

WATCH HILL HOMEOWNERS ASSOCIATION
ANNUAL MEETING
June 23, 2001

The Watch Hill Homeowners Association held their regularly scheduled annual meeting on Saturday, June 23, 2001, following a walk through of the property. The meeting convened at the Wildernest Commercial Center at 10:45 a.m. Tony Snyder-General Manager, Barb Walter-Director of Operations, Tabby LaFrance-On Site Manager, and Pat Rice-HOA Administrative Director attended from Wildernest Property Management (WPM). Joyce Nenninger from Summit Real Estate Professionals was also present. President Reite called the meeting to order, noting that the following owners attending in person or by proxy did not meet quorum requirements; however, it was noted that discussion could be held and that the Board could vote on those issues requiring resolutions. *(Note: One owner noted below arrived after the meeting convened, and quorum requirements were met.)*

Owners Present:

Owners Represented by Proxy:

Unit #	Owner	Unit #	Owner	Proxy to:
96113	Alfred Coleman	95112	Alan S. Bednarz	President
95123	Martin Reite	95122	Matthew Foster	President
95125	Mike Carter	95216	Vicki Kay Vande Voort	President
95211	Barbara Turner			
95214	Maxine Solomon			
95215	Art Neil			
95224	Wayne & Pat Thurman			
95226	Barry Meyers			

REAL ESTATE REPORT

Joyce Nenninger presented the real estate report, beginning with information regarding statistics of growth for the County. Ms. Nenninger's report included the following information:

- At build-out the population will be about 38,000 to 40,000.
- While ski season totals continue to increase, businesses do not report increases in business.
- Affordable housing for residents and service providers is at a critical mark, with housing costs so great that even professional people cannot afford to purchase property and live in the county.
- New construction is starting to slow, with building permits down 10% in the year 2000.
- The ski industry reported a good season this past year, but there is concern for the future and the industry is looking at cut backs and cost effective measures.
- Marketing efforts do not seem to be effective in recruiting significant numbers to the sport.
- Intrawest, Copper, and Keystone are all reportedly slowing construction.
- With all the building in recent years, however, there is still a large inventory of property on the market.
- In the Wildernest, area 279 units sold last year, and inventory on the mountain is not as great as at Keystone.
- The market has been flattening, but there is still optimism for the next months.
- Properties in the lower end, up to \$250,000 to \$300,000, are selling well, but high-end properties are not.
- There has been only one sale of a Watch Hill unit recently; however, the units in the new building at Watch Hill at Wildernest have been selling quickly and appreciating in value.

APPROVAL OF MINUTES

Resolution: Upon motion made by Art Neil, seconded by Barry Myers, and unanimously carried, the minutes of the previous annual meeting held June 24, 2000 were approved with the following amendment: Owners Wayne and Pat Thurman were present, representing Unit # 224.

REPORT OF PRESIDENT

Dr. Reite began by noting that the general maintenance and appearance of the property was good; however, the Association had several significant maintenance issues that had to be discussed. He pointed out that there are problems inherent with older properties, and these must be addressed to preserve property values. Correspondence from owners indicated several issues, such as: heating controls that do not shut off properly and could constitute a fire hazard, roof leaks, deck and siding issues, and asphalt problems.

He noted that recent carpet installation on the walkways has several deficiencies that need to be addressed. Ms. Walter assured him that this situation would be corrected. She also pointed out that the approved roofing project is scheduled but has not yet been done.

Dr. Reite pointed out that Wilderrest was providing many services such as soliciting bids and coordinating work. He believed that the owners needed to become more involved in supervising work and in reporting any problems quickly, so that contractors could address them as soon as possible. He expressed concerns that supervising the work of contractors was not a job of the management company, but needed to be done by property owners.

The roof project needed to be discussed, but replacing the siding and underlayment was a bigger issue. While this later project could be delayed, they could not delay it much longer. He noted that the bid on the MMC was for siding replacement only, not including the underlayment, which also needed to be done. The buildings are now 20 years old, and these things must be addressed. The Association was facing the question: "How do we address these financial needs?" They needed to discuss the philosophy that the Association would take in addressing such questions, specifically whether to consider assessments or dues increases or a combination of both.

REPORT OF MANAGEMENT

Barb Walter presented the report from Wilderrest Property Management, noting the handouts available at the meeting, including a listing of management services and a copy of the current Rules and Regulations of the property. While a copy of the Who's Who at Wilderrest list was also included, she noted that everyone should still call Tabby with any questions or to report any problems. She circulated the master HOA list, asking for corrections, and Dr. Reite requested that everyone especially consider providing the HOA with their email address.

WPM continues to be the management company of choice, and while we continue to grow, customer service remains the top priority. Staffing problems are always a struggle; however, WPM has addressed some of these issues by increasing the Hispanic workforce. Scott Quandt, Director of Property Management is bilingual, and he has also given in-house Spanish/English classes. Ms. LaFrance's staff is more stable, with the additional advantage of her several year's experience in property management.

