

**Three Seasons Condominiums
 Owners Association Meeting Minutes
 Friday, June 24, 2005, 9:00 AM MDT
 Three Seasons Conference Room
 Mt Crested Butte, Colorado**

Call to Order

The meeting was called to order at 9:20 AM by Board President, Scott Brickert.

Proof of Notice

The proof of notice was mailed May 15, 2005, which was 40 days prior to the scheduled meeting date.

Roll Call/Establish Quorum:

<u>Members Present In Person</u>	<u>Unit #</u>	<u>% of Ownership</u>
Tony and Linda Sansing	131	1.6618
Jeff Steere	133	1.6618
George Cofran	136, 140, 232	4.9854
Dan Zeroski	203	1.6618
Scott Brickert	341	1.6618
Eric Logan	306	1.6618
Toby Rippetoe	C7, C8, C14	2.2090
Walter Moneypenny	C2-6, C9 -13, C15-18	9.007
Three Seasons Association	C1, C19, C20	2.9240

<u>Members Present by Telephone</u>	<u>Unit#</u>	<u>% of Ownership</u>
Josh Quentzel	135, 235, 237, 242, 244	8.3090

<u>Members Represented by Proxy</u>	<u>Unit #</u>	<u>% of Ownership</u>
Walter Moneypenny proxy for:		
Holly Smith	143	0.9694
Don Bussey	204	1.6618
Lisa Black	208	1.6618
Ralph & Terri Palmeri	231	2.285
Chad Hymel	302	1.6618
Chad Hymel	303	1.6618
Tom Mauro	304	1.6618
Robert & Jaqueline Jordon	305	1.6618
Michelle Elsassir	333	1.6618
Steve & Victoria Eskstat	338	1.6618
Scott Brickert proxy for:		
Robert & Judith Griffin	137	1.6618
William & Jennifer Florian	141	1.6618
Alex & Judy Allen	142	1.6618
Jerry & Alenka Vabornik	243	0.9694

Robert & Susan Baber 308 1.6618

Members Represented by Proxy Unit # % of Ownership

Toby Rippetoe proxy for:

Mark & LaDari Anderson 139 1.6618

Homer & Linda Staggs 241 1.6618

Josh Quentzel proxy for:

William Brock 332 1.6618

Management Company Present

Walter Money Penny

Kathy Morgan

A quorum was established with 62.54% of the ownership represented in person or by proxy.

Reading and Approval of Past Minutes – June 25, 2004

Walter Money Penny made the following:

Motion: to dispense with the reading of the June 25, 2004 meeting minutes and approve as submitted.

Seconded: Scott Brickert

Vote: Unanimous Approval

Election of Board of Directors

Elect two for three (3) year terms expiring 2007

Current Directors	Term Expiration
Scott Brickert	2005
Walter Money Penny	2005
Dan Zeroski	2006
Toby Rippetoe	2007
Josh Quentzel	2007

2 people were nominated for the Board of Directors

Walter Money Penny C2-6, C9 –13, C15-18

Jeff Steere 133

Linda Sansing made the following:

Motion: to close the nominations

Seconded: Toby Rippetoe

Vote: Unanimous Approval

Scott Brickert made the following:

- Motion:** to nominate by acclamation Walter Money Penny and Jeff Steere to the Board of Directors.
- Seconded:** Toby Rippetoe
- Vote:** Unanimous Approval

Reports

Manager's Report: Kathy Morgan

This past year has seen the implementation and completion of many projects here at Three Seasons.

Common Element – Completed Projects

- Repaired the Roof at West Entrance. Had double sheeting of metal installed. (\$1,100.00)
- Had stucco repair to exterior of building and touchup painting. (\$7,000.00)
- Replaced the bottom row on windows in south wall. Rebuilt the lower portion of the wall and insulated. (\$5,986.59)
- Removed and repoured the concrete at west entrance. (\$2,220.00)
- Got snack machine and moved the pop machine inside – sales for pop machine have improved.
- Pulled out all the non working video games in basement. Discussion at HOA meeting for input on replacement of games or installation of some exercise equipment.
- Declarations changes working.
- Started replacement of silk flowers with living plants.
- Installed new pool cover (\$9,201.12)
- Refurbished interior of sauna
- Removed wood decking on west side of building and replaced with concrete decks (\$8,800.00)
- Installation of new concrete pad and ramp at North Entrance (\$2,200.00)
- Installation of wireless access. The initial installation was on the 2nd floor and now has been expanded so that this is available in all units. Some units are still experiencing weak signals in some areas and work to fine tune the system is ongoing.

