

**111 MAIN CONDOMINIUM ASSOCIATION
ANNUAL HOMEOWNER'S MEETING
NOVEMBER 23, 2010
SILVERTHORNE, CO
via conference call**

Call to Order

The 111 Main Annual Homeowner's Meeting was called to order at 3:30 PM.

Those members present were Don & Linda Wagner, Ryan Lynch, Darcy Eid, and Alyson Canepa. Absent were Darren and Amy Nakos. Representing Basic Property Management were Gary Nicholds and Candy Ramage. A quorum was present.

Statement of Compliance

Gary Nicholds stated that the notice of meeting was sent out in accordance with the declarations. Everything is in order.

Approval of 2009 Annual Meeting Minutes

Motion: Darcy Eid moved that the minutes of the 2009 annual meeting be approved. Linda Wagner seconded the motion.

Action: The motion was unanimously approved.

President's Report

Don Wagner reported on the following items:

1. Pet Policy: At the 2009 annual meeting there was discussion about revising the policy to prohibit renters from having pets. After further discussion the decision was to not revise the policy unless there were problems. There have been no reported problems with pets.
2. Heat Tape: An increase in electrical costs was observed last year. After looking at several possible causes it was determined that the source of the increase was the heat tape.
3. It was determined this year that the boiler needed significant repairs. Gary was requested to get bids and keep the owners informed. Mac Trench was recommended to perform the work. A question was whether to add new spring check to the system. Additionally, would the repairs be paid for out of operating funds, reserve funds, a special assessment, or a combination of all three.
4. A reserve analysis has been prepared. Candy put together a Capital reserve analysis and we now have a reserve budget.
5. The metal cap over the eave on the southwest side of the building was replaced this summer.

6. A new security code was put in on all doors plus the dumpster door.
7. The fire sprinkler system passed the annual inspection.

Election of Board Members

There is one position open on the board. This position was held by Mike Kerr who left the area. Ryan Lynch was appointed to fill the remainder of Mike's term. Gary Nicholds gave a brief history of how the board seats were staggered. Don Wagner initially held a one year term and was re-elected to a three year term in 2009. The seat currently held by Ryan Lynch was a two year term and he is up for re-election this year (2010). This will be for a three (3) year term. Amy Nakos was given a three year term and she will be up for re-election in 2011. Gary added that the bylaws state that the number of board members can be no more than seven (7) and no less than three (3). The bylaws are silent on the makeup of the board as relates to commercial or residential members.

Motion: Don Wagner nominated Ryan Lynch for a three (3) year term. Darcy Eid seconded the motion.

Action: The motion was passed unanimously.

Appointment of Officers

Don Wagner suggested that the current slate of officers remain the same. Everyone concurred.

Don Wagner - President
Amy Nakos - Vice President
Ryan Lynch - Treasurer

Management Report

Gary Nicholds discussed a few items for the members' information. He stated some things would be discussed under new business.

1. The plowing contract has been signed with Jere Lord, the Snow Farmer. After discussion with Jere, it was decided to go with a per plow price of \$85.00. This would include plowing and shoveling. Based on history and what is anticipated this year, it is expected we will come in under the \$2,400 we would spend if we had a guaranteed \$400.00 per month contract.
2. We will talk under new business about bumping up the appearance of the planters out front. We would like to get a little more "pop" and add to the overall appearance.
3. The railroad ties will have to be replaced in the near future. Don Suggested possibly putting up a small fence to discourage people from sitting on the planters.
4. Gary said the price from Mac Trench to do all the repairs was \$3,243.00. If the spring check were now installed, that would reduce the price by about \$1,083.00. These prices are for time and material. Gary stated the spring checks were to help

prevent the “ghost heat” that was occurring in the summer, which initiated the inspection of the system. There was a brief discussion of how much each unit, both commercial and residential, would pay if there was a special assessment to pay for the repairs. Everyone was in agreement that the spring checks should be installed.

