. Walk lights cannot be partially turned off because of the way they are wired (all individually wired). Changing out the garage lights was also looked at but the payback is 15+ years. 2 to 3 years from now there may be new LED options with payback at 2-3 years. Phil noted that for comparable buildings, TLC utilities are not out of line.

The Board has discussed the need for a dues increase. Most felt that 2% this year and 2% next year would see the HOA through. Phil explained to the Board that many HOA's do a larger increase and then skip a year so increases are not done each year. With a 2% increase, the budget deficit would be \$3,900. With a 4% increase, the deficit drops to \$614 or almost break-even. The budget is a conservative one and hopefully there will be some "fluff" which will reduce any deficit. \$9,000 is allocated for reserves and this could be reduced to offset any deficit. It was pointed out that there are still a number of units for sale and when sold/purchased, 3 months reserves will be collected. Keeping one hot tub closed will also save money.

Painting is scheduled again in 2012. \$45,000 has been budgeted but you don't want to totally deplete reserves. It may be possible to paint only part of the building in 2012 (the sun exposed sides) and put off the rest. You cannot go down to 0 in reserves. You would not want to pay for a boiler failure, etc.

No dues increase was done last year. The budget is in its 3rd year and the figures are much more accurate than in the past. The original budget numbers (developer's) were way too low and dues amounts were also set too low. It's now known what it takes to run the building and the budgeting process is much more on target.

Following discussion a motion was made, seconded, and passed to take a straw vote on a 4% dues increase this year. 7 of the owners present voted in favor. A motion was then made, seconded, and passed to also vote on a 2% increase – 2 of the owners present voted in favor.

The decision on the dues increase will be made by the Board but they wanted to see how owners felt before rendering a final decision.

The MCR was briefly discussed. Paint prices have continued to drop substantially. Phil suggested that the Board consider painting the entire building if a low price can be negotiated in 2012. It was explained that the MCR is an estimate of projected expenses. Life expectancy can vary and projects can be moved ahead or back as necessary.

10. **Old Business.** No additional items.

11. **New Business.**

A. Ed Chang will be installing silent cabinet closures in all original cabinets. Pictures of what these look like were included in the meeting packet. These mute sound and work very well. Since sounds moves up and down as well as side to side, they will be installed in all units. This is being done at the developer's expense, not the HOA's. There should be very little disruption since installation takes only about an hour. Mountain Managers was asked to check all units after the work is done to make sure they have been cleaned up and all doors are locked.

B. All owners were asked to look over the Rules and Regulations that were available at the meeting and to ensure their guests, tenants, and management company were aware of the rules. Owners should seriously consider posting a copy in the unit.

12. **Owner Forum.**

A. It was noted that the signs for the hot tub are a little confusing. The hot tub is open until 10:00 p.m.; quiet hours begin at 8:00 p.m. Keys will not open the area before 10:00 a.m. or after 10:00 p.m.

B. Jason Suits had several comments and concerns regarding enforcement of the rules (spirit vs. the letter of the rule). It was pointed out that Timberline Cove has always asked owners to "self police" in a non confrontational manner when they see a violation of the Rules and Regulations. For continuing violations or when an owner does not want to confront an offender, Mountain Managers can also be contacted and a letter will be sent to the violator if requested. A written warning is required before fines can be assessed. After listening to Jason's concerns, owners were in agreement that enforcement was done with good intentions and no offense was intended. Everyone should try to use some restraint when talking to owners in the future. Owners who experience problems with other owners should speak up when the incident happens. There is a grievance procedure that can be followed which allows the Board to step in and offer solutions and resolutions.

The parking of recreational vehicles on the property was discussed at length. The Rules have been recently amended to allow trailers, RV's, etc. to park on the premises for a maximum of 48 hours provided Board approval is obtained in advance. This change was made in order to allow owners and renters time to find a place to park/store their recreational vehicles. It was noted that there are few (if any) places in the Frisco to park trailers, etc. Once the Holiday Inn has finished their renovations their parking lot should again be available. They have not objected to the use of their lot in the past.

It was also noted that there is a size restriction for vehicles parking at Timberline Cove. This is not stated in the Rules but is a part of the Declaration. There is currently a large red truck with a big fuel tank parked in the back of the garage. Mountain Managers will check on this.

A discussion ensued regarding pet regulations. The Rules state that only owners may have pets on the property. This precludes friends, family, and guests from bringing pets to the property. It was suggested that the Rules continue to ban pets for renters but be amended to permit family and guests of the owner to bring pets to the complex. The leash law was also brought up. This is a Town ordinance but it was suggested that the rules be changed to reflect pets must be under direct control of the owner but not necessarily on a leash.

The Board will take look at the current rules and decide if any revisions are needed.

13. **The Next Annual Meeting** will be held on September 17, 2011, 10:00 a.m. at the same location. Phil pointed out that conference call capabilities are available at Mountain Managers' offices. It was felt that the office space may be too cramped if more people attend the meeting. By holding the next annual meeting a little earlier (September vs. October) it is hoped that more people will be able to attend.
14. **Adjournment.** There being no further business, the meeting was adjourned at 1:00 p.m. Food was provided and thanks were given to Robert for picking up the food and setting this up.

Respectfully submitted:

Susan Witkowski, Recording Secretary

APPROVED:

Approved via e-mail

12-6-10

Robert Levin, Treasurer

Date