The renovation of the North entrance will allow for the designation of the entrance as the “Service Entrance” for the building. The ramp will make the moving of large appliances, deliveries of large packages, laundry and supplies easier. This designated entrance will also eliminate deliveries thru the other entrances during the busy seasons.

Common Elements – Approved Projects in Progress

- Renovation of North Mall – installation of carpet in progress
- Remodeling of North Entrance – In progress – Conceptual drawings attached

- Replacement of emergency stairwell lighting
- Replacement of existing EXIT lighting with battery backup lights
- Asphalt repair to the parking lot and seal coating
- Setting up website for Homeowners

Common Elements – Potential Future Projects

- Repair and replacement of existing decks on 2nd & 3rd Floors (Bid included)
- Replacement of the sliding glass doors on all decks (Bid Enclosed)
- Replacement of existing railing system on decks with IBC approved railings (bid enclosed)
- Replacement of existing emergency lighting & installation of additional lighting (Cost Estimate Included)
- Proposed lighting changes in the malls, including new lighting for pool area.
- Purchase of new tables and chairs for meeting room
- Elevator
- Interior painting of common areas
- Replacement of entrance doors
- Replacement of meeting room doors with double doors
- Addition of portico to South Entry
- Exterior landscaping improvement
- Regrading and resurfacing of parking lot

Financial Report: Kathy Morgan

Balance Sheet	The balance sheet for the Three Seasons Condominiums shows the Association holding \$166,058.76 in cash as of May 31, 2005. Accounts Receivables shows a balance of \$11,240.23 as of May 31, 2005. \$1,783.40 is 60 days past due with \$1,916.54 due for this billing period.
Income Statement	The income statement in this section shows unaudited totals for June 1, 2004 – May 31, 2005. Items of significant variance are identified below.
Income	Late fees are 89% above budget (\$2,277 vs. \$1,200). Rental Income is 12% over budget (\$2,700 vs. \$2,400). Vending income is 47% under budget (\$2,328 vs. \$4,400) with vending expenses under budget by 30% (\$160 vs. \$240).
Expenses	Overall normal operating expenses are \$85.37 over budget as of May 31, 2005.

Legal This account is over budget by 258%. The total spent on legal fees for the Declaration change was \$1,056.00. \$355.72 was spent on collection of assessments. This money was recovered from owners.

Office Supplies & Postage

This account is over 200% as of May 31, 2005 (\$261 vs. \$60.00). This overage is due to the additional cost of postage for the certified mailings related to the Amendment to the Declarations.

Contract Labor General

This account was under budget 15% (\$8292 vs. \$9,800).

Decorations This account is 69% under budget (\$611 vs. \$2,000).

Insurance This account is 49% over budget (\$18,725 vs. \$11,780). This overage is the result of reevaluation of the property value.

Trash The trash expenses are 4% (\$9,862 vs. \$9,500) over budget.

Fire Protection This account is 29% (\$1,802 vs. \$2,500) under budget.

Firewood This account is 15% (\$1,696 vs. \$2,000) under budget.

Grounds This account is 9% (\$1,729 vs. \$1,900) under budget. This reflects the accounts 700 grounds and 701 plants.

Hot Tub/Pool Supplies

This account is currently under budget 5% (\$2,379 vs. \$2,500).

Maintenance Repair This account is currently under budget 54% under budget (\$9,105 vs. \$19,800)

Snow Plowing and Roof Shoveling

Plowing is 35% over budget and Roof Shoveling is 63% over budget due to the unusually heavy snow fall this winter.

