

**PINE MEADOWS  
HOMEOWNERS ASSOCIATION**

**Annual Meeting**

**Held via Teleconference**

**Monday, November 15, 2010, 9:58 AM (Central Time)**

The Annual Meeting of the Pine Meadows Homeowners Association was held on Monday, November 15, 2010 at 9:58 AM (central time) via teleconference.

**Roll Call and Certification of Proxies**

Present at the meeting were Richard Joyce and Karen Dunivan of Mountain Mansion Management.

Present via teleconference were: Dan Tishman, Dean Shreiner (Unit 135), Chris Laukenmann (Unit 137), Bud Story, Ray Blasing, Don Smith (Unit 138), and Cindy Coaster.

Present by proxy to Cindy Coaster were: Mark and Amy Dobbin (Unit 130) and Rebecca Grecco (Unit 128).

Dan called the meeting to order. Richard announced that a quorum was present.

**President's Report**

Dan gave a recap from the Board's perspective that they are operating well and heading in the right direction. They have concluded their second year under a professional management company and feels that they have made the transition from a relatively unmanaged association to a well run HOA.

**Profit and Loss (1/1/10 – 10/15/10)**

TOTAL INCOME: \$123,500

EXPENSES:

- Bank service charges: \$40
- Office supplies: \$42
- Postage and Delivery: \$59
- Professional Fees: \$250 (includes tax preparation by CPA and filing our Corporate Annual Report with the State)
- Property Management Fee (to date): \$12,600
- Teleconference: \$441 (includes the transcription of the recording of the three meetings held last year)

TOTAL ADMINISTRATIVE EXPENSES: \$13,432

## Exterior Maintenance

- Re-staining Building #3: \$13,000
- Hot Tub Maintenance: \$2,970 [Breakdown: Hot Tub Service = \$2,220, Water Changes = \$720 and Hot Tub Maintenance (Other) = \$30]
- Hot Tub Materials (Chemicals): \$132
- Hot Tub Repairs: \$62.50 [welded, straightened and painted steel hand rail that goes to patio where hot tub sits]
- Hot Tub Replacement: \$6,477 [had budgeted \$8,000]
- Landscaping Materials: \$523 [mulch and fertilizer]
- Landscape Contract: \$5,694
- Tree Removal: \$92

[Total Landscaping and lawn upkeep: \$6,310]

- Miscellaneous Exterior Repairs: \$2,445 [installed new railings on the stairs, repaired all of the walkway lights and reset some of the veneer stone throughout the buildings]
- Materials (lumber, stain, hardware, etc.): \$958
- Roof Maintenance and Inspection: \$7,954 [includes replacing bunches of broken tiles – they did it in two visits July 31st and finished in October]
- Snow Removal Ground: \$5,238
- Plowing: \$1,920
- Roof: \$8,622

[Total Snow Removal: \$15,780]

- Trash House (Garbage Shed): \$54 [installed bigger anchors on one of the rails that the doors glide on – materials for that was \$26]
- Window Inspection: \$400

TOTAL EXTERIOR MAINTENANCE: \$56,571

## Insurance Claims

- Our cost for Unit 124: \$0 [the Insurance Co. refunded us our \$1,000 deductible – we didn't ask why – we took it]
- Unit 139: \$38,251

[The insurance claim of -\$41,723 is what the Insurance Co. paid out to us, so after it was all said and done and the repairs were made we had \$3,472 remaining]

- Insurance and Taxes Agency Fees: \$115
- Fidelity: \$425
- D & O Insurance: \$662
- Liability: \$11,762
- Umbrella Liability: \$846

TOTAL INSURANCE: \$13,800

## Interior Maintenance

- Small Repairs: \$908 [replaced two outside faucets that had leaked and had drywall repair in Unit 124 as a result of it]

- Materials for Small Repairs: \$47
- TOTAL INTERIOR MAINTENANCE: \$956

#### Taxes

In 2007, we should have received \$138 refund from the State of Colorado, so we're showing it in the P&L here.

