

Accepted 4/16/2013 W/2 revisions completed on 5/7/2013
Walton Village Homeowners Association
Board of Directors Meeting
December 12, 2012

I. Call to Order

A Board of Directors meeting for Walton Village Homeowners Association was called to order by Andrew Henry, President of the Association, at 6:15 pm, at the offices of Axis West Realty, Inc., 1585 Mid-Valley Drive in Steamboat Springs, Colorado.

Roll Call

Those individuals present at the meeting included;

Andrew Henry	Epsilon 8
Debbie Metscher	Delta 12
Stacy Huffman	Gamma 6
Tony Berge	Maintenance/Repair
Urte Delliquadri	Bookkeeper
Evlyn Berge	Property Manager
Lori Burch	Property Management Assistant

II. Review BOD Meeting Minutes, September 20, 2012

The meeting minutes for the Board of Directors meeting held on September 20, 2012, were presented for review. A motion was made by Stacy Huffman to approve the meeting minutes as presented, adding that the minutes were very accurate and well done. Debbie Metscher seconded the motion for approval. Andrew also reminded the board members that recordings of all meetings was available for review and that management would make every attempt to distribute the meeting minutes to each board member within 3 weeks of each meeting.

III. Financial Review

Urte Delliquadri briefly reviewed the financial statements for the Association, which included the Balance Sheet, dated October 31, 2012, and the Profit and Loss Budget vs. Actual dated October 2012. Urte stated that the November financial reports should be complete in another week or so.

- A.** A brief review of the bank accounts confirmed that the association is in very good standing.
- B.** Account Receivables at the end of October were \$43,823.79; however, Urte stated that toward the end of November they were down to approximately \$30,000.
- C.** Urte noted that she added an account under “Other Current Assets”, which is described as “Due from Operating to Reserve”. This account reflects the amount of money that is set aside for major maintenance. Since the money isn’t transferred right away, this additional line item will enable the Board of Directors and Management to recognize this amount is easier.
- D.** The Profit and Loss Budget dated October 2012 was also reviewed. Currently, the Association is operating primarily under budget, with the exception of the fire alarm repair and maintenance, which has been over budget. Water fees are also slightly over budget, but once the pool closes for the winter, those numbers will level out again. At this time, the Profit & Loss report shows the Association to be \$28,206.66 under budget. Urte also explained that the Income for the

Association does not fluctuate very much, as it is primarily collected from HOA dues. Most changes are reflections from expenditures.

- E. Urte also mentioned the Chis Patterson was going to be handling the Association audit.
- F. Evlyn quickly reviewed the Association delinquencies. It was noted that Beta 1 is being sold through Fanny Mae, via Prudential Real Estate, in Steamboat Springs, Co. The unit has already been rekeyed and a plan is in place to complete approximately \$10,000 worth of improvements to the unit. Prudential has agreed to keep management up to date on any changes. Currently delinquencies appear to be minimal; however, management will continue to monitor.
- G. The next item reviewed was the Reserve Study/5 Year Maintenance Plan. As projects/repairs continue throughout the year, changes in expense amounts, as well as estimated expenses will need to be updated on the plan. As maintenance issues are completed, Urte makes adjustments according to exact expense amounts, as well as making changes to projected expenses for future projects. At the request of management, minor changes will be made to the plan so that it is easier to determine which projects/expenses are complete, and which ones are not.

Reviewing each line item, Evlyn reiterated that adjustments will need to be made to this worksheet as maintenance and repair issues continue, so that actual and projected expenses are stated and organized for the upcoming HOA meeting spring 2013.

A quick review of the maintenance plan indicated the following;

1. **Pool Furniture** – Estimation amount will need to be increased to purchase new.
2. **Picnic Tables** – The tables have not yet been replaced, but replacement is scheduled for this summer on a rotation basis.
3. **Tennis Court repairs** –Although repairs on the tennis courts is scheduled for this coming summer, repairs may be postponed, as the tennis courts are in very good shape now. This will be reviewed again in the spring.
4. **Walkway Replacement** – High priority has been put on the replacement of the asphalt walkways. This project is tentatively scheduled for spring/summer of 2013.
5. **Parking areas** - This maintenance issue might be postponed to a later date due to possible start of roof replacements instead.
6. **Drainage** – Alpha and Beta – Drainage issues near these areas caused some flooding and this will need to be closely monitored this spring in order to plan drainage mitigation, and also for repaving between Delta and Beta.
7. **Pothole Patching** - These repairs will most likely take place again.
8. **Siding Replacement** – There are no immediate plans for siding replacement.
9. **Deck Replacement** – Evlyn requested that each deck be evaluated by Tony and placed in order of priority, according to which ones need repaired/replaced first. Many of them have been completed, especially on the lower levels.
10. **Roof Repairs** – This maintenance issue was completed on the residential buildings, but has not been completed on the pool house.

