

DRAFT
Woods Manor Condominium Association

Homeowners Annual Meeting
Sat., July 7, 2012
1:00 pm
Woods Manor Clubhouse

Board of Directors Present: Jay Rust, Chuck Sebald, Lisa Cobb, Karen Schilling, Larry Brutlag

Four Seasons Management: Steve Erlandson

Homeowner attendees in person:

- a. Whole units: A303 Jay & Kathleen Rust, A301A Chuck Sebald, A202 Wes & Lisa Cobb, B202 Larry Brutlag, A204 Steve & Karen Werner, A304 Gere Baskin, B104 Howard & Ruth Dutzi, 10252 Lenard Rioth, B302 Jon Shutz, B201 Jim & Caroline Murphy

- b. Interval weeks: 30322/30337/30440 Wayne & Gladys Ball, 20351/10251/30305 Dick & Mary Lee Van Meter, 20330 Dale Groves, 20433/20434 Ken & Jeanie Cannon, 10103 Henry Loeb, 20427 Dick & Liz Lansford, 10148 Kathryn Thorpe

Welcome and Introductions: Board president introduced himself and welcomed all homeowners. All in attendance introduced themselves. All signed in and list on file.

- I. **Call to Order** at 1:14 pm.

- II. **Quorum** established: 14 whole owners, 119 WMI weeks. Additional WMI week added at 1:39 PM (late arrival).

Question asked about the history of the proposed land sale with Ski & Racket Club development: Ski & Racket could not agree upon final financial terms with developer; current real estate market is down; interested buyers are up, but prices are still soft; we have 4 acres of land and part of the land could still be sold for development in the future.

- III. **Approval of Agenda:** Kathleen Rust made the motion to approve the printed agenda with the following requested additions under "Other. Gere Baskin seconding. Motion passed
 - c. Domus Pacis
 - d. Number of board members
 - e. Time share dues
 - f. Borrowing from reserves
 - g. Audit of books

- h. Building's insurance coverage
- c. **Approve July 2011 Annual Meeting Minutes.** Kathleen Rust moved to approve the agenda, Jim Murphy seconded. Approved as printed.
- d. **Maintenance Report:** Steve reported the following:
 - a. **WMA**
 - i. Irrigation repairs done
 - ii. Pine beetle spraying done, pheromone packs installed, some stolen, will be replaced
 - iii. Rear concrete walkway raised to even them out.
 - iv. Crumbling concrete on front stairs and entrance to garage A repaired
 - v. Painted the entire exterior of all buildings last summer
 - vi. Inventoried windows, seals, weather stripping, foggy panes, cranks to determine repair needs
 - vii. Shoveled roofs once last winter and secured loose heat tape
 - viii. Replaced the wheels on the luggage cart in building A
 - ix. Purchased new hot tub covers
 - x. Purchased new ping pong paddles and balls.
 - xi. Repaired small leaks in the Clubhouse hot tub, and a leak in the kitchen faucet/ tub in manager's house
 - xii. All common areas fire extinguishers replaced. Recommend replacement every 15 – 20 years. Whole owners, please check your units' extinguishers.
 - xiii. Deck behind the clubhouse not repaired due to insufficient funds
 - xiv. All fire alarm sensors were checked
 - xv. Suggestion from owner to possibly use silicone to make the windows easier to open; will be taken under advisement.
 - xvi. **WMI**
 - xvii. Added alarm clocks; dryer lint screens replaced as needed
 - xviii. Inventoried kitchens and replaced missing items
 - xix. Cleaned interior and exterior of windows
 - xx. Inspected fireplaces
 - xxi. Replaced carbon monoxide sensor batteries
 - xxii. Made minor plumbing repairs
 - xxiii. Purchased new mattresses except for Murphy beds
 - xxiv. Replaced tub/shower caulking where needed
 - xxv. Painting is being scheduled for this year in all units

- xxvi. Replaced lamp shades, deck furniture, area rugs; new living room furniture (sofas, love seats, side chairs) for all units will arrive this summer
- xxvii. All units' carpets replaced last year.

