

**FROSTFIRE CONDOMINIUM ASSOCIATION
ANNUAL HOMEOWNER MEETING
August 2, 2014**

I. CALL TO ORDER

The meeting was called to order at 9:05 a.m. in the Keystone Fire Station.

Board members present were:

Mary Parrott, President, D39
Mitch Drantch, A17

Gary Howard, Vice President, E42

Owners present were:

Stacy & Tim Huntoon, A1
Ted Nelson, B03
Darold Douglas & David Duncan, C5
Mark & Deborah Yoder, C21
James & Marie Keeney, C38
Diane Johnson, E9

Bud & Alice Clifford, A34
Bruce & Kimberly Blank, B20
George Fornnarino, C6
Lisa Kehaya, C22
Tom & Peggy Bodine, D8

Representing Summit Resort Group were Kevin Lovett and Kevin Curry. Erika Krainz of Summit Management Resources was recording secretary.

II. PROOF OF NOTICE

Notice of the meeting was sent July 2, 2014 in accordance with the Bylaws.

III. DETERMINATION OF QUORUM

With 14 properties represented in person and nine by proxy a quorum was confirmed.

IV. APPROVE PREVIOUS MEETING MINUTES

Bud Clifford made a motion to approve the minutes of the August 3, 2013 Annual Meeting as presented. David Duncan seconded and the motion carried.

V. TREASURER'S/FINANCIAL REPORT

A. 2013 Year-End Results

The Association ended the 2013 fiscal year with \$10,041 in Operating and \$51,518 in Reserves. The Association was \$4,407 over budget overall. Areas of major variances included:

1. Repair & Maintenance Hot Tub - \$1,895 over budget.
2. Landscaping - \$1,605 over budget.
3. Snow Removal - \$989 over budget.

All Reserve and Hot Tub Reserve contributions were made in 2013.

B. Balance Sheet and Income Statement as of June 30, 2014

As of June 30, 2014 the Association account balances were \$6,040 in Operating and \$56,141 in Reserves.

The Income Statement reflected a \$2,394 positive variance in Operating expenses. Areas of major variance included:

1. Snow Removal - \$2,599 over budget.
2. Repair & Maintenance Hot Tubs - \$1,846 under budget.
3. Insurance - \$3,319 under budget.

All Reserve contributions were current for 2014.

C. Reserve Plan

The Reserve Plan identifies the estimated life expectancies and costs for all major replacement items. The 2014 year-end balance is projected to be around \$54,000.

The roof is in pretty good condition. Turner Morris inspects the roof annually and makes repairs as needed. With continued maintenance, the roof is expected to last until 2030. The projected replacement cost is at least \$200,000. In 2017, 2018 and 2019 there is an anticipated Special Assessment of \$10,000 each year but the Board will continue to monitor the balance.

An owner commented that ice slabs on the Building A had scraped off some of the paint from the metal roof. Two large spots need to be painted. Kevin Lovett will follow up.

An owner asked how the Reserve balance compared to other properties. Kevin Lovett said the Association was in good shape.

VI. MANAGING AGENT'S REPORT

Kevin Lovett thanked Kevin and Wendy Curry for their work at the property and the Board for their support.

A. Completed Operating Projects

1. Touched up paint in various areas around the property.
2. The annual roof, fireplace and fire alarm system inspections were completed.
3. Washed the exterior windows.
4. Cleaned the unit dryer vents.
5. Cleaned the carpet.
6. Repaired common entry door locks.
7. Changed the trash removal provider and realized savings.
8. Renewed the insurance and realized savings.
9. Installed new hot tub gate latches.

Owners were reminded not to put trash or plastic bags in the recycling bins. Additional signage will be installed.

B. Completed Capital Projects

1. Replaced the hot tub boiler in E Building.
2. Increased the hot tub deck railing height at A Building for compliance with insurance requirements.
3. Continued ongoing roof maintenance.
4. Repaired exterior common walkway bricks.
5. Installed a sump pump in E Building to drain high groundwater.

C. Pending Items

1. Add balusters to third floor unit balcony railing to close the gaps for code compliance.
2. Continue with roof maintenance.
3. The staining of the north side of building exterior is a potential project for 2014.

VII. NEW BUSINESS

A. Television Service

The Association currently contracts with DirectTV for television service. A “head end” system distributes the television programming. The equipment is over 10 years old, somewhat antiquated (there is no HD option and options for individual owners to upgrade programming are limited and cost prohibitive). The cost to update the equipment to include HD receivers would be about \$8,000. The Association currently pays approximately \$10/unit/month for cable with DirectTV. Including the internet service, which is provided by ResortInternet, the current cost is \$31/unit/month.

The Board researched alternatives to the existing television service, obtained bids from a number of companies and narrowed the options down to keeping the current system or contracting with ResortInternet or Comcast. A survey was sent to all owners and the results were very close between keeping the existing or switching. The information was sent again for a vote with the meeting information. Of the ballots that were returned, six in favor of keeping the current system, nine were in favor of ResortInternet and two were in favor of Comcast.

The two new service options were compared:

1. ResortInternet – \$46/unit/month (including internet). This would still be a head end system but with all new equipment at no cost to the Association. The service would include 60 channels with four of them being HD. Owners would only need a receiver box in the unit if they choose to upgrade the service as an individual expense. Each additional receiver would be \$8/month plus an installation fee. The contract term would be five years with an annual escalation.

2. Comcast - \$55/unit/month (including internet). Each unit would have an individual receiver for the basic service at no additional cost and owners could upgrade individually. No HD channels would be included in the basic package. The contract term would be five years with an annual escalation. If HD channels were to be included in the bulk contract, the cost would increase to \$60/unit/month.

