

**TIMBERLINE COVE HOMEOWNER ASSOCIATION  
ANNUAL MEETING  
September 17, 2022**

**I. CALL TO ORDER/INTRODUCTIONS**

The Timberline Cove Homeowner Association Annual Owner Meeting was called to order at 10:04 a.m. via videoconference

Board members participating were:

Tim Kiehl, President, Unit 304	Paul Joliat, Vice President, Unit 102
Steve Gustafson, Treasurer, Unit 103	Bob Cave, Secretary, Unit 305
Ed Chang, Director, Unit 405	

Owners participating were:

Scott Dorch , Unit 101	Charles Aurand, Unit 101
Nancy Gustafson, Unit 103	
Cynthia Mansour, Unit 201	Carl & Joyce Low, Unit 203
Leslie & Gus Gustafson, Unit 204	Art Smithson, Unit 205
Stacey Gilbert, Director, Unit 206	Eric Puccio, Unit 208
Deb Stacey, Unit 209	Don Lewis, Unit 301
Barbara Delgrego, Unit 302	Karen Murphy, Unit 303
Lois Van Heukelom, Unit 306	Robbye Fox, Unit 308
Sherry & Duane Abbot, Unit 404	Carrie Van Duym, Unit 406

Noah Orth verified proper notice of the meeting. With units represented in person or by proxy, a quorum was confirmed.

Representing Summit Resort Group (SRG) were Kevin Lovett, Noah Orth and Paul Fretz. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

**II. APPROVAL OF MINUTES OF LAST MEETING**

Scott Dorch noted that he should be listed as the attendee representing Unit 101.

**Motion:** Steven Gustafson moved to approve the September 18, 2021 Annual Meeting minutes as amended. The motion was seconded and carried.

**III. PRESIDENT'S REPORT**

Tim Kiehl reviewed the process for drafting and approval of the budget. The Board created a budget that is sufficient to pay for the common expenses and to adequately fund Reserves. After review by the members, it will be deemed ratified if the majority of owners do not vote to veto it in late October. There is a vote on short-term rentals underway. The voting will be closed on September 19<sup>th</sup> at 5:00 p.m. Mountain time.

The building is holding up well but it is now 15 years old and there are normal issues for a structure of that age. The biggest project this past year was exterior painting. The painting has been on a five-year cycle but may be changed to a variable cycle to address the exposures that

are more affected by the sun. A higher grade paint is being used for the trim to extend the useful life to eight to ten years. Preventative maintenance has been instituted for the mechanical equipment to extend the life and bulbs have been switched to LEDs to reduce energy costs.

A 10.2% increase is being recommended for the 2023 Operating Budget and a 60.3% increase to the Reserve contribution. The combined increase would be 27.3%. This excludes the \$75,000 Special Assessment this past year. With the inclusion of the Special Assessment, the increase is 1.9% overall. The biggest drivers on the Operating side are natural gas and fire and safety related costs. The Reserve contribution increase is in line with the Reserve Study recommendation. Due to significant recent dues increases and the Special Assessment, the Reserve funding level has improved from 0% funded to 17% funded, but the level is still quite low. The balance is projected to be about \$215,000 at the start of 2023. According to the Reserve Study, projected expenses in the next five years are about \$875,000, with the roof being the largest single expense. In the next 10 years, expenses are projected to be about \$1.5 million. The Reserve funding does not reach a 30% funded level until 2035. The Board is taking a multi-year approach to get the Reserve Fund healthy.

He acknowledged the other Board members for their hard work and expertise. They have examined the insurance coverage to ensure it is adequate. A financial audit will be performed for the first time. They are tightening the controls. He also thanked the owners for their involvement, especially for the Owner Work Day and day-to-day efforts at the property.

#### IV. TREASURER'S/FINANCIAL REPORT

*A. Balance Sheet as of July 31, 2022*

Noah Orth reported that the Association had \$4,403 in the Operating account and \$202,533 in the Reserve Account for a total of \$206,935.

