

MOUNTAIN COUNTRY CONDOMINIUMS AT LAKE DILLON, INC.
BOARD OF DIRECTORS MEETING
April 24, 2014

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 3:35 p.m. in the Basic Property Management Conference Room.

Board members participating were:

Mark Yeager, President, A202	Diana Sunstrum, Member, A104
Mindy Regner, Secretary/Treasurer, A101	Billy Crangle, Member, B104
John Reich, Member, A103 (via teleconf.)	

Representing Basic Property Management were Gary Nicholds, Eric Nicholds and Giovanna Voge. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. APPROVE PREVIOUS MEETING MINUTES

Mark Yeager made a motion to approve the minutes of the July 9, 2013 Board Meeting as presented. The motion was seconded and carried.

III. FINANCIAL UPDATE

A. Balance Sheet as of March 31, 2014

1. Total Checking/Savings - \$108,965, including \$52,000 in Savings for the Reserve Fund.
2. Total Accounts Receivable – (\$1,253) credit for prepaid dues.

Giovanna Voge reviewed the significant variances to budget:

1. Gas - \$3,300 over budget.
2. Building Maintenance - \$3,900 under budget.
3. Plumbing and Heating - \$2,600 over budget due to installation of heater readers that were required by the Buffalo Mountain District.
4. Grounds and Parking - over budget due to snow shoveling.
5. Overall - \$4,000 favorable to budget.

B. 2014/2015 Operating and Reserve Budget Discussion

Giovanna Voge reviewed the changes to the 2014/2015 Budget:

1. Laundry Income - \$100 decrease based on past actuals.
2. Legal/Professional - \$500 decrease.
3. Insurance – 2% increase to \$5,250 based on past actuals.
4. Trash Removal - \$200 increase based on past actuals.
5. Electric – 4% increase to \$6,000.
6. Natural Gas – 4% increase to \$26,000.
7. General Building Maintenance - \$3,000 decrease.

8. Snow Removal - \$400 increase.
9. Heating & Plumbing - \$2,000 increase.
10. Ground & Parking Maintenance - \$1,300 decrease.

C. *2014 Scheduled Reserve Projects*

1. Roof Replacement Building A - \$50,000
2. Heat Boiler Building A - \$40,000
3. Heat Boiler Building B - \$40,000
4. Asphalt Sealcoat/Patching - \$10,500
5. Water Main Repairs - \$70,200
6. Reserve Contingency - \$5,000

If all these expenses were to be incurred, the total expense would be \$215,700. Assuming a Reserve balance of \$134,687, the ending balance after paying for the projects would be a deficit of \$81,013. Giovanna Voge recommended transferring the projected \$19,000 year-end surplus to Reserves to offset this loss.

IV. **PROPERTY MANAGEMENT REPORT**

Gary Nicholds commented that there was over 14' of snow in February and March, which created quite a challenge for snow removal and storage.

Gary reviewed completed and upcoming projects:

1. Removed snow from the roof of Building A during the winter as needed.
2. The deck boards were damaged by falling ice and need to be replaced.
3. The decks will be power washed and resealed this summer.
4. The leak in Mark Yeager's garage will be repaired by Turner Morris.
5. The fire hydrant needs to be capped.
6. The chimneys were swept. Four units were identified as needing repairs. Two owners have completed the repairs and the other two have not. Gary has forwarded the reports to the Steve Skulski for follow up. The chimneys will be swept again this year.
7. The windows were not washed last year. Mark Yeager said it was an individual owner decision and expense. Gary will get a bid.
8. Gary will have an analysis done of the natural gas usage.
9. Replaced light bulbs with CFL's as they burned out.
10. Installed two new water meters at a cost of about \$4,000.
11. Installed two new water shut off valves at a cost of about \$400. The original valves were inoperable.
12. Repaired the washers and dryers and installed caps on the drains. The concrete floors will be painted. The washers and dryers are reaching the end of their useful life and will not be replaced when they fail. It might be possible to use the space for storage.
13. A cracked deck will be resealed on the top and bottom and the wall of the balcony will be repainted.
14. The decks on Building B need to be repaired.