IV. Maintenance Update

Tony Berge attended the meeting to review updates and current standings on maintenance/repair issues on the property.

A. Alpha Building/Structural Repairs

1. Tony spent ½ of day with an engineer reviewing the structural damage and needed repairs for the Alpha Building. Many joists need to be replaced or repaired, as many of them are showing serious signs of age, moisture damage, and dry rot. Some of joists have been repaired or previously replaced, but not all of them. Tony stated that it's difficult to see the extent of the damage in some places without removing some of siding. With the previous repair/replacement, many of the joists around the fireplace chase areas were skipped because

they are difficult to reach. It was estimated that approximately 1/2 of the building joists would need to be replaced. Many of the beams will need to be replaced because near the ends, where they sit on top of the concrete are rotted by moisture and damaged, which is starting to cause sagging in the floor.

2. Moisture is a serious issue that needs to be monitored closely. The trenches that were dug around the building have helped considerably with deterring some of moisture; however, it's difficult to determine the extent of the improvements, because we have not had a substantial spring run off since the trenches were established.

3. Tony also suggested that the paperbacked insulation in the crawl space be removed and replaced with a non-paperback insulation in order to mitigate some of the moisture problems. The paperbacked insulation traps moisture in.

4. Evlyn suggested adding funds to the Reserve Study/5 Year Maintenance Plan for the replacement of the paperback insulation. Budgeting for repairs and/or mitigation, including replacing the paperback insulation, to avoid potential mold/moisture issues is something that the board should consider for preventative reasons. It was determined that Tony would review this issue on each building, and report to management on the condition of every crawl space. After reviewing this information, management and the Board of Directors will determine if this expense needs to be added to the future maintenance plan. Tony agreed to map out each building, with detailed information indicating the location of the fans, sump pumps, extent of damage, and needed improvements.

B. Entryway Storage Closets: Tony also reported on the condition of the floors in the storage closets in the entry ways. Because of the moisture issues below the buildings, many of the floors in the closets are in need of possible repairs. Management and the Board of Directors will need to determine if this maintenance issue should be covered by HOA or individual owners. If the damage is structural, outside the units, the HOA may need to cover the expenses for repairs. Tony will evaluate the damage and report back to the Board, and this issue will need to be reviewed again in spring 2013.

C. Beta 14 - It was also noted that the plumbing issues in Beta 14 have caused major damage under that unit. The water from the shower is going under the building and the moisture has caused the floor to nearly completely rot. The owner(s) of Beta 14 are planning on repairing the plumbing so it is plumbed correctly.

D. Roof Repairs – After reviewing several bids, Management decided to use Wilson Roofing. Wilson Roofing complete the critical work needed on a time and material basis. The roofs have met their life expectancy, and need to be replaced, which is a major maintenance issue being projected for the future. Wilson Roofing also prepared a list for review, indicating which buildings needed roof replacement in the most critical order. RHO was most critical on the list. The estimated cost for replacing each building roof is \$25,000 - \$35,000 per building, and it was suggested by Management that plans be made to start replacing the roofs, possibly two each summer, for the next five years, until the project is complete. The estimate obtained was by Wilson Roofing for 30 year shingles, and is being used as a starting point for reviewing this project. Additional information and bids will be acquired on the roof replacement before final decisions are made

E. Chimneys - It was also noted that there are a lot of inconsistencies in the chimneys and venting with the gas fireplaces. It's possible for all of the chimneys to be eliminated completely if owners agree to, or are planning to replace the wood burning stoves with gas units. This issue will need to be reviewed again soon prior to any roof replacement.

F. Signage – No Parking/Tow signs were placed near the entrances. The cost of the stakes was approximately \$200 and the actual signs were \$275, with a total cost of approximately \$475.00. Management and the Board are happy with the results of the signs, and the signs are mitigating parking issues.

G. Snow melt – Will be supplied on an as needed or as requested, and on all north facing entrances.

H. Bushes near sidewalks – Stacy mentioned that the bushes near the sidewalks nearly cover the entire sidewalk areas when they are weighted down with snow. It was decided that instead of cutting or trimming them, that wrapping the bushes would help mitigate this issue.

I. Omicron – stained concrete in entrances – Several products have been used to try and remove the stains in the concrete near the entrances at Omicron, but after reviewing the issue with another contractor, it was determined that the cause is due to excessive sealer on the concrete. The sealer is a water based sealer. Toni is going to try steam cleaning the area, and if that doesn't work, he will then paint the entire area with a concrete paint.

