

**MOUNTAIN SIDE
COMBINED BOARDS OF DIRECTORS MEETING
MAY 12, 2012**

MINUTES

1. **Call to Order.** The meeting was called to order by President Jim Whiteley at 8:03 a.m.
2. **Affirmation of Attendance and Quorum.**
 - A. Board members in attendance were Jim Whiteley, Bill Meek, E.J. Gibson, Don Cacace, Herb Allen, Scott Ponds, Bob Lembke, and Sharon Schutz.

A quorum was established.
 - B. Representing Mountain Managers were Phil Wells, Greg Denckla, and Resident Manager Atis Spuris.
 - C. Also in attendance were Hugo Palacios (892 7th, & Lot 28) and Corkie Ramey (unit 160J).
3. **Approval of Minutes from the 2/4/12 Board Meeting.** A motion was made, seconded, and passed unanimously to approve the minutes as written.
4. **Owner Forum.**

Hugo Palacios has lot #28 by the lake under contract and the potential buyer has some questions. He has a list of questions and asked the Board to appoint someone to work with him. The buyer's biggest concerns are whether or not the lake will remain full and whether or not it would be conceivable that United would not turn the lake back over to Mountain Side without payment for work done. Bob Lembke stated United has put a tremendous amount of time, effort, and money into the lake and he's tired of questions that have been addressed before. He felt the implication that United might not give the lake back was offensive. Bill went through the steps that were taken when the lake was deeded to United. Mr. Palacios was familiar with this from reading the minutes but felt the minutes were not detailed enough to give a complete picture. Bob stated again that United has no interest in the lake other than holding the title. Mountain Side owners have the same right of access as they have always had. Bob has e-mailed Steve (prospective buyer) with this information. Mountain Side can take the lake back at any time without charge from United but they would inherit the recurring maintenance costs, insurance costs, liability, etc. A dues increase would be needed in order to maintain the lake. Currently, Mountain Side retains all rights but none of the liability.

It was explained that the lake is simply a wide spot in the stream dependant mostly on run-off for water. If the water upstream ever dried up, so would the lake and there is nothing that can be done about that. There is no control over the upstream water. This has not changed – this has always been the case. Who actually owns the upstream water rights is unclear. Bills Ranch Water District would like a water storage easement which has been under negotiation.

Bob gave Mr. Palacios his cell number for Steve to call if he has additional questions. Bob also agreed to meet with Mr. Palacios following the meeting. Mr. Palacios will e-mail the list of questions to Bob Lembke and Jim Whiteley who will send a copy to Mountain Managers.

Corkie Ramey stated the bathrooms look very good. She asked about the schedule for painting I & J buildings this summer. Work is to start late may or early June and will take several weeks depending on weather. Owners will be notified prior to the start date.

Corkie also asked about the landscaping behind J building. It was explained that the original Peak One landscape plan is being modified and is not yet available. This will be distributed as soon as it's received. Following review of the modified plan, the HOA can then come up with a plan to augment the planned landscaping. E.J. and Don discussed the revisions and the 3 access points that will be incorporated into the plan. The drainage swale between H & J is supposed to be a temporary construction swale and is likely to be there for a year or more.

(Will stopped by to say good bye to the Board. He noted he'll still be in the County and will be available if any questions come up. Will was thanked for all his hard work – he will be missed).

5. **Financial Report.** Herb reviewed March financials for both Associations.

Herb noted expenses are mostly under budget especially for the condos. Chemicals were up year-to-date but this should even out over the year. Mountain Managers will check to see if there was a bulk buy on chemicals. It was also noted that the pool was drained and new epoxy applied. The chemicals used after re-filling will not reflect until the April financials.

Delinquencies are much improved. Unit 121 C remains delinquent and the standard collection policy is being followed. The attorney has sent a demand letter but no response has yet been received. If there is no response before the deadline is reached, the HOA will need to decide how they want to proceed. It was explained that the HOA has an automatic super lien for the equivalent of 6 months dues. This lien is in front of the first mortgagee. There is no need to file another lien unless the delinquency exceeds 6 months. In that case, if the bank forecloses, any liens junior to the super lien would be wiped out. If the HOA forecloses, the bank would probably step in and pay 6 months of back dues to halt foreclosure proceedings. Legal fees are not likely to be recouped. Banks have historically not paid legal fees. This has been taken to court by Noah Klug but the judge ruled in the bank's favor. Noah would eventually like to appeal this decision (pro bono) when he finds the appropriate case.

