

**TIMBERLINE COVE  
BOARD OF DIRECTORS MEETING  
DECEMBER 5, 2008**

**MINUTES**

1. **Call to Order.** The meeting was called to order at 3:07 p.m.
2. **Attendance and Quorum.**
  - A. Board members in attendance either in person or by conference call were George Hart, Duane Abbott, Robert Levin, Mark Hull and Julie Neils.  
  
A quorum was established.
  - B. Also in attendance either in person or by conference call were owners Connie and Jerry Frazee (202), Stacey Gilbert (206), Jessica Bergan (309) and Bruce Mitchell (205).
  - C. Representing Mountain Managers were Eric Gill, Susan Witkowski, and Judy Freese (via conference call).
3. **Officer Positions.** Board members were elected at the 10/4/08 meeting with officer positions to be determined at a later date. After a brief discussion, officers are as follows:

George Hart	President
Duane Abbott	Vice President
Robert Levin	Treasurer
Julie Neils	Secretary
Mark Hull	Member at Large
4. **Approval of 9/24/08 Board Meeting Minutes.** A motion was made, seconded, and passed to approve the minutes as written.
5. **Repair and Maintenance Report.** Eric explained that the report is broken out into 2 sections, completed items from the previous meeting and other key completed items. Key completed items include only those over \$250.00. Eric reviewed items and talked about the insurance claim. The HOA is not out any money at this time; insurance reimbursement has covered costs to date.
6. **Financials.**
  - A. October financials were reviewed. Eric explained that Wildernest prepared the 2008 budget so those numbers are theirs. Mountain Managers did not receive the checking account from Wildernest until after 10/1. Wildernest paid some of the bills and MMI paid double amounts (September and October) on several accounts in October. These were all detailed in the explanation section of the October financials. Beginning January 1, financials will reflect the 2009 budget prepared by Mountain Managers and these numbers should accurately reflect the Association's financial position and be easier to read.  
  
Delinquencies were not reflected on the October financials due to a delay in setting up ACH payments. Eric has spoken to the owner of 409 and he has sent in payment. He is currently paid in full and now has a zero balance.

Insurance reimbursement: Eric explained that payments go to Wilderrest first since this came under their insurance. They then cut a check back to the Association.

All in all, the numbers reflect approximately \$40,000 over budget, however, monthly expenses are not accurate due to the double payments on several accounts. The insurance reimbursement also has to be taken into consideration.

The balance in the checking account was \$15,702.09 and the money market was at \$11,894.22.

- B. 2009 Operational Budget: The budget comparison was reviewed line by line. Eric noted that the figures are based on 10 months of actuals with 2 months being estimated. The 2008 budget numbers are those prepared by Wilderrest. Several line items were discussed:

Common utilities (electrical): These were budgeted at 12% over last year's actual costs. Eric explained that last year Mountain Managers budgeted all their Association's with an 8% increase which was not sufficient to cover rising costs. Therefore, a 12% increase was used this year. He noted that this could be changed if the Board elected to do so after reviewing the rest of the financials.

Management fee: There was a big difference here based on Mountain Managers' all inclusive management agreement.

Insurance. Mountain Managers' policy renews on 11/1 of each year; Wilderrest renewed annually on 4/1. A credit was issued on the Wilderrest policy. Payment was made on 11/1 including the newly adopted umbrella policy. The majority of Mountain Managers' properties elected to take the recently offered umbrella policy and because of this buying power, the HOA will see a reduction in this cost and credit will be given for the amount already paid. It was noted that Wilderrest budgeted insurance too low and the new budget amount is more accurate. Timberline Cove is currently at \$230 per square foot for replacement cost. Questions were asked on how the insurance claim would affect insurance. This may not show up right away and hopefully, won't affect insurance rates for more than a year or 2 instead of the normal 3 years.

Repair and Maintenance might have a little "fluff" and the Board may want to consider lowering this amount.

Gas was discussed at length. This is still being obtained through Tiger but rates are not locked in yet. As of 2 weeks ago, Anthony with Tiger advised Eric to hold off a little longer. Eric will call him again next week and find out current rates, how many cubic feet were used last year and the rate. All information will be sent to the Board and they will make a decision on whether they want to hedge 50%, etc.

Water and Sewer were budgeted with a 3% increase. The Town is preparing their budgets at this time and it is not yet known if they will implement a 3% increase (better safe than sorry).

Snow removal is currently being done by Al's Snowplowing. Whoever did the plowing last year did it for \$2,464 including the use of a front loader and push backs. This is an extremely low price. Eric has been trying to track down the plow service and see if he can get a bid for this year but has been unsuccessful. It was originally thought the company was Pioneer – it was subsequently discovered that it was Premiere. Mountain Managers will try to contact Premier and obtain a bid.