One owner had written regarding hot tub and maintenance issues, and Ms. LaFrance had written a response that Dr. Reite needed to review. She noted the importance of contacting her with any problem immediately so that she would have the chance to respond in a timely fashion. She particularly noted that if residents have a hazardous area, such as quickly develops with snow and ice, or an elderly person needing assistance, to please call her and she would address these requests as quickly as possible.

An owner noted his opinion that sometimes the snow plowing was done too frequently, and the policy for snow plowing was discussed. WPM will take directives from the Board on this issue.

Mr. Snyder reported that a neighboring property, Forest Park, also managed by Wildernest, had recently experienced gas and utilities service line problems. The immediate problem had been corrected, but the major issue of potential gas line problems was still being investigated. He assured the Association that should WPM be made aware of any imminent danger, Watch Hill Owners would be immediately notified.

Ms. LaFrance continued with the management report, noting some issues raised during the Walk Through, commenting as follows:

- Snow removal was higher than budgeted, in part due to a heavier snowfall this past winter than in recent years. As noted previously, the Board would be consulted on removal policies before the next winter season.
- Some minor leak issues seemed to be resolved. The roofing contractor, Turner Morris, had done a flood test and no leaks were noted.
- The hot tub heat system had required repairs. This was done by a process of elimination rather than by a wholesale equipment replacement. While this took longer, she believed it was more cost effective.
- The hot tub was in good shape now, and might be moved out further on the MMC.
- New washers and dryers were in place as a result of Mr. Snyder's contract negotiations with the service provider, but this did eliminate one set in Building 1. She has not had complaints about the decrease in number.
- She would be getting a bid on reinforcing the walkway to the hot tub.
- A bid on bathroom heating elements would be considered at today's meeting.
- Approval was needed for the annual seal coating on decks and walkways.

FINANCIAL CONSIDERATIONS

Balance Sheet - Ms. Walter presented the balance sheet, noting that as of May 31, 2001 the assets totaled \$77,537.01, with monies divided into operating and reserve accounts. With liabilities of only \$5791.14, the equity totals \$71,745.87. All accounts are being switched to Alpine Bank, due to financial considerations and their ability to offer the automatic withdrawal plan for dues payment. All owners are current in payment of dues and special assessment, with the exception of one who is only 30 days late. She noted that this payment report was very good compared to recent years.

Income Statement - Moving to the year to date statements, August 1, 2000 through May 31, 2001, Ms. Walter drew attention to gas line item #668. The budgeted \$7100 through May had been exceeded by almost \$4000, with an actual expense of a little over \$11,000. There have been several gas rate increases, and everyone hopes this has stabilized, but this is uncertain. The budget proposal has been adjusted to accommodate the rate increases.

Line item #667, Security and Fire Safety, shows an expenditure over budget by \$1353.61, and this is unusual. The expenses were traced to the emergency calls related to the water leaks in Unit 224. Those present discussed costs of having the alarm replaced twice, and whether this was a legitimate expense. Ms. LaFrance explained the findings during the roofing repairs and difficulties involved in ascertaining the source of the problem. The Owners of the unit also had input regarding the final discovery of the source of the leak. Turner Morris will be contacted regarding reimbursement of the second alarm replacement. The Owner also questioned the amount of the Wildernest charge for drywall repairs, and Ms. Walter will check on the pricing to confirm this charge is correct. Dr. Reite noted that the total costs, approximately \$3000.00, of roofing repairs and repairs to interior damage should be considered in deciding when to proceed with the major re-roofing project.

Ms. Walter noted that the impact of these items on the year to date operating account has meant a current loss of \$6912.56. The reserve account, with the projects previously discussed, shows a loss on the year of \$2695.98. This amount is less than budgeted, because some of the projected projects were not done during this fiscal year.

Budget Proposal - Noting that President Reite had had several different budget scenarios prepared and had worked diligently reviewing the options, Ms. Walter presented the authorized version for discussion. This version includes a dues increase of 10% on gross dues, for a total increase in dues from \$7545.36.

Mr. Snyder responded to an Owner's inquiry regarding the Cable T.V. income item. He explained that the Association does not pay for the cable T.V., but this amount is collected from Owners and then paid out through the Association. The first Association President requested this be represented as a separate income item.

Ms. Walter proceeded with a line item representation of the budget, both of income and of expenses based upon actuals for the previous year. She noted several increased allocations, many of which could be attributed to rate increases. Even with the dues increase, the projected loss is \$2,163.00.

On the Reserve Account proposal, she pointed out that Dr. Reite had requested the special assessment be included, extending beyond the previously approved October cut off date, and this will be discussed. She explained some of the budgeted reserve expenses, noting that these will need to be adjusted pending decisions made at this meeting. She noted negatives in the MMC, even including a projected extension of the current special assessment.

