

**MOUNTAIN SIDE  
COMBINED BOARDS OF DIRECTORS MEETING  
NOVEMBER 10, 2012**

**MINUTES**

1. **Call to Order.** The meeting was called to order by President Bill Meek at 8:05 a.m.
2. **Affirmation of Attendance and Quorum.**
  - A. Board members in attendance were Bill Meek, Herb Allen, EJ Gibson, Pete Pfeiffle, Steve Smith, Don Cacace, Bob Lembke, Art Burger, and Scott Ponds.  
  
A quorum was established.
  - B. Representing Mountain Managers were Phil Wells and Atis Spuris (Resident Manager).
  - C. Also in attendance were:
3. **Owner Forum.** None.
4. **Approval of Minutes from the 8/25/12 and 9/1/12 Board Meetings.** A request from owner Joelle Miller was received asking for a change in the 8/25/12 Board meeting minutes. Under paragraph 3, Owner Forum, subparagraph A, the minutes stated, "...the HOA has an agreement with the Town on water/sewer based on the number of bathrooms in the complex when it was originally built." Ms. Miller contacted the water district and sanitation department and discovered that there is no agreement with the Town on water/sewer based on the number of bathrooms. This sentence should be removed from the minutes. A motion was made, seconded, and passed unanimously by both Boards to approve the minutes with the noted statement deleted. (Ms. Miller had also asked that the 9/1/12 Annual Minutes be corrected. Under Old Business, paragraph 2A, the statement was made that, "at one time the Town of Frisco required a condo owner to remove an additional bathroom and it was later reinstalled." Bill Meek previously e-mailed the owner stating the last part of the sentence ("and it was later reinstalled") was in error. The minutes will be corrected.
5. **Financial Report.** Herb reviewed September financials, proposed 2013 operations budgets, and MCR's for both Associations.
  - A. Clubhouse Income Statement. There was a substantial savings on utilities but chemicals are still very high. Overall the clubhouse association was \$8,976.28 under budget on expenses year-to-date.  
  
The chemical cost has doubled in the last few years and the cause has yet to be determined. Kaupas has been out repeatedly and can find nothing wrong. Staff members are following all procedures and using chemicals correctly. Testing is done twice per day and chemicals adjusted as needed. Atis noted that before the trees were removed, dead pine needles were accumulating in the hot tubs and this could account for using more peroxide. There was higher occupancy over the summer and the recreational facilities got much more use. This could also account for part of the increased chemical cost. A definite reason for the increased cost needs to be determined. After discussion, it was decided that Mountain Managers will do some more research into this issue. They will find out when the switch in chemicals (bromine to peroxide) took place for the hot tubs and determine the difference in chemical cost (bromine vs. peroxide). Kaupas thought some of the increase could have been due to drought conditions. Ask them if any of their other clients have experienced increased

costs. Mountain Managers was also asked to break out the cost of chemicals for the hot tubs and the pool. It's believed the pool accounts for about 20% of the chemical cost but this will be double checked. Determine if the pool and hot tubs can use the same chemicals. Once the information is obtained, if there is still no definitive answer for the increased chemical costs, it may be a good idea to have an outside expert come in and see if they see something Kaupas doesn't. It was also suggested that chemicals be bid out to see if there is any significant difference in price between companies. No decisions were made pending the additional research and the budget will be left as is until the information is obtained and sent to the Board for review.

- B. Clubhouse 2013 operations budget was reviewed. There is no change in dues and the same amount will be allocated to reserves. Total income is projected at \$158,906. On the expense side, total budgeted expenses are slightly lower than in 2012. It was noted that insurance doesn't show each month on financials. The insurance premium is paid in one lump sum annually in November and does not show in the other months. It is budgeted but the line item is hidden so as not to show a variance each month. It was explained that a minimal amount can be entered each month so that the insurance line will display and Herb requested that this be done. Herb read through each line item and noted any differences from last year.

A motion was made, seconded, and passed to approve the 2013 Clubhouse Operations Budget.