#### Utilities

- Hot Tub Electric: \$844
- Mountain Village Water: \$997
- Trash: \$2,873

TOTAL UTILITIES: \$4,715

TOTAL EXPENSES: \$84,875

NET ORDINARY INCOME: \$38,624

INTEREST ACCRUED: \$61

NET INCOME (through 10/15/10): \$38,685

**Dan asked for a motion to approve the Minutes from last year's Annual Meeting: Chris made the motion and Cindy seconded it. The motion passed unanimously.**

#### **Discussion regarding Reserve Account**

Chris and Dan asked about the amount they anticipated having in the Reserve Account by the end of the year. Karen Dunivan reported that as of today the Reserve Account has \$29,821 with another \$3,250 to be added once one person's dues are paid giving them a total of approx. \$33,000 in the Reserve Account by the end of the year. While it will be discussed further when they go over the proposed 2011 Budget, they plan to put \$39,000 into the Reserve Account in 2011 (\$13,000 is the original amount they decided on when they set up the Reserve Account and the Board at their last meeting proposed an increase of an additional \$26,000).

#### **Balance Sheet (October 15, 2010)**

- Operating Account: \$26,462
- Reserve Account: \$29,811

TOTAL CHECKING AND SAVINGS: \$56,273

- Receivables: \$7,125 [Dues that as of the 15<sup>th</sup> of October were not paid – invoices were sent out in the middle of September]

TOTAL ASSETS: \$63,398

RETAINED EARNINGS: \$24,713

NET INCOME: \$38,685

TOTAL EQUITY: \$63,398

The Balance Sheet balances.

**Proposed 2011 Budget**

(For purposes of clarification, we have put the 2010 and the proposed 2011 Budget side by side.)

Richard stated that in response to Chris' question regarding the Reserves: the Capital Reserves in 2010 were \$13,000 and the proposed amount for 2011 is \$39,000.

HOA Dues: \$110,500 (remained the same)

INCOME FOR 2011: \$149,500

Checks printed: \$100

Bank Service Charges: \$175

Postage and Delivery: remains the same

Richard commented that they are going off of history on a lot of this.

Dan asked that to make it efficient, they only touch on the lines that have an appreciable change.

Capital Expense: went up to \$39,000 [took the \$39,000 in as the Capital Reserve, so we have to show it as spent somewhere. Where it's going is into an account.]

We reduced our hot tub services by about \$1,500 by going with a new guy that has been working out very well so far.

Male stated that when he was out there a couple of weeks ago, the wind blew the hot tub cover open twice. He thinks it may have broken one of the straps. He thinks that the vendor needs to find a better way to keep it closed, or turn it so that the fixed position is into the wind.

Roof Maintenance

Snow Removal: last year's total budget was \$11,000 and this year we took it up to \$19,500

Stucco Repair: last year we had budgeted about \$6,000 (which was an educated guess) – after looking at actual, they are only budgeting \$3,000 this year

Insurance has gone up by about \$9,000, but we were woefully underinsured before.

Utilities remain the same

Chris asked if we have some sprucing up of the pavement area scheduled. Richard replied that they had made a capital project improvement list and emailed it out to the Board last week, and that was one of the items. Richard said that the asphalt needs to be sealed and cracks repaired in the spring. Chris asked if that was accounted for in the capital expenses and Richard replied that it was.

### **Further Discussion regarding Reserve Account**

Dan initiated a further discussion for clarification of how the reserve account is being funded. At the Board Meeting, they determined that they were going to recommend a dues increase of \$500/unit per quarter. With the increase in expenses, particularly of insurance and snow removal, it appears that they won't be able to meet the capital reserve that they had discussed at last year's annual meeting. While they didn't set a target at last year's meeting, it was understood that they wanted to work toward at least a minimum of one year of operating income in the capital reserve account. The increased expenses have put a drain on the dues increase they implemented a year or two ago. Chris cautioned that they don't want this to become an annual increase in dues. Dan replied that he felt they should accelerate into as fully a funded reserve account as they will determine and then once they get there, if they feel it is appropriate to then reduce HOA dues. Dan then reiterated that the \$39,000 capital reserve figure in the 2011 Proposed Budget is unfunded unless they agree at this meeting to increase annual dues by \$2,000 (\$500/unit per quarter) for each of their unit owners.

### **Capital Projects**

Dan asked Richard to go over the capital projects improvement list that he sent out. These are not necessarily in order of priority:

1. Insulation and snow bars on mostly the north sides of the roof where we are getting some major snow slides – estimate = \$29,000
2. Resealing the asphalt to include crack repairs – estimate = \$3,000 to \$4,000
3. Low voltage pathway lights (propose replacing all 13 of them) – estimate = \$2,700 to \$2,800
4. Rework the landscaping for the entrance to make it more in keeping with the rest of the property – estimate = \$9,000
5. Adding more ground cover and rocks and back filling to grade to address some erosion – estimate = \$3,500
6. Annual staining of another building – estimate = \$15,000 to \$15,500

Richard also added the when they get more financially sound he thinks they should consider heating the edge of the roof where they have the bad icing problems, but it is not inexpensive.