Account balances:

Clubhouse: Ops Checking: \$58,338.55; Reserve Checking: \$69,356.31
Condos: Ops Checking: \$97,012.47; Reserve Checking: \$252,854.86; CD \$240,157.65

MCR: \$900 is on the Condo MCR for the ATV warranty. It was agreed this should be an operating expense and will be changed.

After Stuhr does the review and verifies the numbers, monies can be transferred from operating accounts to reserves, especially for the condos. Mountain Managers will determine how much can be comfortably be transferred.

Clubhouse MCR: Spending is minimal each year until 2017. At the end of 2012, the Clubhouse Association will be about 41% funded (30-40% is where you want to be. Funding percentages increase in succeeding years reaching 65% in 2014, 77% in 2016, etc. It was suggested that the amount going into reserves could be cut back. No decision will be made at this time. It's better to wait until money is actually in hand and a surplus is still shown. There may be some unbudgeted

expenses coming up and some MCR items may need to be moved up to be done sooner than anticipated. Bathrooms may have to be done sooner and the Board is already looking at different types of roofs (more expensive but longer lasting). E.J. noted that fencing, concrete deck, walkway on the east side, front landscaping, and the glass wall between the pool and hot tubs are all items that may need to be addressed sooner. It's better to have a very healthy reserve so assessments/dues increases can be avoided.

There are two consistent clubhouse complaints – bathroom cleanliness and the glass wall. The bathrooms are cleaned regularly but the old grout always looks dirty and makes the entire floor look bad. The countertops are bowing and looking very worn. They were not designed very well and are not durable. The 2" tiles are also a problem with too much grout. Larger tiles would be a better bet. When work is done, updating would be a good idea.

6. **Old Business.**

- A. Annual Meeting food options were looked at and discussed. After discussion, Bonnie Q was selected. A motion was made, seconded, and passed to use Bonnie Q at \$12.95 per person (they bring the food to the site; HOA is responsible for serving and clean up).
- B. Code violations. Greg noted there is a procedure in place to have the Town investigate violations and he has the form that is required. Life safety issues would be highest priority (i.e. bedroom without egress/ventilation). Illegal bathrooms, washers and dryers may or may not be investigated. It's possible these would receive higher priority if it was noted that the electrical circuits, plumbing, etc. may not be adequate.

An initial letter was sent to all violators. One owner provided permits, CO, etc. Several others purchased their units with the additions already in place. After discussion, it was resolved to send another letter to owners notifying them that if they do not have permits, they must apply to the Town of Frisco for the proper permits and retroactive inspection for code compliance. Documentation and final Town decisions should be provided to Mountain Managers. If the Town grants approval, the unit will be "grandfathered". Owners will be given 2-3 weeks to comply. Owners will be told that if they do not respond/comply the HOA will request inspection by the Town. The letter will be sent to the Board for review prior to sending to owners.

It was noted that if an issue arises with washers/dryers, the HOA is responsible for the building. If approved, washers should be required to have steel braided hoses, water sensors, drain pans, auto shut offs, etc. It was pointed out that the capacity of the infrastructure is the main issue. The Town has said "no" unless there is an engineering study done.

One owner had requested permission to install a window in order to have emergency egress for a loft addition. The Board/ACC denied any egress to the outside of the building since this would alter the exterior appearance.

- C. Landscape Plan: E.J. explained that this was not pursued when it was decided not to do the site survey. E.J. and Phil have gone through some plans and located an original landscape plan that might be used as a starting point. Using a landscape architect was discussed. This can be expensive but is very helpful in getting options, what should be planted where, xeriscaping, etc. The current plans could be blended with a new plan. A

plan could be formulated whereby landscaping could be phased in and not done all at one time. Bill noted that \$2,000 per season is budgeted for landscape improvement and he did not want to see \$5,000 - \$10,000 spent on a professional plan. He asked if local nurseries could provide some options. It was noted that nurseries will recommend what will make them the most money and not necessarily what's appropriate for the area. It was resolved to prepare an RFP (Greg and E.J.) and have bids/cost estimates for preparation of a landscape plan for the next Board meeting. Landscape architects will be asked for options on updating to a more modern/pleasing landscape plan.