V. NEW BUSINESS

A. *Upcoming Projects*

Mark Yeager reviewed potential repairs and upgrades:

1. The water main needs to be replaced. It has failed three times and \$27,000 was spent to repair it. He has obtained bids from RKR and Stan Miller to replace it. The bid from RKR was several thousand dollars lower. RKR has proposed rerouting the water line to eliminate the need for hand shoveling in the carports and to reduce the water shut off time to half a day. The cost for that work is estimated to be \$70,000.
2. It may not be necessary to do a 2" overlay of the asphalt this year, but it will be needed in a few years at a cost of about \$40,000.
3. The Building A roof is not in good conditions and there have been ongoing leaks.
4. The boilers in Building B have been shutting off and there have been glycol leaks. Spent \$8,000 on boiler repairs and leaks in the past years. This could be eliminated with new boilers, which would be 30% more efficient.

Mark Yeager suggested moving ahead with the boiler replacements, water main replacement and the roof on Building A this summer. He proposed funding these projects with a loan. The current annual Reserve contribution is just under \$42,000 annually. If \$35,000 of that contribution is budgeted for loan repayment, the loan would be repaid in about seven years. The boiler replacement would result in gas cost savings, which could be earmarked to pay back the loan. He felt the annual dues increase should be stopped.

Gary Nicholds said he had talked to Alpine Bank about a \$300,000 loan at 5.25% fixed for five years then adjustable at prime plus one. The closing costs would be 0.5% (\$1,500) plus \$200 in fees.

Gary said he had received one roof bid from Turner Morris. He will solicit additional bids for comparison.

He received three bids for the boiler replacement. The bid from Tolin was \$120,700, the bid from Dutchtech was \$79,000 and the bid from Mack was \$111,000.

John Reich asked if the projects could be prioritized and spread over a couple of years so they could be funded out of Reserves instead of taking out a loan. He thought some of the roof issues could be addressed with repairs rather than replacement. He was concerned about the size of the loan and about decreasing the Reserve contribution to \$7,000 to repay the loan. He felt the Board needed more information about the projects before making a decision.

John asked why the water main had to be done this summer. Mark Yeager responded that it had broken three times in the past and the longer it is put off, the more it will cost.

The Board discussed scheduling of the water main work. The ground will have to be dry, so work probably cannot be started until the first or second week of June. There will need to be owner approval and multiple bids for each project.

A motion was made to proceed with the water main, boiler, roof replacement and asphalt sealing projects. The motion was seconded and carried with John Reich opposed.

B. Association Rules

Mark Yeager requested inclusion of a deadline of four weeks for owners to make repairs to their fireplaces.

VI. SET NEXT MEETING DATE

The next meeting was scheduled for Thursday, May 15, 2014 at 3:30 p.m. The Annual Meeting will be May 24, 2014 at 9:00 a.m. at the Dillon Community Church.

VII. ADJOURNMENT

With no further business the meeting was adjourned at 4:55 p.m.

Approved By: _____
Board Member Signature

Date: _____

MOUNTAIN COUNTRY CONDOMINIUMS AT LAKE DILLON, INC.
BOARD OF DIRECTORS MEETING
May 15, 2014

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 4:02 p.m. in the Basic Property Management Conference Room.

Board members participating were:

Mark Yeager, President, A202	Diana Sunstrum, Member, A104
Mindy Rugner, Secretary/Treasurer, A101	Bill Crangall, Member, B104
John Reich, Member, A103	

Garrett Rugner (A101) was a guest at the meeting.

Representing Basic Property Management was Gary Nicholds. Erika Krainz of Summit Management Resources was recording secretary.

II. APPROVE PREVIOUS MEETING MINUTES

Diana Sunstrum made a motion to approve the minutes of the April 24, 2014 Board Meeting as presented. Bill Crangall seconded and the motion carried.

III. PROJECT UPDATE

A. Rules and Regulations

The new version of Rules and Regulations was reviewed. Revisions included:

1. Item D – add “No talking loudly in the stairwells during quiet hours (9:00 p.m. – 8:00 a.m.).”
2. Add that it is the owner’s responsibility to provide the Rules and Regulations to any short or long term tenants.
3. Add all circled or starred items from the previous version of Rules to the new version (copy provided).
4. Add a restriction on converting floor surfaces that were originally carpeted to tile or hardwood floor in units on the second floor or above.
5. Item P – Change the last sentence to read “Contractors are only permitted to work between 9:00 a.m. to 5:00 p.m. Monday through Friday”.
6. Add a statement that all fines will be credited to the Association Operating account.