J. Trash Services – Everyone seems to be much happier with the services now.

K. Lighting – Management continues to monitor and attempt to make improvements on lighting issues throughout the property.

L. Stairwells – The rubber coating on the stairwell treads need to be removed and replaced. Also, the carpeting in many of the stairwells needs to be removed and/or replaced. This maintenance issue also needs to be reviewed. Management suggested that the HOA pay for power washing and cleaning of the entryways, possibly once every two years. These areas get very dirty and need some attention.

M. Beta Sewer Line

1. A sewer backup problem was reported in the Beta building, and Action Drain was called to mitigate the issue. It was first thought that the issue was caused by material clogging the pipes, however, three days after initial repair was done, the issue returned. It was then determined that the problem was caused by tree roots. An insurance claim was not filed initially because the cost of the first repair was only \$700, and the insurance deductible is \$5000. However, after the second incident, which caused damage inside four different units, included carpet replacement, the cost of the repair went up to approximately \$3000. Since the repair was still less than the deductible, Management did not make an insurance claim. However, after reviewing the sewer backup issues with Action Drain and Mount Werner Water, it was determined that sewer lines would have to be replaced, and the cost of the repair increased to an estimate of \$2000- \$4000.

2. Management has filed all of the paperwork to make a claim, but the claim has not yet been processed. Management is requesting direction from the Board of Directors regarding this issue. A letter was sent to Management from Bob Strong insurance, which Management reviewed with the Board. The letter clearly stated that any claims involving raw sewage needed to be handled seriously.

3. Tony Berge was hired to mitigate the sewer backup issues, and reviewed the repairs and the mitigation with Management and the Board. The plastic was removed from the walls in the crawl spaces, and disinfected all of the wood. The Board and Management requested the Tony remove all plastic in the crawl space, in case of any contamination.

4. Eco's was also hired for repairs and mitigation. The carpet and pad in the Beta 6 unit was replaced, along with any other visible signs of damage being repaired. Management will contact Eco's and ask if any other repairs or cleaning needs to be done for precautionary measures. Beta 1 unit has been taken over by Prudential Realty, so any information obtained will need to be shared with them. Tony recommended that the plumbing leak in the Beta 14 unit be repaired prior to Eco's doing any additional work or cleaning.

5. Management suggested having Action Drain come in and hydro jet the sewage lines, and then go thru them with a camera, and "shoot" the lines. Other properties have this done every 5 years as a preventative measure. This pictures will show any damage in the lines, or tree root issues, so that mitigation can begin before a problem arises. Management requested the Board of Directors approval for the expense, which is approximately \$250 per building. The Board of Directors approved the expense.

N. Insurance Premium Increase - Evlyn also reviewed another letter from the insurance company that stated the rates increased by 6%, and due to a previous claim, the 15% profitability discount was removed. The total increase was nearly \$500 per month, over \$6000 per year. Management and the Board need to be cautious in making claims, however, some consideration in making a claim for the sewer backup needs to be reviewed, as there may be a concern for future liability issues.

Management is also requesting information from the insurance agent, Bob Strong, on how much the insurance rates could increase due to a claim. It will also be requested that rates be obtained from other carriers. The Board of Directors would like some clarification from the insurance company and/or an attorney to find out more information regarding the liability issues that could arise in the future due to bacteria contamination.

O. Evlyn also reviewed a letter from the insurance that supplied a list of requirements for all mountain properties and rental units. The list of requirements was not realistic and management will follow up by contacting the insurance agent and inquiring about the letter.

V. New Business

A. Recent Sale of a unit – An Alpha unit recently sold for \$83,500, which is substantially more the sales in the past two years.

B. Dogs on the property – No pets are allowed on the property, however there are currently two dogs that are claimed to be service dogs, living at Walton Village. It was decided by the Board of Directors that a more formal process be implemented regarding any service dogs. Unit owners must verify with the Board of Directors to have a service dog, and then must supply proof of the needed service and capabilities of the animal.

C. Bulletin Boards – It was suggested that bulletin boards be placed at each entrance, of each building. Management obtained a price for bulletin boards between \$88 - \$157 per board. It was decided not to proceed with this purchase at this time.

D. Parking Permit Stickers – Management obtained a price for parking permit stickers, which was \$280 for 125 stickers. It was decided not to proceed with this purchased at this time.

VI. Meeting Adjournment – The Board of Directors meeting was adjourned at 8:05 pm.

Respectfully Submitted,

Evlyn Berge
Lori Burch
Axis West Realty, Inc.