Heavy equipment snow removal – has not been needed but if Al's Snowplowing continues to plow, he will charge if heavy equipment is needed to actually haul snow away or move it around.

Roof snow removal will probably not be needed but budgeted at \$500 just in case.

Hot tub – budgeted at actuals plus 3%.

Chemicals: it was noted that WPM spent \$1516 on chemicals as noted on the September statement. There was nothing when Mountain Managers took over and additional chemicals were purchased. What did Wilderdest spend the money on? An e-mail will be sent to them to try and find out where the money and or/chemicals went.

Legal and accounting is budgeted for taxes only. There is no cushion for legal assistance that might be needed in the future to cover warranty work that has not yet been completed. The Board decided to add \$2,000 to this line item.

Board discretionary expense is generally for conference calls.

Miscellaneous and additional hours are both non-budgeted items and were left at 0. Additional hours are not budgeted because they are included in Mountain Managers' management fee.

The bottom line is a negative net of \$26,367 with \$9,000 of this allocated for reserves.

- C. Dues increase: Eric presented a budget prepared with a 27% dues increase and a sheet detailing the new dues amounts. The Board was not comfortable with this large an increase since a 15% increase was discussed at the last meeting. Several options were reviewed with dues increased ranging from 15% to 20%. A 20% minimum would be required to meet day to day expenses if the budget is left as is and no contribution to the reserve fund is made this year. If some budget items are high and not used the difference can be transferred into reserves.

Duane questioned the beginning balance on the MCR and it was noted that the \$30,000 assessment was not reflected. This will be corrected and will change the funding percentages to the good.

Discussion took place on budget adjustments. It was decided to take out roof snow removal and heavy equipment snow removal. Both repair and maintenance and gas can be lowered by \$1,000 and \$2,000 respectively. Along with the budget cuts, a close eye will be kept on expenditures and any excess funds can be transferred to reserves. Eric pointed out this can be done at any time, not just at the end of the year. He also noted that it is extremely important not to cut reserve funding totally. Reserves must be built up before they are needed for future projects.

After a lengthy discussion, a motion was made, seconded, and passed to implement a 20% dues increase effective 2/1/09. A notice will be sent out with the meeting minutes.

- D. MCR: Duane asked how much should be in the MCR. Eric explained that the Association needs to plan for a minimum 25-30% funding for future projects. The complex is new, but now is the time to build reserves, not after they are needed. Funding for reserves may be eliminated this year but cannot be cut out in future years. As noted earlier, the percentage of funding will change on the MCR when the starting balance is corrected to reflect the \$30,000 special assessment. Duane noted that the 3 months of reserve payments collected on each sale/re-sale will also help.

Projects for 2009 include stonework (budgeted every 2 years), handrails (every year), asphalt seal coat and stripe (bids will be obtained), and dryer vent cleaning.

Hot water heaters (boilers) are not currently reflected on the MCR and will be added.

Mountain Managers will make all noted changes to the budget and MCR and these will be mailed out with the minutes so owners have a clear picture of the HOA's financial situation.

A motion was made, seconded, and passed to approve the 2009 budget/MCR with approved changes.

7. **Old Business.**

- A. The audit review and Mountain Managers' responses were attached to the meeting packet. The Board requested that Julie be added as a signee to TLC's accounts since she lives locally and will be available if George is not.
- B. Eric explained that he has consulted with an electrician and it will not be possible to put some lights on photo cells/timers. Emergency lights cannot be rewired as they are tied into the same circuit. It would be necessary to change each fixture in order to utilize photo cells/timers. This is not cost effective at \$150 per light (18 year payback).

It was noted that the temperature in the lobby is often hot. People turn the knob up and when the heat increases, the door is left open. Eric noted that there are no numbers on the control knob but the knob has now been marked with a "target area" for the correct heat setting. The problem is leaving the door open. It would not be feasible to turn the heat off entirely since you don't want ice forming on the floor every time it's mopped in cold weather. It was resolved to put a chain on the door so it can only be opened so far.

- C. CFC punch list – CFC believes all items are done. Robert's list still has uncompleted items.
- D. The short list of Rules and Regulations to be posted in units is being worked on and will be forwarded to Board/Mountain Managers when done. If this is completed in time, it can be sent out with the minutes. It needs to be kept to a single page so it can be framed and hung in the unit.

- E. Insurance deductible – the owner of 102 has been billed for additional gas, electric and water. Owner paid \$704 in December (not reflected on owner statement) plus two months of dues. The Board discussed whether or not the owner had been billed enough for gas (billed \$755.65). It appears there were 2 months of higher billings. Eric billed for the one month that can be verified through the lock records. He will check statement billing dates but believes the \$755 is close even if the overage shows over 2 billing cycles. The HOA is billed quarterly for water and the owner of 102 has been billed for everything over the allowable amount per quarter.
- F. Cap on number of owners who can own a unit. This appears to be a state law. Bruce will do some research and this matter will be re-addressed after more information is obtained.