Mark Yeager made a motion to approve the Rules and Regulations as amended. Bill Crangall seconded and the motion carried. Gary Nicholds will produce a new packet for distribution at the Annual Meeting.

B. Water Main Loan

The Alpine Bank terms were the most favorable of all banks that were approached.

C. *Contractor Selection*

The bid from RKR was slightly lower than Stan Miller. RKR included an additional \$6,800 for asphalt repair but A-Peak will do the work for about \$6,000. Mark Yeager recommended using Turner Morris for the roof work.

D. *A and B Buildings Boiler Replacement*

Mark Yeager said Mac Services proposed a boiler that had terrible online reviews. He found that the Dutchtech boilers had much better reviews. A Dutchtech boiler should reduce gas consumption by 20 – 30%. Gary Nicholds said there appeared to be a glycol leak in A Building. The system will be down for about a week during the replacement.

In Building B there have been problems with boiler temperature fluctuations and the boiler shutting down.

E. *Bank and Contractor Selection*

Mark Yeager made a motion to acquire the loan from Alpine Bank, and to select Turner Morris for the roof work, RKR for the water main replacement, A-Peak for the asphalt repair and Alpine Home Solutions for the boiler replacement. Mindy Rugner seconded and the motion carried.

Gary Nicholds will approach Alpine Bank about a \$250,000 loan.

F. *Parking Signs*

The wooden B Building parking signs should be replaced with metal stakes and signs. There is an electrical outlet on the B101 sign. Gary Nicholds was directed to cap it off.

G. *Trailhead Dumpster Shed*

Mindy Rugner will call Wilderrest and ask them to recommend installation of a second dumpster door in the Trailhead dumpster shed to alleviate the trash overflow.

H. *Annual Dues Increase*

Mark Yeager made a motion to suspend the annual dues increase. Bill Crangall seconded and the motion carried.

IV. SET NEXT MEETING DATE

The Annual Meeting will be May 24, 2014 at 9:00 a.m. at the Dillon Community Church.

V. ADJOURNMENT

Diana Sunstrum made a motion to adjourn at 4:57 p.m.

Approved By: _____
Board Member Signature

Date: _____

MOUNTAIN COUNTRY CONDOMINIUMS AT LAKE DILLON, INC.
ANNUAL ASSOCIATION MEETING
May 24, 2014

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Mark Yeager at 9:09 a.m. in the Dillon Community Church.

Board members participating were:

Mark Yeager, President, A202
William Crangle, B104

John Reich, A103 (via teleconference)
Diana Sunstrum, A104

Owners present were:

Garret Regnor, A101
Gary & Barbara Reuter, A201
David & Donna Lennon, A302
Tara Goetz, B102
Jean Hammes & Sue Brown, B204
Brad Hill, B304

Patricia Francoli, A102
Larry Nelson, A301 (via teleconference)
Kris Cranston & Marc White, A304
Danette Peterson, B201
Darin & Georgean Dickson, B302

Representing Basic Property Management were Gary Nicholds, Eric Nicholds and Giovanna Voge. Erika Krainz of Summit Management Resources was recording secretary.

II. DETERMINATION OF QUORUM

With 15 units represented in person and nine by proxy a quorum was confirmed.

III. APPROVE PREVIOUS MEETING MINUTES

Diana Sunstrum made a motion to approve the minutes of the June 1, 2013 Annual Association Meeting as presented. David Lennon seconded and the motion carried.

IV. FINANCIAL REPORT

Giovanna Voge reviewed the financial highlights:

1. The Association is projected to end the year with net ordinary income of \$1,912. This is a bit lower than expected due to higher expenses for gas and repairs to the boilers.
2. There were no major Reserve expenses this past year. The total year-end Reserve income is projected to be \$47,593, which will be transferred to Reserves along with the retained earnings.
3. The 2014/2015 Budget as written includes no increase to dues. The line items for Gas and Plumbing and Heating Repairs were increased based on this year's actuals.

It was noted that the fiscal year starts in July, not January as stated in the meeting notice materials.

Gary Reuter suggested investing some of the Reserve funds in laddered CD's.

David Lennon made a motion to approve the Financial Report. Kris Cranston seconded and the motion carried.