The Internet contract with ResortInternet expires in about one year. Kevin Lovett was not sure if there would be any new wiring required for either system. All units already have RG 59 coaxial cable.

Tim Huntoon made a motion to upgrade in some capacity. David Duncan seconded and the motion carried.

James Kenney made a motion to select the service offered through ResortInternet. Ted Nelson seconded. The votes of the owners present and the proxy votes were tallied and the motion passed with 15 in favor of ResortInternet and five in favor of Comcast.

The existing channels will be kept if possible but there may be some changes based on the package. The change in service should occur in the next 30 – 60 days. Kevin Lovett will notify the owners of the schedule.

B. Unit Owner Storage Areas

The Board has discussed installing twelve 3' x 4' storage lockers in sets of three each in the basements of several buildings. These spaces would be rented to owners for individual storage. The estimated cost to construct the lockers is \$1,600 per building. The floor was opened to owner discussion. A suggestion was made to create common bike storage instead of individual lockers. An owner was concerned about the potential for items being abandoned. A question was raised about insurance for the items. Kevin Lovett clarified that the owner would assume the risk for any items stored. In a show of hands, only two owners expressed interest at a cost of \$50/month. Several more owners indicated they might be interested at \$25/month. The Board was asked to look into options for bike storage.

C. Major Exterior Remodel

Kevin Lovett said the siding on south side of building is over 30 years old and does not have many years of remaining useful life. The Board has looked into complete replacement of all the siding with updated, low maintenance materials to upgrade the exterior appearance. The cost estimate was at least \$1 million so they narrowed the scope to the south side only since the other exposures are in better condition. The cost estimate for the south side only is \$350,000 – 400,000 (about \$10,000 – 12,000 per unit). The contractors do not recommend replacing the existing siding with cedar. An architect would need to be hired at a cost of approximately \$5,000 to provide a design in order to obtain a more precise cost

estimate. The project could be funded through a Special Assessment or a loan for all or a portion of the cost. A \$400,000 loan would increase dues by about \$141/unit/month for a five-year term.

David Duncan made a motion to take a straw poll to determine the owner preferences. The motion was seconded and carried.

In a show of hands, the owners present voted on two options:

1. Continue with ongoing repairs as needed with the same materials – 2
2. Upgrade the external appearance with new materials – 11

David Duncan made a motion to authorize the Board to pay up to \$2,500 to have all the siding analyzed to determine the remaining life of the existing siding. Marie Keeney seconded and the motion carried.

D. Management Company Renewals/Proposals

Mary Parrott stated that the Summit Resort Group (SRG) management contract would expire at the end of the year. Both she and Gary Howard recommended renewing the contract. Mitch Drantch said after being elected to the Board last year, he unilaterally pursued competitive bids. Mitch noted that his unit was for sale and that as a result, he was resigning from the Board effective tomorrow (Sunday August 3rd). The Association is currently paying about 25% of the total operating budget for management and he was told by realtors that it should be 10 – 15%. He acknowledged that this percentage could be skewed by the fixed costs and a smaller number of units in a complex. He said Wildernest provided a very competitive bid. The references he contacted indicated they were pleased with the service received since the new owner of Wildernest took over. He has asked for more transparency about the \$1,000/month landscaping fee but it has not been provided. It was noted that all expense details are listed in the general ledger section of the monthly financials.

Mary Parrott felt that a brand new Board member unilaterally soliciting a management proposal was presumptuous. She said the management fee was not the deciding factor for selection of a company. The Board has been very satisfied with the service from SRG. She did extensive research on Wildernest and found that they often come in with a low bid but then charge for every small item beyond that. SRG includes many things in their basic fee that are not included by other management companies. Gary Howard said the Board also received another verbal bid from Mountain Managers of \$2,800 – \$3,100/month.

In regard to the monthly landscaping fee, Mary Parrott explained that half of the annual landscaping budget of \$6,000 is spent on tree and turf spraying and annual maintenance. The remaining half is spent on new plants and garden supplies, and to Patti Banks for landscape bed planting and maintenance. She charges \$25/hour, which is compatible with the market rate in the County.

There was general agreement that it would be appropriate for the Board to consider bids from other management companies whenever the contract comes up for renewal.

David Duncan made a motion to pursue renewal of the management contract with SRG. The motion was seconded and carried with Mitch Drantch opposed.

David Duncan made a motion to conclude discussion of this subject. The motion was seconded and carried.

E. Owner Comments/Questions

1. A question was raised about the new location of the bike rack. Mary Parrott said the owners voted to move the bike rack to that spot last year.
2. An owner said his key was no longer working in the C Building back door. Kevin Lovett will follow up.

VIII. ELECTION OF DIRECTOR

The term of Mary Parrott expired and she indicated she would be willing to run again. Bud Clifford made a motion to elect Mary Parrott for another three-year term. Marie Kenney seconded and the motion carried. An Owner asked about filling Mitch Drantch position upon his pending resignation; Mary noted that per the Bylaws, the remaining Board members are to appoint an Owner to fill the vacant position.

Mitch Drantch recommended that the owners consider an amendment to the Bylaws to include term limits.

IX. SET NEXT MEETING DATE

The next Annual Meeting will be held July 25, 2015.

X. ADJOURNMENT

Stacy Huntoon made a motion to adjourn at 12:00 p.m. David Duncan seconded and the motion carried.

Approved By: _____ Date: _____
Board Member Signature