In answer to Dan's question, Richard replied that the staining is a line item in the current proposed 2011 Budget, the lighting could be part of the miscellaneous item and depending on

how much snow removal has to be done this winter, it's possible that the asphalt work could be done this spring and summer.

A discussion followed as to whether they had to get permission from the Architectural Review Board for Mountain Village to replace the lights, since it's not part of our property. Chris suggested that they ask for forgiveness rather than permission since it is a public safety issue. Members of the public use that walkway. Dan and Bud agreed. Dan directed Richard to implement the most efficient process to replace the lights and go on record saying that we intend to replace them. Dan also wanted to have the electrician come up with a cut sheet for the HOA to review with the fixtures he plans on using. They agreed that they should be dark sky, compact and robust.

Richard stated that their biggest and costliest issue is the snow bars and heated edge.

Dan stated that ultimately he feels the answer to Pine Meadows' roofing problems years down the road is to hire an architect and replace the roof with a different type of roofing material, probably a metal roof. Projects are no longer being built with clay tile roofs.

Ray suggested that before they spend a lot of time looking at replacing the roof, to check with the Town of Mountain Village, because he's pretty sure they pretty much mandate the terra cotta tile roofs.

Dan said that he's not suggesting they spend any time on it now, but he's not sure we would want to start putting snow bars up and thinking about heating the edges, which is going to be tens of thousands of dollars unless we explore every option to make our roof a better roof.

Dean asked if we were going to be able to fit into the Budget the additional ground cover for the erosion (item #5). Richard replied that they could probably find the \$3,500 for that in the Budget. Dan said let's expect then that that will be in the Budget.

Dan said that leaves the resealing of the driveway and the reworking of the landscaping for the entryway. He thinks they need to budget for these this year or allow for them in next year's budget. He would like to ask the landscaper to do a proposal with a drawing of what it is they are proposing to do for \$9,000. He would like to have a subcommittee of the Board be in charge of the entry. At some point this spring, depending on how the Budget is going, we can decide whether we want to do that or not. Cindy and Dean volunteered to be the entry landscaping committee. Richard said that they already have a drawing from the landscaper.

Dan directed Richard to try to get the driveway resurfacing in the Budget, and the Board will take a closer look at the design of the entry.

**Dan asked if someone would make a motion to approve the 2011 Budget which includes an increase in dues of \$500/unit per quarter. Bud made the motion and Dean seconded the motion to approve the Budget. It was passed unanimously.**

## **Election of Officers**

**Richard said they sent out ballots to everyone and had three returned. The present Board members have been unanimously re-elected.**

## **Update on Telski**

Dan asked Chris to update them on the issues related to Telski. He reported that the desire back in July to September was to put approximately 120 hotel units at the bottom of Vischer Drive as well as some cabins for sale, which Chris felt would increase the traffic count up and down Vischer by 300 vehicles or more. He then got more involved with the Ski Co. and their various owners and the Peaks Hotel. He along with Scott Brown (fractional owner in Pine Meadows) and other members of the Task Force took back control from the consultants and special interest groups. They appointed Chris as Chairman of the Task Force. They've had a number of supplemental additional emergency meetings of the Task Force since September in order to revisit and integrate all of the subareas throughout the entire geographic area of Mountain Village. The results of that so far have been to essentially eliminate the hotbed proposal for the bottom of Vischer Drive. They got Dave Riley and the Herricks at the same table to talk about expanding the conference facilities across Mountain Village Blvd. and connecting and integrating it into the Peaks Hotel and seeking to resolve an array of issues that are jointly owned, or you "can't do one without the other". That seems to be moving forward. He understands Dave Riley was in Orange County this weekend talking with Chuck Horning to get the final approval for that. As a result, we get expanded conference facilities, 90 additional hotbeds on top of the expanded conference facility that is right next to the Peaks there on the south side. The tennis courts will remain where they currently are located. However, the Ski Co. wants to have the option that if they cannot work things out with the Peaks Hotel of considering what they call the "South Driving Range", which is the same area at the bottom of Vischer Drive for tennis courts and a golf and tennis clubhouse. Chris feels that is a remote possibility, because the Ski Co. and the Peaks do seem to be working at an expansion of the golf clubhouse on the north side of the Peaks Hotel plus at that same northeast corner on lots 122 and 123 an additional 120 hotbeds at no greater than 43 feet in elevation. In essence, the draw from the density requirements that the Town Council felt was appropriate would be fulfilled by the hotbeds up and around the Peaks on both "wing ends" of the Peaks Hotel. The optionality some 15 years down the road of swapping out the existing tennis courts for a boutique hotel at that location where the tennis courts currently are located and then moving those tennis courts down to the "South Driving Range" is a much smaller impact not only on Vischer but on some of those very large single family lots around the end of the cul-de-sac and also much lower in elevation than putting 120 hotel rooms down there. Chris believes that the alternative location for the tennis courts will show up on the final plans for submission to the Town Council, but it's an optionality, if at some point in the future the Ski Co. and the Peaks do not come to some kind of long range understanding about what's going to happen with the existing tennis courts. Chris suggested that everyone check the maps on the Town website. There may be those on