- e. **Capital Plan Projections:** Larry presented the WMA & WMI 10 Year Reserve Projection Plans and noted it is also available on the Woods Manor website. The Projections are a planning tool for the Board and Homeowners. There are 2 pages, one for WMA and one for WMI. The left hand side part of each page is a listing of possible projects that have been identified as Capital projects in order to replace or extend the life of certain facilities. The Board will use this planning tool extend into future years, projects where possible. Each fall the Board identifies which projects are required to be completed in the next year and from which reserve funds or assessments will be required to cover the cost. The bottom half of each page shows the beginning balance of the reserves, the projected cash inflow and outflow with ending balance, for each year. The highlighted line shows annual reserve dues and assessments projected to be collected if the identified projects were to be completed in the years identified. In the WMI 10-year Reserve Needs Projections, the last line shows the Board approved minimum reserve. This is the amount targeted as the lowest level that the reserve is allowed to go down to. The minimum WMI reserve is 4 months of the WMI operating budget. This minimum reserve is required for WMI in order to insure adequate cash balances since WMI owners only make one payment per year and any immediate cash needs cannot be quickly obtained. In addition, a part of this reserve is needed to cover any Insurance deductible of \$5,000 due to possible damage to any of the timeshare units.
- f. **Insurance Coverage:** WMA maintains insurance policies on all four buildings for repair and replacement of about \$11.5 million. The policy includes coverage of unit interiors to their original specs (carpet, cabinets, fixtures etc.). It does not include any upgrades to the units (granite counter tops etc.). Each unit owner is responsible for maintaining their own insurance policy to cover their personal items and upgraded furnishings. WMI furnishings are covered under a \$123,000 Business Policy as these assets are owned by WMA. The Board each year needs to determine if this amount is adequate to cover the value of all of the WMA owned assets including the WMI upgrades.

A Time Share Owner questioned why the WMI dues were increased to the level that they were and why there was so much cash in the WMI bank accounts. It was explained that the WMI Timeshare dues were made up

of two parts, 1) the dues to cover operating expenditures (per the budget) and 2) reserves (per the current years WMI 10-year Reserve Needs Projections). The WMI operating Revenues and/or current operating cash balances are likely not going to be sufficient to cover the projected operating expenditures for the remainder of 2012. The WMI Reserves are needed in order to cover budgeted projects and to maintain a \$45,000 minimum balance (see WMI 10-year Reserve Needs Projections, part of the handout).

Jay discussed the requirement for budgetary division between WMA and WMI. He voiced concern about uncollected revenue from WMI owners, and that many desired to deed back their week(s) to the HOA. The board has spent many hours tracking and going after collections and costs to get time share owners' accounts current.

VIII. Woods Manor Web Site: Larry explained the printout in homeowner's packets that describe the website and invited owners to visit the site. Go to www.woodsmanorcondos.com. The Board wants this site to be user friendly that all owners and their guests will find beneficial. All of the Associations documents including the Declarations, Articles of Incorporations, By-Laws and policies (Rules and Regulations, Unit Remodel, Collections, Board Meetings . . .), budgets, financial statements and 10 Year Reserve/Capital projections are available for review and printing. Larry also asked for help from any owner that might be able to provide maps that show walking directions to places of interest in Breckenridge. Jay mentioned that the Board would first post a draft of the minutes from all Board meetings, and then a final copy will replace the draft after review and approval by the Board. This will allow homeowners to read minutes without having to wait for final approval at the next Board meeting.

IX. Financial Reports:

- a. **WMA:** Steve Reviewed WMA's Balance Sheet, Operating actual vs. Budget and Reserve Profit & Loss statements. WMA had operating cash balance as of June 2012 is \$9,900 and the cash reserve balance is \$16,100. Accounts Receivables shows a negative balance of \$6,400 due to owners prepaying their monthly dues of this amount early.

An owner asked for clarification to the WMA Reserve Loan to Operating of \$16,200 with a concern that the Board was not paying back its obligations. Steve indicated that he needs to check on the status of the account. Jay stated that the loan was necessary to pay for the exterior paint project of the entire complex.