- B. Condominium Income Statement. The condos were \$28,840 under budget on expenses year-to-date.
- C. Condominium 2013 operations budget was reviewed. Dues will remain the same and total income is projected at \$643,344. Expenses were reviewed line by line. The cable increase is contractual each year and cannot exceed the increase for residential units. This has been averaging 6% each year. It was noted that the re-wiring by Comcast has been delayed until spring. When it was discovered that Comcast planned to run the new wire through owner's closets there was insufficient time to notify owners and gain access. Comcast was also asked to come up with another option to avoid use of owner's closets since this will be extremely hard to coordinate. The Board felt there should be plenty of room to use the gas chases and EJ volunteered to get involved if needed.

Insurance needs to be reflected each month on the financials (same as HOA). Phil also explained that Farmers has done away with all of their master policies and each HOA now has an individual policy. Mountain Managers was notified very late in the year about this and did not receive new premium rates until a week prior to policy expiration. There was no time to obtain other bids/options and all policies were renewed with Farmers to avoid a lapse in coverage. Bids are now being obtained to ensure that current premiums are not out of line. If a better deal can be found, a switch can be considered. Mountain Managers will make no changes without first consulting with the Board. Mountain Side retains the same coverage with the individual policy.

Trash was renegotiated by Mountain Managers and a cost reduction was obtained. In addition, recycle containers are being provided at no cost to the HOA.

Total expenses are projected at \$643,344 which is the same amount budgeted last year.

Herb did not feel there were any real concerns with the budget and a motion was made, seconded, and passed to approve the 2013 Condominium Operations Budget.

- D. MCR – Clubhouse. Herb noted that to be 100% funded the HOA should have \$347,000 in reserves. This is not feasible and the goal is to keep it at 30-40%. EJ noted some revisions over last year.

The replacement of the pool area store front window was budgeted for 2014 at \$53,000. This includes construction cost, design, permits, and a 10% contingency. Also moved up to 2014 was the steam room tile (\$7,288) but this may not last until then. The restroom remodel was moved to 2015 at an estimated cost of \$84,000. Whether or not to move all or some of these items to 2013 was discussed. All agreed that updating the amenities would be good for property values but cost can be a factor. Contractors are still hungry at the moment but that may not last until 2014-15. If part of the clubhouse is going to be torn up for one project, it could be well worth it to do everything at once. Packaging all projects with one contractor would reduce mobilization costs, insurance, etc. Clubhouse amenities are a big selling point and are great for rentals. It was noted that reserves are adequate to cover costs but would go way down. If it became necessary, the HOA could borrow from the condos. The pros and cons were weighed and it was ultimately decided to move the clubhouse south wall storefront window replacement, retiling of the steam room, and the restroom remodel to 2013. A motion was made, seconded and passed to approve the MCR with the noted changes. The total amount for MCR items scheduled for 2013 is \$147,788.

The current MCR budget numbers could go down when actual bidding begins. A very detailed bid package will be put together and all contractors who are bidding will be asked to attend a pre-bid walk through. Andy Kenney (condo owner) is the architect. EJ will ask for a bid package for the February meeting but this may not be possible. It's anticipated that the clubhouse will be closed for 6-8 weeks to accomplish all the work which should be completed before the 4<sup>th</sup> of July.

- D. Condominium MCR. To be 100% funded, the condos should have \$545,000 in reserves. As with the clubhouse, this is not feasible but the goal is to keep it at 30-40%. Funding currently exceeds that amount but 6 to 8 years from now it's a different story. Bumping dues up now is not recommended but this will need to be watched. It has been Mountain Managers' experience that when an HOA contributes as much as Mountain Side does to reserves, negative numbers are rare. Some high dollar items in the future may not need to be done when anticipated. EJ noted that there are still some expenses to be paid in 2012 (hand rails, garage light fixtures, etc.). Owners have complained that the garages are too dark and feel they could be unsafe. Light fixtures are still being researched.

A motion was made, seconded, and passed to approve the Condo MCR. The total for MCR items scheduled for 2013 is \$88,644.

6. **Old Business.**

- A. WiFi Proposal. Steve asked Audio Visual Solutions out of Breckenridge for a cost to install the necessary WiFi components for each building. A technician is willing to come to this meeting if the Board would like to ask questions. (The Board did not feel this was necessary.) The subscription fees were fairly high and it was noted that WiFi could be added to the cable contract through Comcast for approximately \$25 more per unit per month. With Comcast, owners would have their own routers and no other equipment purchase would be necessary. In order to obtain the bulk discount rate, 100% participation is required. If a decision is made to go ahead with this, it would be paid for through the HOA (same as cable) and would require a dues increase to cover the cost. More and more people are using WiFi and it's one of the first things renters ask for. There are generally some people who are not interested in having WiFi in all units. In addition, some people may already be locked into a contract with a company other than Comcast. It was also noted that Comcast is starting to put in fiber optics which will increase options a great deal. It's hoped that when the re-wiring is done at Mountain Side, fiber optics will be installed but this is unknown at this time.