Updating the appearance of the buildings was also suggested. It might be worthwhile to have an architect look at the buildings and see if a color scheme change would be feasible. If this is possible, it could be phased in during the regular painting schedule. No decision was made at this time.

- D. Recycling bins: Mountain Managers is still working on re-negotiating trash contracts with Waste Management. Regular pick up will be less expensive, bear resistant dumpsters will be provided, and recycling bins will be added at no charge. Whether to use a side entry dumpster (you lose some can volume) or weighted lids (very heavy and hard to use) were discussed. Side door dumpsters seem to be the better choice. It was pointed out that any loss of dumpster volume could be offset by the recycle bins.

Waste Management will provide ten 96 gallon single stream recycle bins. It may be better to put these in separate locations from the dumpsters to discourage people from dumping regular garbage in the recycle containers. There several areas that can hold the recycle bins and it was agreed this was a good idea. The containers are marked "recycle only" and generally there is a sticker on top with the basics of what goes in. These are not bear resistant but if there is no food, bears will generally leave them alone. Scott asked if people on vacation will actually sort trash. Some will not but many do. Since there is no charge for the recycle containers, this is not an issue. Many owners have requested the bins and they will be used.

- E. Peak One Boundary Landscaping: A boundary sheet was passed out and the 3 Mountain Side access points were indicated. The bridge is not needed and the builder will be asked to take that out and put more trees in instead. Due to the headlight issue that was raised the Town has required screening. There will be shrubbery and a fence installed. From the HOA side, only the fence will be seen – shrubs are only visible from the Peak One side. Mountain Side will need to add shrubbery on their side.

The original plan did not specify "public" easements. When the lawsuit was settled, the easements were made public access and are reflected that way on the amended PUD. A copy of this needs to be obtained for file.

7. **New Business.**

- A. Walk throughs are scheduled as follows:

May	Don	July	Don
June	E.J.	Aug.	Bill

- B. Painting of I & J Buildings: The Board asked that all bids not be included in meeting packets. E.J. and Bill are to receive copies of all bids via e-mail and one copy of the bids will be brought to the meeting in case there are any questions. Cost estimates/bid prices will continue to be listed on the agenda. Most items on this agenda dealing with bids were not discussed – Bill and E.J. will make any necessary decisions.

Sunshine will be doing the painting of I & J. They did the painting last year and everything went very smoothly. Their prices have come down and they do a good job. If any damage is caused to landscaped areas, they will repair. Sunshine (Paul Lee) would like to use a different material. He is recommending a new acrylic stain that will last longer, give better sun protection, and result in less fading. Bonding should not be a problem as long as the proper prep work is done. Mountain Managers will not be on-site daily. They will be spot checking along with the Resident Manager but reliable contractors are hired to do the work and daily supervision will not be done.

- C. Comcast Proposal: Options were reviewed. HBO is currently included and the Board felt this should remain but that any other upgrades (HD, DVR, etc.) would be up to each individual owner. Many owners do not want any extras and object to subsidizing (through dues) owners that do. Comcast will be paying for all the necessary re-wiring/replacing of outdated cable. The contract rate may increase each year but won't be any higher than the increase for residential customers.

Wi-Fi is available in the clubhouse only. Discussion took place on what it would take to have it in all buildings. Resort Internet provides this service but there have been many complaints about speed at other complexes. There is also a new company that is installing Wi-Fi at a Breckenridge complex. Mountain Managers would like to see how this works before recommending the company. Scott was asked if he would work up a proposal for Wi-Fi for the Condo buildings. Scott also suggested that each building be able to vote on whether or not they want Wi-Fi. This can be discussed at the next Board meeting.

A motion was made to accept option 1 of the Comcast proposal – 5-year contract that includes HBO (\$29.50 per unit per month). This is for Condos only and not the individual homes. The motion was seconded and the Condo Board passed the motion unanimously. This is a condo only expense; not clubhouse.