this call that have individual interests in other locations, and they may want to get involved if this goes to Phase II, which is the Town Council consideration of the overall subarea plans.

### **Rules and Regulations relative to the Hot Tub**

Dan brought up the development of a set of rules and regulations that were discussed at the Board Meeting. Richard included an outline of them in the packet. The proposal is a letter to the unit owners of rules and regulations that talk about an opening time and a closing time and what people are allowed to do there. The Board discussed that in the event somebody breaks the rules and causes us to have to maintain the hot tub at a greater frequency than we currently do, that we were going to find a way to charge the unit owner, if it can be determined what unit owner was the violator. Dan said that unless anyone objects, he thinks this should go out as a letter to all unit owners from the Board. Dan asked Ray (as manager of the two units that are fractionally owned) and to any unit owners that rent their properties to emphasize the importance of making sure that it is clear that it is our expectation that the unit owners are the responsible parties. Dan said he is trying to avoid placing a sign relative to rules and regulations which you commonly see at hotels next to the hot tub. Ray said he has no issue with posting or leaving in the units some list of rules and regulations pursuant to the hot tub. Ray also wanted to go on record that they did work pretty diligently last summer to discover what actually happened and the result of that was that the fractional owners really didn't have anything to do with the issues there in the hot tub. Dan directed Richard to send the letter out to all unit owners. Bud requested that Ray forward the letter to all the fractional owners and Ray said that he would. Karen Dunivan asked then if the proposed signage at the hot tub was now a non-issue. Dan confirmed that they should not do signage yet at the hot tub. The owners can decide if they want to post the rules and regulations in their units and see if that works. If not, they'll put some signs up.

### **Insurance**

Ray stated that in going through some of the insurance claims that we had this last year we discovered that the homeowner's policy was the primary. He knows there was some discussion about changing that. Has that already been done? Are the Bylaws written that way as it stands today, or has that been changed. Chris said that he will look at the Bylaws. Chris also said that we feel we have a very good package of insurance right now, and it is quite expensive. His understanding was that if we have a clean claims history over a period of time in the near to medium term that that insurance premium will go down. As to primary versus secondary insurance, Chris agrees that is a very important issue for us to look at, because Chris discovered that our prior insurance was pretty significant and covered a core variety of matters that he was also paying for under his personal homeowner's coverage. What Chris did with the new coverage, which is similar if not better, is he reduced his personal coverage significantly on his unit. Chris asked Richard to help him look at that and see if they should revisit that and in what manner. Male asked if it was possible to send out the coverage limits so that the homeowners could get with their individual brokers to make sure they aren't doubling up. Richard said that he could send that out. Bud then said that he looked at the Bylaws and it does contemplate

that this HOA insurance will be the primary. They all agreed that that would be the way they would want to go and that is how the Bylaws are written, so they have to go that way. Dan directed Richard to send out a notice to the owners that we have a new carrier and that this carrier is providing primary insurance for the HOA and if they like they should go back to their own personal carrier to discuss the appropriate insurance they should be having.

Richard stated that he just confirmed with Karen that they did send out recently a certificate of insurance that shows all of the coverages that are presently carried. Dan directed Richard to send it out again, since some of the owners didn't receive it.

There being no further business to come before the meeting, the meeting was adjourned.

Dan requested Richard to leave the conference call as the members were going to discuss the Mountain Mansion Management contract.

Respectfully submitted,

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