An owner also asked about a prior loan that WMA had for \$3,500 from WMI and why it was done. There also was a concern that the Board was

using WMI cash balances instead of raising adequate reserves at WMA. This loan was used last fall to cover the cost of carpeting for the house, and that WMA had a large Accounts Receivable from one owner (in the amount of over \$9,000). Thus the Board decided it was prudent to temporarily borrow the funds from WMI and pay WMI a 1% interest rate (which was a higher return than WMI was getting on its banked reserve cash balances), than to forgo a savings in carpeting the house at the same time as the time share units were being carpeted.

- b. **WMI:** Steve reviewed the WMI Balance Sheet, the WMI Operating Profit & Loss and the WMI reserve Profit and Loss statements. WMI had cash balances as of June 3, 2012 of \$60,500 for operations and \$78,500 for reserves. There was a total of \$36,900 of Accounts Receivables and that the majority of these receivables may not be collected since most timeshare owners pay the dues in December and January of each year. It was also noted that 36 weeks have not paid dues and 29 were in collections.

Larry expressed concern that the WMI operating cash balances of \$60,500 may not be adequate to cover the remaining WMI expenditures for the last 6 months of the year. He stated that expenses for WMI, year to date (first 6 months) were \$62,400. The WMI budget showed total expenditures for the year of \$134,394. This would indicate that expenditures for the last 6 months of 2012 may likely be between \$62,400 and \$72,000. This would likely cause an operating cash shortfall for WMI of between \$2,000 and \$11,500. Larry further indicated that this cash shortfall, if it comes about, would likely be covered by borrowings from the WMI reserve account or using prepayments from the next year's dues. The 2013 budget would need to take into account this possible cash shortfall.

- c. **2012 Budget Review:** Jay explained that the Board had review the budget requirements last fall and approved a budget on which both WMA and WMI dues were based. A discussion about the timing of the budget process occurred and it was questioned why not present a budget for the next year at the annual meeting. The HOA's fiscal year is January through December. It is not possible to get all the information together that early in the year in order to prepare the most accurate budget possible. It takes time to review both the operating expenses and proposed capital projects. Most of these projects require bids in order to get a reasonable estimate of the costs.
- d. **Ratify WMA & WMI Budgets:** Steve Warner moved to ratify the budgets, Caroline Murphy seconded. Proxies were certified. Paper ballots collected and tallied according to HOA documents: 790 votes to approve, 54 against, 1 abstain. Budgets approved.

X. Woods Manor Policies: Jay reviewed the components of policies listed under “Documents” on the Woods Manor web site: **Rules & Regulations, Conduct of Meeting Policy, Clubhouse Use Policy, Conflict of Interest Policy, Notice of Hearing and Enforcement Policy and Procedures, Collection Policy, and Unit Remodel Policy.** These policies were created to be helpful tools for all of us. For instance, pertaining to the Unit Remodel Policy: last spring, workers refinished wood doors in a third floor hallway without consideration to appropriate ventilation (all doors were closed, unit windows were closed), creating pervasive fumes throughout the hallway and seeping into the units. The fumes caused one’s eyes to water. Fumes of this extent are known to have caused spontaneous combustions resulting in fires. The Remodel Policy should be given to contractors to follow including their crew. Notifying Four Seasons management of work projects helps them to support the HOA’s policy. Another Remodel Policy example: notifying Four Seasons of appliance replacements alerts the management company to take time to inspect the property to determine if any damage was caused that need repair funding and ensures that all doors are properly closed for building security purposes.