- D. Carpet replacement for the Resident Managers unit was discussed. This was replaced 6 years ago and may not need to be done. It was explained that when Will resigned there was a possibility that Tommy would take over the position. Due to the fact he has a new baby, carpet replacement was discussed. Mountain Managers is not aware of any issues with the carpet. If it is found that there are problems and replacement is needed, the Board will be notified.
- E. Flood plain findings for buildings C and F were discussed. When the 100 year flood plain was done, existing dams that are not certified as flood protection were taken out and the flood plain was based on what could happen if the dams were not there or failed. Flood insurance is only required on properties with a mortgage. The alternative to flood insurance is to prove the base elevation is not correct which is a distinct possibility. It was suggested that a survey be done to determine elevation. It may only be necessary to fill in at the lowest point of the foundation to come out of the flood zone.

A motion was made, seconded, and passed by the Condo Board to have a survey done for C and F buildings not to exceed \$1,500. If the estimated cost exceeds this amount, the Board will be consulted before proceeding. This is a condominium only expense; not clubhouse.

- F. Lake negotiations: Bob Lembke stated that no negotiations are on-going at this time. He has been waiting on all approvals before starting negotiations with Bills Ranch Water District again. He explained that planned construction will not alter the structure and the stand pipe will not be removed. The throat that goes out of the lake will be widened and mass will be added to the dam. Bills Ranch Water District will need to raise/lower the water level as needed and would need to put in a gate at their expense in order to accomplish this. Variations of water levels have been discussed with Bills Ranch Water District in the past and Mountain Side's concerns have been made very specific. Legal fees, payment for on-going maintenance, etc. are all part of the negotiation process.

Construction is scheduled to start 6/4/12 and should take 2-3 weeks to complete. The lake will be drained down during construction. Arrangements will need to be made to contain fish since a contractual agreement prohibits letting the fish get out.

A signed copy of the revised lake agreement cannot be located. Bob remembers signing the agreement at a meeting a couple of years ago but noted that the signed document should have gone back to attorney Felice Huntley for recording. Felice does not have a copy and neither does Mountain Managers. This will be pursued.

- G. E-mail from Joelle Miller was reviewed. Most of her concerns (vending machine income information, painting, recycling, etc. have been addressed by Susan and Bill stated he believes Susan has this under control. It was noted that vending income comes from the washers/dryers and the soda machine (income is minor on the soda machine).
- H. The rebuilding of staircases was discussed. E.J. stated that the bids from Alpine Ventures were very high and other bids are being obtained. \$54,000 is budgeted in the MCR this year. The MCR was revised at the last meeting. Mountain Managers has made the changes on the MCR but the summary sheet was not done. This will be corrected.
- I. A request was received to waive fees for renting of the clubhouse for the grade school graduation party on 5/30. The clubhouse would be reserved from 11 – 6 on that date for no more than 25 people. While all agreed that this could be done, it was felt that since there is a Board member involved (has a 5th grader), it would be better to pay the rental fee so that there is no hint of favoritism. It was resolved not to waive the rental fee.

Whether or not the kids could also use the pool was discussed. The pool area cannot be reserved exclusively for their use but since at least 2 parents are Mountain Side owners, the children can use the pool as guests of owners.

- J. There was a request for a Rules change to allow long term renters to have pets at the condominiums (6 month lease or longer). After discussion, it was resolved to leave the Rules as written. Only owners may have pets at the condominium complex.

- K. Herb had requested a light to illuminate the stairs on the north end of Building I. Blue Bird Electric estimates \$550 to accomplish this. The light will be on a motion sensor so it will not be on all the time. The Board approved the light. If this is done soon enough, the conduit can be painted at the same time the building is painted.
 - L. Sharon asked about clearing decks during painting. It was explained that it's very important for owners to do this as requested. When requested, Mountain Managers will help owners that are not in residence but anyone who can make their own arrangements should do so.
 - M. All heat tape should now be off. Mountain Managers will have Atis double check.
8. **Owner Forum.** No additional comments.
9. **Schedule the Next Board Meeting:** 8/25/12, 8:00 a.m. at the clubhouse
10. **Adjournment.** There being no further business, a motion was made and seconded to adjourn the meeting at 12:26 p.m.

Respectfully submitted:

Judy Freese, Recording Secretary (minutes prepared from a tape recording of the meeting and notes taken by Greg Denckla).

APPROVED:

Approved via e-mail

5/31/12

Jim Whiteley, President

Date