It was decided to send out a ballot with the next two sets of Board meeting minutes asking owners to vote for/against the installation of Wi-Fi for each unit. The Board would like to see a 70% approval vote prior to proceeding.

- B. Code violations.

Washers and Dryers: EJ stated there had been a number of meetings with the Town of Frisco and Summit County. It now appears that the existing infrastructure of the buildings will support washers/dryers. If there is a washer/dryer in a unit, it will need to be inspected and approved. Even if washers and dryers are permitted, the Board would like to see some additional requirements such as braided steel hoses, a floor drain or drain pan with pump, and proof of adequate insurance to cover any damage the washer may cause. Damage to other units from an upper unit washer becomes an HOA issue. The Board wants to make sure there is as much protection as possible for lower units over and above town requirements. It was also suggested that an auto water shut off valve/sensor be required. The Condo Rules and Regulations will need to be revised. Mountain Managers will prepare a draft revision to the Rules and send it to the Board for approval. The Board can make changes and vote to adopt via e-mail. Once approved, owners will be notified and given a time frame to comply. Non compliance can result in the HOA mandating removal. Fines can be assessed in accordance with the Rules and Regulations.

Space modifications: These must be inspected and meet code. There is a bigger issue than just plumbing and electrical. People who have expanded into attic space have expanded into a common element. When the complex was developed, one of the things that had to go on file was a condo map showing the floor plan of each building and the condo limits. When units are sold, the deed refers to that specific condominium map. Anyone who expanded into the common element and then sold the unit with the assumption that the additional space was theirs to sell could be guilty of fraudulent sale. Original lofts were in the front only. The back was "dead space" with an access panel for pipes, etc. Many people installed a door and created storage areas and some added bathrooms. It needs to be determined if the common area is limited common element or general common element. According to attorney Noah

Klug, even if it's LCE and owners have encroached, they can technically be guilty of trespassing. If the original air space has been altered, re-mapping of the condo space may need to be done. The upper loft area is referred to as "mezzanine" which is limited to a percentage of the floor space of a unit. Egress is another issue if the space has been converted into a bedroom. There are other factors to consider as well. All expansions must be to code and even if permitted, should the HOA allow expansion into common areas? In addition, dues are based on the number of bathrooms (1 or 2) and there are now units with 3 bathrooms.

EJ feels that some owners are ignoring requests to obtain retroactive permits/inspection. He recommended a final letter giving owners a definitive time to have the work retroactively inspected. If owners do not comply, legal action may be taken. Before any letters are written, more information is needed. First it needs to be determined if the space is LCE or GCE. If remapping is required this should be at owner's expense. The cost of remapping should be obtained. The original PUD should also be checked. If it allowed for a certain number of square feet and the developer hit the maximum, that could also be an issue.

After further discussion, it was suggested that the Condo Board appoint a committee to address the noted issues and propose solutions so that this does not continue to become an agenda topic for every Board meeting. HOA Board members are not really involved although their input is valuable and very welcome.

- C. Landscape Plan: Mountain Managers received one very broad proposal last night. The first item on the proposal was a site survey at a cost of \$6,000 to \$11,000. There were several other very expensive items noted. Additional proposals are being obtained but they have not yet come in. Further discussion was tabled until the February meeting.
- D. No smoking policy for the condos: Whether or not to ban smoking from any common area (including decks/patios, garages, etc.) was discussed. It was also suggested that smoking be banned within 25' of any building. Steve will work up a policy/rules revision and submit it to the Board at the February meeting.
- E. Fence restrictions – HOA: Scott feels that the HOA needs to clarify what is and is not allowed with regard to the fencing of HOA yards. The policy should clearly spell out where a fence can be located, the type of construction, height, etc. The duplexes/townhomes are different than the single family homes and two policies will need to be developed. After discussion, it was decided to have Scott work up the 2 different fencing policies and submit it to the Board at the February meeting.
- F. 822 HC rules compliance: Most of the issues seem to have been resolved. Scott stated that Dave Chadsey is now on board with decisions that have been made. The tenants at the unit have removed the grass at the side of the unit and are permitted to park their vehicles there. It seems to be under control for now.
- G. FEMA flood abatement: No reply has been received from FEMA. It's believed that with all their re-zoning and re-mapping, they are getting lots of complaints and are having trouble keeping up. This is not just a single unit problem. It involves the entire building and that's why the HOA is involved. The HOA is challenging that the building/unit in question is even in the flood plain. (Subsequent to the meeting, FEMA