*B. Profit & Loss Statement as of July 31, 2022*

The P&L statement reflected a \$474 unfavorable variance to budget. Noah Orth reviewed the significant variances:

1. Gas - \$7,040 unfavorable to budget due to rate increases.
2. Security & Fire System - \$2,538 unfavorable to budget due to interior and exterior inspection costs.
3. Window & Dryer Vent Cleaning - \$1,445 unfavorable to budget due to an increase in labor costs.
4. Legal & Accounting - \$1,599 favorable to budget.
5. Common Electric Utility - \$1,917 favorable to budget.
6. Repair & Maintenance - \$1,091 favorable to budget.
7. Grounds - \$2,983 favorable to budget.
8. Elevator - \$1,800 favorable to budget.

**Motion:** Tim Kiehl moved to approve the financial report. Steve Gustafson seconded and the motion carried.

Steve Gustafson recognized Tim Kiehl, Paul Joliat and Noah Orth for their efforts on behalf of the Association.

## V. CAPITAL RESERVE REVIEW

### A. 2023 Reserve Study Summary

Steve Gustafson said a new Reserve Study was completed this year. It is posted on the Association website. It indicates the annual contribution should be about \$119,000 per year and the current balance should be close to \$1.3 million. The recommendation is to increase the annual contribution to \$160,000 versus the current \$100,000 and to include a 3% annual inflation rate. This amount still would not cover the projected expenses for the next five years. The Board also took into consideration the \$640,000 of projected expenses for the next five years after that. Given that the units are worth about \$750 - \$1,000/sq.ft., the request is for owners to spend \$17.45/sq.ft. to maintain the building, with \$10 of that amount for the roof. Over the next ten years, that equates to \$30/sq.ft.

Major projects planned in 2023 include recoating the decks, replacement of carbon monoxide detectors in the garage and a garage door motor for a total of \$58,250. In 2027, projects include the roof, fire control panel and garage door for a total of \$699,560. The next large projects will be resurfacing the parking lot, staining the east and south sides of the building and a water heater in 2030 for a total of \$235,000.

He reviewed the history of the Reserve contributions and expenses. There was not enough being collected in the early years of the Association. Even with the significant increase to Reserve funding next year, there are few times in future years when the Reserves are over 30% funded, resulting in a medium chance of having to do another Special Assessment. Tim Kiehl noted that the Board believes the Reserve Study is fundamentally and directionally accurate, although the actual timing of specific expenses may vary.

Owner questions and comments addressed the following:

1. Budget Variances – Tim Kiehl said there is usually a small variance at year-end. Last year, the budget overage of about \$6,000 resulted in one month of Reserve contribution (\$7,333) not being made.
2. Hot Tubs – Tim Kiehl said the hot tubs are shut down because the exhaust system for the boilers is not venting properly. A bid of about \$6,000 has been approved to make the necessary repairs. The expense will be paid from Reserves. There was a suggestion to consider above ground tubs when the time comes for replacement. Noah Orth noted that above ground tubs generally have a maximum capacity of 8 – 10 people and there can be issues with the casing.
3. Garage Heating – The garage is heated by gas.

### B. 2023 Reserve Study Worksheet

Tim Kiehl reviewed the ten-year plan. It includes the items from the Reserve Study as well as other items (in red) for which costs have been incurred but are not included in the Reserve Study. The future costs are adjusted for inflation.

Owner questions and comments addressed the following:

1. Special Assessment vs. Dues Increase – It was noted that the \$160,000 could be raised through a Special Assessment of approximately \$5,333 per unit

(depending on unit size) instead of a dues increase. Tim Kiehl explained that would take care of one year, but would not address the needs for \$160,000 per year (plus inflation) going forward and the Reserves would still be about \$1 million underfunded.

2. Dues – Between the dues and Special Assessment, there was a 25% increase last year. The 2023 Budget assumes a 27% increase, equating to 52% for the two years. There was concern that if these types of increases continue, owners will not be able to sell their units. There was a suggestion to spread out the increases over several years, with a smaller dues increase combined with a Special Assessment and to reassess after the threat of a recession has passed. Paul Joliat calculated that \$648,000 would be needed to get to a 50% funded level instead of 100%. The projected year-end balance is \$213,000 so the additional amount would be \$435,000, equating to an average of \$14,500/unit on average (based on unit size). In summary, the three options would be to raise the dues significantly for 2023 and then about 3% annually each year thereafter, or to pay \$160,000 (plus inflation) each year as a Special Assessment for the next five years and keep dues at approximately the same level or to pay one lump sum \$435,000 Special Assessment in 2023 and keep dues at approximately the same level. Other suggestions included quarterly assessments, dividing the 27% increase for 2023 into 10% increments over the next three years and having a professional roof inspection done to confirm the actual condition. Several owners also spoke in favor of following the Board's initial recommendation.