Julie asked if there is a rule about how many people can occupy a unit. This can be added to the Rules and Regulations. Discussion ensued on how to word this – should the limit be 2 per walled room (excluding kitchen and bath) or based on the number of pillows? It was decided to use the number of pillows on standard beds (no air beds, or cots) only. If renters violate the rule, is the owner automatically fined? It was pointed out that often owners and even management companies are unaware that renters are over loading units. It was resolved to notify the owner of any violation and fine only if corrective action is not taken.

- G. Robert asked how ¼ share units are handled – is there a single point of contact when multiple owners are involved. Eric explained that there is one contact person who pays dues for all owners and casts the single vote allowed for the unit. If all owners request information, this can be e-mailed to everyone at no additional charge.

Bike storage was brought up – all units (regardless of number of owners) are limited to the number of hooks available.

8. **New Business.**

- A. Garage door key replacement – owner or association expense? The old ones have not been “killed”. Some work and some do not. Susan has been unable to determine who the original manufacturer was or who did the programming. New owners were getting openers at closing but none were passed to Mountain Managers from Wildernest. After discussion, it was resolved that the owner would pay half and the HOA half if an opener is swapped out for one that no longer works. If an owner just needs a replacement or an extra one, the owner will pay the full cost. The developer is responsible for his units
- B. Eric stated there is a snow drift by the hot tubs that continually drips. This can be alleviated with gutter installation on the south side of the gazebo (no heat tape or downspout required) at a cost of \$240. It was resolved to proceed with installing this gutter.

C. Robert Levin's e-mail. It was noted that several of these items were addressed during the course of the meeting. Other topics included:

- Parking lot repair – to be addressed in spring
- Poor quality of driveway repair. This is an issue that needs to be rectified. It was resolved to send a letter to Ed stating the HOA is not satisfied with the concrete work and repairs that have been done. The repairs are inadequate and there are major concerns that it may crumble. The Board realizes that nothing can be done this winter but wants the issue resolved in the spring. Jerry and Eric will do a walk around in the spring.
- Garage outages – one breaker was replaced – Duane to check and see if the 2<sup>nd</sup> breaker was also replaced. At this time, the breaker is not tripping and no new outages have been noted.
- Landscaping – will be looked at in spring after snow melts.
- Cleaning of tiles by front door – Debbie with CFC has stated this will not be done.
- Lobby door hinges and door stop – hinges have been installed by Mountain Managers and billed to CFC. A chain will be put on the door and billed to CFC.
- Gutters – Duane will look at these
- Insurance for water damage – is \$25,000 too low? Eric explained that the \$25,000 limit is for overflow only. He will check with Bob Strong on the possibility of increasing this and obtain limits. Sewer insurance has been bumped up.
- Ice melt zones – there is only one zone for front and back. If it's turned off, everything goes off.
- Hot tub cover tie downs – this was supposed to have been done by Tony at More Space when bike hooks were installed. Eric will contact Tony. It was also noted that one bike hook at #209 is coming out of the wall.
- All owners are to be notified of Board meeting times and dates.
- After hours call outs – if this is the fault of owner/renter, the HOA will bill the owner for whatever Mountain Manager's bill is.
- Bulletin board – not to be installed
- Refrigerator problems – Per Ed Chang, GE has agreed to repair but will only pay \$70 per unit. This is inadequate and negotiations are continuing. Need to find out exactly how many refrigerators are involved and which units.
- A complete list of outstanding warranty issues will be provided to Ed/CFC in the spring.

D. Other New Business

Real Estate signs – Julie would like to put up 1 regulation "For Sale" sign inside the unit on the front window. The Board would like to avoid having many signs put up but recognizes the need for owners to be able to let people know the unit is for sale.

Currently, Bruce Mitchell has an exterior box with listings for the developer's units. If you don't use Bruce Mitchell, can you put up your own signs? After discussion, it was decided to review signs on an individual basis. A motion was made, seconded, and passed to have owners apply to the Board for permission to install any signage. The Board must approve size, location, etc. and these will be considered on a case by case basis. Julie's request for a single interior sign was approved. This will be added to the Rules and Regulations.

9. **Meeting Schedule:**

Board: March 2, 2009 – time to be determined – the Board would prefer a later time (after 5:00 p.m.).

Annual: October 3, 2009, 10:00 a.m. at the Senior Center.

7. **Adjournment.** There being no further business, the meeting was adjourned at 6:05 p.m.

Signed:

Approved via e-mail

12-13-08

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George Hart, President

Date

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Judy Freese, Recording Secretary

Date