replied to the re-mapping. Building “C” has been removed from the flood plain but building “F” remains in a flood zone.)

- H. Communications: Owners should not be copied on discussion e-mails between Board members until a final decision is reached. This can become confusing for everybody.

7. **New Business.**

- A. Owner comments from the Annual Meeting:

Unit 357D had asked about cable and whether or not an option allowing for HD and internet instead of HBO could be considered. This would not be an even trade since there is a charge for the HD box. Owners can do this on their own if they are interested. A letter will be sent to 357D.

- B. Unit 337D asked that the chairs in the clubhouse be replaced. They have been removed and reupholstering may be considered.

- C. Walk Through Schedule:

November	Scott Ponds (will contact Mountain Managers to set date)
December	Pete Pfeiffle
January	EJ Gibson
February	Steve Smith

- D. HOA owners parking in the condominium lots was discussed. This is not permitted. There is one HOA owner who stated he was given permission to park there by “a Board member”. If this is true, all Board members should remember they cannot authorize this. This owner parked a van in the condo lot for most of the year. The owner lives on Hunter Circle and the van has now been removed. The HOA parking rules are more liberal than the condos but not to the point where indefinite parking in the condo lots is permitted. The only parking area that is owned by the HOA is against the fence all the way to the tennis court. Vehicles parking here must still adhere to the time limits specified in the HOA Rules.
- E. Pet pick up dispensers/disposal containers (combination unit) are to be placed at both of the portals to the Peak One Development. Several owners have complained about the “mess” and it is hoped this will help to mitigate the issue. Signs stating “please pick up after your pets” are also to be installed.
- F. Re-surveying the line between the Peak One Development and Mountain Side was discussed at a previous meeting. This has proved too expensive to do.
- G. Landscaping by the Peak One developer was discussed. Everything that was on the approved plan will be done. As far as screening the headlights that shine onto Mountain Side property, any landscaping they have done is on their side. If more is needed, it will be Mountain Side’s responsibility to plant trees, etc. on their side.
- H. Scott stated that he received several complaints from owners on a shared irrigation system. Their water bills went up 300%. One of the owners had also contacted Mountain Managers and asked them to pay for the excessive water bill. It was explained that there was one zone that was affected. During a security check it was discovered that a sprinkler head was broken and had probably been flooding water for

about 4 days before it was found and repaired. When owners sign up for irrigation system prep, this is only for start up and shut down. Mountain Managers does not do on-going daily inspections of the irrigation system. It was suggested that the owners see if the Town has some kind of a one time forgiveness program for instances like this. Scott will speak to the owners.

- I. Unit entry: The HOA/agent has the authority to enter a unit with or without the owner's permission where an emergency situation exists. They also can enter a unit for repair and maintenance and if it's believed a situation may exist that could affect other units. This does not have to be an "emergency". If damage can possibly occur, unit entry is authorized. The Condo Rules will be revised to clarify this section and sent to the Board for review and approval.

Owners are given notice whenever possible when unit access is needed. Contractors sometimes give very short notice to accommodate their schedules and this precludes giving much advance notice. It was suggested that 2 people always go into a unit but this is not always possible. Service technicians, vendors, etc. do not always have two people scheduled to do work in the units. In addition, Mountain Managers would no longer be able to continue free security checks if 2 people were required for each check.

- J. It was noted that Building F has a skylight with white trim. This is not standard and will be checked.

9. **Schedule the Next Board Meeting:** The next Board meeting will be on Saturday, February 9, 2013, 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 4:10 p.m.

Respectfully submitted:

Judy Freese, Recording Secretary (minutes prepared from a tape recording of the meeting).

**APPROVED:**

Approved via e-mail

12/26/12

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Bill Meek, President

Date