Maint. Supplies This account currently shows 5% over budget (\$3664 vs. \$3492). \$834.00 was spent for replacement of light bulbs above the pool. The bulbs for these lamps are getting hard to acquire and they are costing about \$147.00 each.

Capital Expenses This account was charged with \$25,270.03 of expenses. When the 2004/2005 budget was approved there were no

monies allocated to this account. This includes \$6,500 for stucco repair; pool cover \$8,460; replacement of 8 windows in south wall for \$5,986.59; repair of roof and concrete at west entry \$3,320.

Approved Budget June, 2005 - May, 2006

At the end of this section is the approved budget for the 2005-06 fiscal year. Normal increases for utilities are budgeted for. The approved budget shows a 9% increase from the previous budgeted amount.

Capital Expenses are based on projected projects.

Budget Summary Approved 05/06 Budget

545 – Appraisals

No previous budget. Recommend removal of line items as this is a service provided by Insurance companies free of charge.

550 – Audit

This line item is the same \$2,000.00 as has been budgeted in the past it is now spread out over three months to reflect more accurately the actual timing of expenditures.

555 – Bank Charges – No change

560 – Board of Directors – No change

570 – Legal – No change – \$906.00 spent in 04/05 for Declarations change.

This type of expenditure not expected in 05/06.

580 – Management Fees – No change.

585 – Postage – this account has been increased for June to allow for mailing information for HOA Meeting

610 - Contract Labor General

Increases in April & November for cleaning of carpets.

616 – Capital Repairs – be discussed at HOA meeting and amended at Board meeting following.

617 – Roof Repairs – No change

620 – Stucco Repairs – No stucco repairs scheduled at this time.

636 – Vending –Both income and expenditures have been adjusted to more accurately reflect current revenue.

637 – Decorations – Budget reduced to \$1,000 from \$2000. Purchase of artificial wreaths and bows reduces need. Purchase of exterior plant baskets moved to 701.

638 – Cable Television – New numbers include cost of wi-fi service and as of January 2006 a 5% proposed increase in service.

640 – Common Area Cleaning – increased \$600.00 to reflect additional hours in December and April.

645 – Electricity – REA had a 6% rate increase in January, 2005. As of this time they are expecting another 4% rate increase in January, 2006. While

- there is an energy surplus at this time the expectation is that infrastructure concerns will necessitate the 4% increase.
- 660 – Insurance – 04/05 budget \$11,780. 05/06 budget \$11,780. This did not change as rates are expected to be reduced this year with shopping of insurance coverage.
 - 670 – Trash – 04/05 budget \$9,500.00. 9% increase based on actual.
 - 680 – Natural Gas – Increased gas budget by 30% for expected rate increase
 - 687 – Water & Sanitation – There is traditionally a 4% increase in this service each January. This is reflected in the new budget numbers.
 - 688 – Water Damage Repair – No change.
 - 690 – Chimney Cleaning – No change.
 - 697 – Fire Protection – No change.
 - 698 – Firewood – 04/05 budget was \$2,000. Actual spent on fire logs was \$1,695.75. Plan was to purchase 1060 fire logs (53 X 20 = 1060) as of today we have 456 logs left. Budget \$1,600.00
 - 700 – Grounds – Budget of \$1900 anticipates need for work after construction. Also labor to meet state requirement for removal of noxious weeds on property.
 - 701 – Plants – 05/06 budget for plants. Reduction of the decorations budget by \$1000.00 provides the \$550.00 for this item.
 - 705 – Hot Tub/Pool Supplies – No change.
 - 715 – Maintenance Repairs – No change.
 - 730 – Snow Plowing – The snow plowing for 04/05 was \$12,926.25 through 2/28. The budget was \$9,000.00. 05/06 proposed budget \$14,514.00
 - 740 – Snow Shoveling - Roof – 04/05 Budget \$7,000.00 Money spent through 2/28 - \$11,110.00. 05/06 proposed budget \$9,800.00
 - 750 – Maintenance Supplies – Increase 4%.
 - 755 – Housekeeping Supplies – No change.
 - 757 – Towels/Linens – No previous budget. Recommend remove line item from budget.
 - 760 – Printing – This has funds allocated for printing stationary.
 - 765 – Interest – No change.
 - 770 – Depreciation – No change.