XI. Board of Director’s Election: Three seats are open. Steve Erlandson handed out copies of Jack Mathews email submitted for his Board candidacy. Mary Lee Van Meter introduced herself and shared why she was also a candidate. She was asked by two owners to keep her comments to qualifications for being a Board member. Jay Rust, Chuck Sebald and Karen Shilling agreed to run for re-election. Proxies were certified by the Board’s secretary. Paper ballots were distributed. Owners voted according to number of votes per unit stipulated in the Woods Manor Declaration and the certified proxies. Gere Baskin and John Schutz were appointed to tally the votes. Steve Erlandson was asked to assist. Ballot results:

1. **Jack Mathews – 6**
2. **Jay Rust – 837**
3. **Karen Shilling – 835**
4. **Chuck Sebald – 835**
5. **Mary Lee Van Meter - 60**

XII. Other

a. Breckenridge News:

Karen Schilling reviewed the Summit County Alert Systems -- if homeowners register with SC Alert, they will be called in the event of an emergency such as a fire.

Jay addressed the new development proposed between Woods Manor rear property lines (slope behind Bldg. A), Allaire Timbers and Highway 9, known as the Maggie Placer lot. He is working to confirm that the new developer will ensure that agreements reached with Woods Manor owners

are incorporated in the final plans: increased set backs for structures from Woods Manor property line, subdued exterior colors visible from Building A, planting spruce trees along Woods Manor property line with a drip irrigation system to address privacy screening concerns.

- b. Annual Meeting Date:** Owners preferred to meet on the weekend close to the July 4th. Exact date will be finalized and noted in the Board minutes.
- c. Domus Pacis –** Gere Baskin described the program that donates housing to cancer patients and their families for some respite in the mountains. She said people in the program need referrals. It is not income based. We can register weeks in our condos with the charity; they pay for cleaning and swipe a credit card as a damage deposit; 2 meals are donated.
- d. Number of Board Members:** Mary Lee Van Meter requested that the By-Laws be changed to increase the number of Board seats and the desire for Board representation of a time share owner. WMA consists of whole and time share unit owners. For budget purposes only, there are WMA accounts and separate WMI accounting. The Board members are elected according to stipulations in the Declaration and By-Laws. The Board is responsible to manage all Woods Manor homeowners. Given years of experience of working with a 7 member Board, the Board agreed that five member representations for a complex of 24 units is reasonable and serves us well. Adding one Board seat would result in a possible tie votes and thus cannot be considered. It was questioned if WMI owners are properly represented -- the Board affirmed that they always work for the best interests of all owners, not just whole owners because they are elected by all the owners and responsible to all the owners. The integrity of Woods Manor depends on all owners within the complex. A homeowner supported the Board's rational and said, "We are all in this together."
- e. Dues –** An owner wondered if a cap could be placed on dues increases. The budgets are already very tight and many line item expenditures are out of the Boards control and increase yearly. There is also a need for some flexibility to cover emergencies. After much discussion it was determined that the majority of whole owners prefer to keep dues increases as low as possible and pay for major capital projects by assessments.
- f. Borrowing from Reserves:** Mary Lee Van Meter requested that future loans from the WMI reserves cease. A \$40,000 loan was authorized to meet cash flow problems for the interior remodel project of Bldg. A & B and the Clubhouse. By paying for the projects carpet 4 months before installation, the HOA saved 10% off the quoted price. Owners paid the remodel assessment on an installment plan, thus the cash flow problem. It was a short term

loan and paid back with 1% interest – more than what was being earned from the bank deposit on these funds. Another loan was authorized for to pay for new carpet in the on site managers house. Loan was paid on time with 1% interest. Board reserved the right to borrow funds as long as that does not cause any financial, repairs or purchase problems.

- g. Audit:** Mary Lee Van Meter requested that the Board consider conducting an audit of the WMA & WMI accounts. The Board reviews the financial records monthly: income, expenses, reserves, aging. The HOA's accountant reviews the records for the Board and HOA. The last time the records were reviewed is when the Association's management company changed. Larry offered three ways options: 1) Board member(s), the accountant, and the building managers could check, as is done now. 2) the accountant could be paid extra to do an audit. 3) an independent accountant could be hired to do a review or total audit. The Board agreed to discuss these options in the near future.

XIII. Insurance: The Board agreed to review insurance coverage and explore coverage and company options. The HOA policy is up this fall.

XIV. Adjourn 3:48 PM

Homeowners stayed for social time with refreshments.