Dr. Reite commented that there had not been any increase in dues in recent years, which is probably unrealistic, given rising costs. Furthermore, it is not prudent to run at a deficit and cover this amount from reserves. He had proposed the 10% dues increase, which will only offset increases in gas rates, and then build in a 3% increase to go into operating over the next several years. The previously levied assessment wasn't originally designed to replace two south facing sidings, but to do the roofs. The impact of adding this expense was yet to be fully determined.

Major Maintenance Chart - Discussion followed as to what to do about siding replacement. Dr. Reite explained that the rough bids do not cover the costs of replacing the underlayment, and discussion followed regarding the need for more information on what must be done on the siding in order to make a decision. There was also a question of how long re-roofing can be postponed. Discussion followed on how to get a qualified analysis of what the existing situation is and the cost of repairs. Ms. Walter noted that there were two bids from contractors, but that we have not used either before. She also stated that another property had had a similar problem, and had approached it by doing siding in sections. She suggested having one or both contractors come back and do an on-site consultation. The Board concurred with this suggestion, including the request to notify all owners and invite them to come to this consultation. A decision on this issue was tabled until after this on-site appraisal.

Ms. Walter also mentioned the projected painting in 2004, although this would be impacted by what was determined on the siding issue. Mr. Snyder suggested getting the contractors to give input on other products that would prolong the life of the paint or preclude the need to paint altogether.

Other major maintenance issues were determined at follows:

- Moving plumbing out one year and then do both scheduled repairs as a unit.
- Push the hot tub one year out, continue to re-evaluate with the hopes of pushing out a few more.
- Hold off on the two scheduled deck repairs until receipt of the siding estimates.

- Focus on decks with documented evidence of problems, and avoid redundancy in effort.
- Upper deck carpet had been discussed last year, and it was then decided that recarpeting as now done is the cheaper way to go. Discussed timing this project in conjunction with siding, and this must also be decided after get siding report back.
- Have Turner Morris re-evaluate the roofs to determine recommended schedule for work and go with what they recommend. Also, let Board and owners know when they are coming for the re-evaluation, so they can be present if possible.

Resolution: Motion was made by Mr. Carter, seconded by Ms. Turner, and unanimously approved to approve the budget proposal which implemented a 10% dues increase now, with consideration of an inflation linked annual increase of approximately 3%/year.

Resolution: Motion was made by Mr. Myers, seconded by Ms. Turner, and unanimously carried to continue the special assessment currently in place for another fiscal year.

President Reite will write a letter to all Owners explaining the discussion and vote at the meeting. The assessment should be included on the amended Major Maintenance Chart, but with the note that additional increases are pending approval. The chart should include an assessment continuing until 2007, with the proviso that if it is determined that something other than total siding replacement can be done the assessment can be terminated sooner.

ELECTION OF DIRECTORS

Dr. Reite noted that although Mr. Meyers term expires this year, he is willing to run for this position again. It was noted that the other two Board positions expire in 2002.

Resolution: Upon motion made by Mr. Carter, seconded by Ms. Turner, and unanimously carried, nominations were closed and Mr. Meyers was thusly elected to the Board of Directors for a two year term to expire in 2003.

NEXT MEETING DATE

The next annual meeting was scheduled for June 22, 2002, with a walk through on-site at 9:00 a.m. and the annual meeting at 10:30 at the Wildercrest Commercial Center.

OTHER ISSUES

Parking – An Owner pointed out that an older white Ford has been parked on the property for several months. The vehicle had been backed in close to the common area to provide access to an external electrical cord during winter months. Discussion followed regarding amending the rules to address this issue.

Rules and Regulations Amended

Resolution: Upon motion made by Mr. Thurman, seconded by Ms. Solomon, the Rules and Regulations were amended to read that exterior use of common element electricity is not allowed and no external electrical cord will be allowed in the common area except as necessary for maintenance of the common area. Specifically, vehicles cannot be plugged into to any common area electric element.

Thermostat Policy – Ms. LaFrance explained the current thermostat adjustment policy. The Board concurred on the policy to turn down thermostats as low as they would go by the first of May.

Satisfaction with Management - One owner suggested that the homeowners be polled about their experience with management. This was thought to be a good idea, and Wildernest concurred that this would be helpful to them as well. This issue will be referred back to that owner for follow-up.

Web Site Proposal – Ms. Rice explained the web site proposal proffered by Wildernest to its managed associations. For a start up fee of \$10/unit, not to exceed \$400.00, and a monthly maintenance fee of \$30.00, the HOA could have its own website. The site would be password protected, and include links to Board contact information, minutes of meetings, letters and special announcements and notices, current rules and regulations, meeting schedules, pictures of the property, special projects, and events, and links to other local sites. The site would be offered through www.wildernesthoa.com. Owners were encouraged to review the sites up and running for other HOA's. Dr. Reite will ask for feedback from Owners and make a decision based upon Owner response.

ADJOURNMENT

The meeting adjourned at 1:16 p.m.

Dr. Martin Reite, President
Board of Directors
Watch Hill Homeowners' Association