Tim Kiehl said the next step will be for the Board to discuss the owner feedback. They will send an email to all owners summarizing their decision and announcing the date of the October 2023 Budget Ratification Meeting.

#### *C. Timberline Cove Tax Resolution Document*

**Motion:** Steve Gustafson moved that any excess and membership income over membership expenses for the year ending December 31, 2022 shall be applied against subsequent tax year member assessments as provided by IRS Ruling 70-604. Carl Low seconded and the motion carried.

## **VI. MANAGING AGENT'S REPORT**

Noah Orth thanked Paul Fretz for his onsite attention to detail at the property.

### *A. Completed Projects*

1. Installed an expansion tank, circulation pump and water heater in the mechanical room.
2. Completed a new Reserve Study.
3. The attorney drafted a worksheet that delineates responsibilities.
4. Painted the building exterior.
5. Cleaned the exterior windows and dryer vents.
6. Repaired the front entrance door.
7. Upgraded the front entrance gutter and heat tape.
8. Repaired, crack sealed, sealcoated and re-lined the asphalt.
9. Trimmed and removed trees as needed.

10. Completed a preventative maintenance inspection of the generator.
11. Purchased new hot tub covers.

*B. Pending Items*

1. Fire sprinkler inspection deficiency repairs.
2. Deck structure inspection repairs.
3. Roof replacement inspection and repairs. Noah Orth has contacted three roofing companies.
4. Stone column cap repairs.
5. Potential interior concrete walkway resurfacing.
6. Spa mechanical room power vents.

*C. Items of Attention*

The State of Colorado passed three legislative bills that took effect on August 8, 2022. The Board is reviewing the updated policies for Collection, Enforcement and Conduct of Meetings. Once approved, they will be distributed to the ownership for a 30-day review period.

## **VII. NEW BUSINESS**

*A. Short-Term Rental*

An owner survey was conducted. The results were used to create a ballot for a vote on a seven-night minimum stay requirement that will conclude on Monday, September 19, 2022 at 5:00 p.m. Some owners feel that short-term rentals result in problems at the property while others feel limiting rentals to longer stays will impact their ability to generate revenue. The results of the survey will be tallied and taken into consideration. Points that have been discussed in the past include minimum stay requirements other than seven nights, concerns with enforcement, using one management company for all rentals and limiting garage access. The Board consulted with legal counsel and learned that owners cannot be required to use a single management company and garage access cannot be restricted. Compliance would be a good faith approach.

## **VIII. OWNER EDUCATION**

Tim Kiehl explained that there are no individual unit shut off valves for the water supply. Owners are asked to coordinate any water shut off needs through Noah Orth or Paul Fretz to minimize disruption to the other units in the building.

## **IX. OWNER'S FORUM**

Owner comments and questions addressed the following topics:

1. Board Recognition - Several owners thanked the Board for their efforts on behalf of the Association.
2. Garage – Carrie Van Duym commented that the underground parking spaces are reserved for unit owners and that she does not want anyone parking in her space when she is not there.
3. Decks – There was a request to power wash the back deck floors. Tim Kiehl said the back decks are limited common element and are an individual owner responsibility. Paul Fretz said he plans to power wash the common walkways in the next week,

weather permitting. He noted that there is a sealer/wax product that he uses in the lobby that improves the appearance.

4. Deck Surface – It was noted that not all back decks have the same coating. Noah Orth will follow up.
5. Property Improvements – There was a suggestion for the Board to consider improvements and adaptations in the context of replacements of common elements.

**X. ELECTION OF DIRECTORS**

The terms of Tim Kiehl and Paul Joliat expired and both were willing to run for re-election. There were no other nominations from the floor.

**Motion:** Duane Abbot moved to re-elect Tim Kiehl and Paul Joliat to the Board for three-year terms. Carl Low seconded and the motion carried.

**XI. NEXT ANNUAL MEETING DATE**

The next Homeowner Meeting date will be set by the Board.

**XII. ADJOURNMENT**

**Motion:** Tom Kiehl moved to adjourn at 12:28 p.m. The motion was seconded and carried.

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
Board Member Signature