Looking at the approved budget for 2005/06 it is obvious that the Association revenue will barely cover the operating expenses this year. Each year we have seen increases in the utilities and cost of building maintenance that the current regular assessments are now not able to keep up with.

Review of the 2004/05 and 2005/06 budgets shows that the Association is no longer able to save money and fund a capital reserve program. As reflected in the bids the capital improvements necessary for the 25 year old building are very quickly going to eat up the cash the Association currently has. To avoid financial problems in the future the Association needs to consider increasing the regular assessments used for the operating expenses of the Association.

The Declarations of the Three Seasons Association require that increases in the regular assessments be approved prior to and implemented at the beginning of the fiscal year. Since the fiscal year has already begun I suggest discussing the increase and if approved, notifying owners at earliest time of the increase effective 6/1/06.

The Owner's and Board will be considering many projects during the course of the meetings today. The age of the building and the condition of many of the facilities are such that it is ill advised to consider deferring maintenance at this time. The Association may also want to discuss the necessity of a special assessment for the necessary capital improvements. There are many projects on the drawing board and it clear that the cash reserve can quickly be depleted.

Several local banks are interested in working with Three Season owners the fund capital projects and are offering favorable interests rates on Association loans.

Capital Expenses will be discussed by the Homeowners and Board of Directors and projects may be added or deleted at that time.

Old Business

The Board has been discussing designing a new logo for the Association. After some discussion it was decided that a logo was not necessary and that updated signage would be appropriate. No logo needed.

The Association has purchased the domain name threeseasonsclub.com and is working to get a website established for the homeowners. George Cofran volunteered to do the initial design work involved with the webpage and getting it up and working. The webpage will be setup in Microsoft Frontpage so that Kathy Morgan and Wanda Bearth will be able to update and edit page on a continuing basis. Kathy will get George the initial information early next week and they will see this project is completed

New Business

After a through discussion of the proposed projects and discussions about financing the projects there were still several questions. Walter checked the Declarations with regard to the Board's authority to levy special assessments for capital projects. He also referred to the Declarations concerning the Board's authority to raise the regular assessments.

Toby Rippetoe made the following:

- Motion:** to have the Board of Directors consider a special assessment to fund the capital project for replacing the deck flooring, sliding glass doors, deck railings as other capital projects as deemed appropriate by the Board.
- Seconded:** George Cofran
- Vote:** Unanimous Approval

Members Open Forum

Abandoned automobiles and automobiles used as storage were brought up again. Since this was a topic of discussion last year and the situation has not been remedied the Board was asked to review the current Rules and Regulations and decide what remedies were available. The suggestion was made that the Rules be changed to reflect allowing 1 motorized vehicle per bedroom per unit be allowed on the property. Vehicles being used as storage would not be permitted on the premises.

The owners of unit 142 asked Scott Brickert to bring up the topic of the inside railings on the interior south walkways. The current railings interfere with the view of the mountain and are "unsightly". Mr. Allen asked that when planning the project for new deck railings the Board consider replacing the interior railing in the south halls with something that would not block the views.

George Cofran suggested that any landscaping project being considered include the addition of some trees where possible around the building.

There was a general discussion of all members as to what is necessary to preserve and enhance the real estate values of the building. The need to stay competitive in the existing market and not be left behind other associations was discussed. The projects presented in the Management Report were discussed and a general desire to get moving on these projects was expressed.

Unscheduled Business - None

Establish Date of Next Meeting

There was discussion if more people would come to the meeting if it was held on a Monday. This would allow people to travel on the weekend to get to Mt. Crested Butte. Based on that thinking it was agreed the next meeting would be Monday June 19, 2006 at 9:00 AM.

Adjourn

Toby Rippetoe made the following:

Motion: to adjourn the meeting
Seconded: Linda Sansing
Vote: Unanimous Approval

Meeting adjourned at 11:50am.

Approval: _____

Date: _____

Walter Money Penny, Secretary/Treasurer