Don inquired how the boiler bill sent out each month was calculated. Were the commercial units included in the calculation? Candy Ramage responded that that the common area was covered by the HOA dues just like trash, landscaping, etc. Candy continued saying she gets two bills each month. One is for the common area and one is for the residential. The residential units are invoiced monthly to reimburse the Association for the gas bill that is related to residential units only. Cost sharing is based on unit size. There was a discussion as to what the boiler services. When Mac Trench makes the repairs, he will look at the all the heating systems and see what each services. As information is learned from Mac, it will be sent out to all owners by email.

Unfinished Business

Ryan Lynch mentioned the wood around the planters needed attention and inquired had there been any problems with gutters. Gary Nicholds said he had heard of no problems with the gutters but would look into it.

New Business

Gary stated that the two items to be discussed were the financials and the reserve study. Candy Ramage referred to an earlier email she had sent stating that at the end of the third quarter the HOA was in good shape particularly compared to last year. Cash on hand as of September 30th was almost triple what it was last year. Accounts payables are also much less than last year. Net income last year was a loss of a little over \$2,000. This year the net income is almost \$5,900. The receivables are looking good with no large delinquencies. Candy briefly reviewed the P&L that was covered in her email. In discussing the reserve, Candy said it may look a little strange because expenses are a negative \$3,000. This was because we had accrued \$3,000 in December 2008 for the fire/sprinkler project that was expected to happen. This did not occur, so the accrual was reversed in 2010 which essentially is income for the HOA. Therefore, net income, or reserve income is \$4,315 as of September 30th.

Motion: Don motioned to have the financials approved. Alyson seconded the motion

Action: The motion was unanimously approved.

Candy discussed the 2011 proposed budget. She stated that there was a 10% increase so that we could start allocating extra money the reserves. Projected figures predict \$5,600 net income for 2010. Candy proposed leaving \$777 as net ordinary income to offset that same amount in net loss for prior years and moving the remaining Operating Income into

reserves. As far as operating expenses are concerned, there is not much changing. Money is budgeted for crack sealing and the landscaping budget has increased. In 2010 total expenses are projected to be \$26,800. In 2011 we are budgeting about \$29,800. Candy stated that since we are going to come in significantly under budget for 2010 it does not seem unrealistic to lower our budget for 2011. The proposed budget has a zero balance as it should be for a nonprofit. Based on the proposed budget the HOA will be contributing \$5,812 to the reserve fund.

Regarding the reserve study, Don Wagner suggested titling the study as a reserve Flow Analysis. Candy stated that the expected balance for 2011 is \$12,980. She discussed the assumptions used to come up with that figure. This figure depends on the HOA finishing 2010 as projected. The annual reserve dues for 2011 have a contribution of \$2,810. Candy mentioned several projects scheduled for next year; deck refinishing - \$4,000, painting hallways - \$2,000, and asphalt repair (crack sealing) - \$200. Taking all the projects out of the beginning balance plus the annual contribution, 2011 should have an ending balance of \$12,590 assuming everything goes as planned. Candy briefly discussed how the reserve flow analysis worked over the next few years. She did say that the railroad ties for the planters are not in the reserve analysis nor is there allocation for gutter issues if there are any.

There was a discussion about painting the hallways and cleaning the carpet. Gary suggested having the carpets cleaned annually given the amount of traffic they receive.

Don asked how we would pay for the railroad tie replacement. Gary responded that he is looking at a combination of using funds for deck refinishing and operating funds for landscaping. He will get with Tim Coen from GreenScapes and discuss costs. He felt that with money from the reserve fund plus landscaping, there should be sufficient money to cover the cost.

Don asked Gary what was the target date for finishing the boiler repairs. Gary responded that he definitely wanted to have the repairs completed by the end of the year. He will speak with Mac Trench and get the project scheduled.

Gary asked if the 2011 budget was ready for approval. Don replied not yet. He said we need to know what the impact of the boiler repair would be.

Next Annual Meeting

The next annual meeting is scheduled for November 22, 2011 at 3:30.

Adjournment

The meeting was adjourned at 4:40.