V. PRESIDENT'S REPORT

Mark Yeager said it had been a busy year. The Board met three times, decided to eliminate the \$10/unit annual dues increase for next year and rewrote the Rules and Regulations to include a fine system.

There was discussion about the water main at the last Annual Meeting and the mandate from the owners was to do the project without an assessment. Since that time, problems have developed with the boilers and there have been leaks in the roof on Building A, which is failing two years prematurely. The Board obtained bids from multiple contractors for all the projects and spoke to four banks. The Board voted to obtain a loan to fund the projects and to repay it using a portion of the annual Reserve contribution, any year-end net income and the anticipated savings in gas usage and boiler repairs.

Alpine Bank offered the best terms for financing that would initially function as a line of credit while the projects are in progress and convert to a standard loan once they are completed. The estimated cost for all the projects is \$210,000 – 220,000. The Board selected three contractors who have a history of being on time and on budget.

1. Water Main – The digging for the new main will be one potential variable because it will be rerouted. It will run from a different cut off at the fire hydrant, up the hill behind Building B, enter Building B from behind, cross the driveway and enter Building A from behind. It will entail more digging but no hand digging inside the carports. The total disruption will be about a 1/2 day. RKR will be the contractor. The project should be scheduled in late June or July.
2. Boilers – There have been ongoing glycol leaks resulting in a considerable expense (glycol costs \$1,500/barrel). Last summer glycol metering units were added to the boilers in both buildings. The cast iron boilers are 43 years old, have outdated technology and are not reliable. The new equipment will be stainless steel. The buildings will be without hot water for one week each during the installation. The estimated useful life for the boilers, assuming proper maintenance, is 20 – 30 years. The project should be scheduled in July or August.
3. Building A Roof – Turner Morris and G&G both indicated that the roofs could be patched for one more year but there could continue to be leaks. A 50-year shingle roof has an estimated useful life of 25 – 30 years. The project should be scheduled in August or September.

The Board feels it is time to stop making repairs and to replace the water main, boilers and roof instead. The annual Reserve contribution is \$42,000 and \$30,000 of that amount will be dedicated to repayment of the loan. It is anticipated that the new boilers should result in a 30% savings in gas, equating to about \$8,000. There should also be savings in boiler repairs, which can be applied to the loan. The Board is committed to completing these projects without a Special Assessment and without a dues increase.

The floor was opened for owner questions and comments:

1. Marc White asked for a description of the boilers and where the glycol leaks were occurring. Gary Nicholds said the new boilers have heat exchangers and only fire as many burners as needed based on demand. The glycol leaks are in multiple areas around the boilers. Marc said he was in favor of slowing down some of these projects. He was concerned that a loan and the resulting negative equity could affect financing of units for resales. Marc and Kris Cranson created two different scenarios based on the Reserve spreadsheet, one using Reserves to fund the projects with no loan and one using some Reserves and an \$80,000 loan. The projects are also spread over a two or three year period. Gary explained that the loan would not entail a lien against the property. The monthly dues and Reserve are the collateral. Mark Yeager said the Board discussed using Reserves to pay for the projects but they were concerned about depleting the balance and not having enough left to handle an emergency. Marc felt the Board had made a decision and had great reasons but it may not be representative of the interest of all owners.
2. David Lennon said one of the measures of financial strength of an Association is the Reserve balance. Using up all the Reserve would have a negative effect on financing for units.
3. Gary Reuter noted that there were more full time residents than part time and delaying these repairs could put them at risk.
4. Tara Goetz felt that having the projects completed would be advantageous for unit sales.
5. Kris Cranston said loans were not prevalent for Associations. Gary Nicholds agreed but noted that another Association he manages took out a \$1.5 million loan for numerous repairs. The Association raised dues 2% during the period of the loan in order to repay it. Some Associations fund projects through Special Assessments and others do a blend of Special Assessments and Reserve funding.
6. Jean Hammond said the Board agreed to \$10/year dues increase for 11 years in 2010 in order to build Reserves. She said a spreadsheet would be helpful to clarify the numbers being discussed.
7. John Reich noted that the Association could set up a line of credit with a bank for use in an emergency if the Reserve Fund was depleted to fund the project. An owner noted that a line of credit would probably have a higher interest rate.
8. Gary Reuter questioned the Board decision to cancel the \$10/year dues increase. Marc White was in favor of reinstating it. Diana Sunstrum said it could be reconsidered annually.
9. David Lennon proposed doing all the work immediately but looking at using some of the Reserves to minimize the amount of the loan.
10. Jean Hammond requested that the Board be supplied with all the warranty information for the new equipment.

Three versions of the Reserve Study with the different funding options were distributed.

In a show of hands, twelve owners (and proxies) were in favor of doing all the work this summer and five owners (and proxies) were in favor of spreading it out over several years. In a second show of hands, 15 owners and proxies were in favor of not using any Reserves to fund the projects.

Gary Nicholds will research the minimum required Reserve balance and get information from the bank for financing options for various amounts. He will contact the bank on Tuesday. Kris Cranston and Giovanna Voge will create a new version of the spreadsheet that accurately reflects the costs and loan payoff. The spreadsheet will be sent to all owners for review.

VI. MANAGEMENT COMPANY REPORT

Gary Nicholds reviewed the current projects:

1. Light Bulbs – The incandescent bulbs in the common areas are being replaced with CFL's as they burn out. Gary asked owners to inform him of burned out bulbs.
2. Repair Parking Signs - A number of the parking signs were damaged this winter. Gary will replace them with something more durable this summer.
3. Repair Balconies and Ceilings - Several balcony floors and ceilings and the landing in Building B need repair.
4. Laundry Room Drains – The drains were snaked and capped.
5. Washers/Dryers – The equipment has been repaired but it is starting to show its age.
6. Laundry Room Floor – The floor will be painted.
7. Snow Melt and Signage - Buckets of snow melt were provided during the winter.
8. Berm – A berm to improve drainage was installed by Building A.
9. Fire Hydrant – The hydrant is non-functioning and Fire Department has indicated it is not required. The hydrant will be removed when the water main is replaced. Gary was asked to get written statement from the Fire Department before the hydrant is removed.
10. Building A Sun Decks – Some boards were broken by falling ice this winter. The boards will be replaced and painted.
11. Chimneys - The chimneys are inspected annually. The report from the chimney sweep is sent to the Fire Department and owners may receive a letter regarding any required repairs.

VII. ELECTION OF OFFICERS

The terms of Mark Yeager, William Crangle and John Reich expired. John indicated he would not be running again but Mark and William were willing to run. Mark Yeager nominated Danette Peterson.

There were no other nominations. Mark Yeager made a motion to elect the three candidates by acclamation. The motion was seconded and carried.

Mark Yeager nominated Jean Hammond to serve as the Alternate Board Member. David Lennon seconded and the motion carried.

VIII. NEW BUSINESS

A. Updated Rules and Regulations

Owners were reminded to make sure their rental management companies and rental guests are aware of the Rules and Regulations. Patricia Francoli asked the Board to reconsider the quiet hours. She requested the evening start time be changed to 10:00 p.m. or 11:00 p.m. In addition, she felt the contractor work hours of 9:00 a.m. – 5:00 p.m. were unrealistic. She requested 8:00 a.m. – 6:00 p.m. instead. Mark Yeager said the Board would consider the requests.

David Lennon asked the Board to consider changing the voting to one vote per unit instead of by percentage of ownership for non-financial matters.

B. Board Recognition

David Lennon recognized the Board for their hours of work on behalf of the Association.

C. Unit Accessibility

Gary Reuter said the management company should have a key for every unit for emergency access.

D. Heat

Gary Reuter asked owners to keep their thermostats set at a reasonable level. The suggested temperature is 63 degrees.

E. Inspections

Gary Nicholds said inspections were done weekly in the winter and biweekly in the summer in unoccupied units.

F. Carport

Patricia Francoli said she continued to find nails and screws in the carport. Gary Nicholds will borrow a magnet and scan the area.

G. Recycling

Brad Hill requested addition of a recycling tote in the dumpster shed. Gary will get pricing.

H. Roof Replacement

Kris Cranston said only the top layer of the existing roof should be removed when the roof is replaced. The cold layer should be left in place.

IX. SET NEXT MEETING DATE

Gary Nicholds was asked to publish future Board Meeting dates at least one week in advance. The next Annual Meeting was set for Saturday, May 9, 2015 at 9:00 a.m.

X. ADJOURNMENT

David Lennon made a motion to adjourn at 11:42 a.m. Kris Cranston seconded and the motion carried.

Approved By: _____
Board Member Signature

Date: _____