

HOMESTEAD AT SNOWMASS ASSOCIATION:  
Board Meeting  
December 3, 2010

I. CALL TO ORDER

Roll Call: Meeting started at 9:04 am

Directors present via conference call:

Mike Estes (President)

Bill Devers (Vice President) joined call at 9:30

Malo Harrison (Secretary)

Bob Campbell

George Hartnett

Barton Craig and Mike George of Snowmass Lodging Company were also present.

II. APPROVE MINUTES OF Annual Meeting 08/23/10

A motion was made by Mr. Estes to approve the minutes, seconded by Mrs. Harrison. The motion was carried by a voice vote, and the August 23, 2010, Board meeting minutes were unanimously approved.

III. Proposed 2011 Budget

Mr. Estes asked the Board members if they had any comments or questions regarding the 2011 Proposed Budget that they have received.

Mr. Harnett asked about the bidding and pricing processes for obtaining insurance policies. Mr. Craig noted that SLC is investigating the possibility of combining the replacement values of two of its association clients, Homestead and Owl Creek, so that both properties have access to significantly larger replacement costs, without having to bear any higher individual premium charges. Mr. Craig explained that bidding is done by the insurance broker, as in the experience of SLC, brokers cannot obtain bids for the same project from the same carriers for the same time frame for middle market insurance level properties. Homestead is considered a middle market insurance property.

The Board members discussed the Snow Removal budget at \$30,000. All agreed that actual snow removal costs are difficult to predict, and Mr. Craig noted that the new vendor he has selected for Snow Removal is significantly lower in cost per hour for both road plowing and shoveling than the prior one. After discussion the Board instructed Mr. Craig to adjust the budget downward to \$27,000 for 2011.

The Board members also discussed the processes for Reserve Funding and asked SLC to amend the budget down to \$42,000 from \$48,500.

Mrs. Harrison made a motion to approve the proposed budget, as amended, to set the Snow Removal budget at \$27,000, Grounds at \$50,061.56, and the Reserve Fund contribution at \$42,000. Mr. Campbell seconded the motion. The motion was passed by a voice vote, and the proposed budget will be sent to members prior to the Annual meeting. The annual assessments are, therefore, set to be \$6,500.00 higher for the Operating Fund, and \$6,500.00 lower for the Reserve Fund, but will be the same in total as they were in 2010.

Mr. Campbell made a motion to amend the assessments for 2010 Reserve Fund contribution down to \$15,532.05 (adjusted to actual audit results for 2010), in order to retire any cumulative operating fund losses to through December 31, 2010, and which are currently projected at \$34,920.19. Mr. Devers seconded, and the motion passed.

#### IV. DATE AND PLACE OF ANNUAL HOMEOWNERS MEETING

Mike Estes offered to host the meeting at Homestead #7 at 4pm Mountain Time on Thursday, December 30<sup>th</sup>. The Board members agreed on this date and place and a Notice of Meeting and Proxy and Agenda will be sent to all members.

#### V. DECK REPLACEMENT

Mr. Craig started the discussion by explaining that the two inter-related issues with the decks are that the waterproof membranes are near the end of their expected life, and that the wood decking has become damaged to the point where its replacement should be considered. Since the last Board meeting we have taken apart one deck to obtain bids for an overlay membrane. We have inspected the wood decking on a few decks and have determined they are not worth spending a significant amount of money to repair.

Although not required, there is a considerable labor savings by doing both projects at the same time.

Mr. Craig presented the Board with a summary of two proposals obtained by management to install an overlay membrane, as discussed at the last Board meeting, on all of the Homestead decks. The bids are approximately \$60,000 and \$97,000 from two different vendors. Differences in the bids still need to be clarified. These bids do not include any of the preparation work and none of the post membrane install work, in terms of removing the existing decking and trim. They are just for the

membrane replacement. Notably, they also do not include removing or replacing the decking itself.

Management has obtained two bids for the prep work and decking replacement work. The bid from Red Eagle is approximately \$70,000 for all of the pre and post work and \$107,000 to install new Trex decking. The second bid, from a non-roofing company, is approximately \$20,000 for the pre and post work and \$88,000 to install new Trex decking. The cost to switch to redwood decking is about the same price.

Mr. Craig pointed out that Red Eagle's original bid from 2009 to demo concrete and replace all of the deck membranes as they have done in the past, and install new Trex decking was \$300,000. This firm's complete bid to do the same scope of work, but to do it as an overlay membrane, is \$275,000. Not a significant savings, despite the fact that everybody agrees it would save a lot of labor. Mr. Craig mentioned that accepting Red Eagle's comprehensive bid might mean paying a higher hourly rate for some work that is less skilled. Red Eagle has worker's compensation costs, other insurance rates, and hourly pricing for roofing employees for all of its bid work. Other subs can be employed for the non-roofing components of the project: namely, everything but the waterproofing membrane work.

In summary, the most expensive bid we have is between \$275,000-300,000 from Red Eagle to do everything. The least expensive option we have at the moment is \$60,000 for the membrane work, \$20,000 for prep and post work and \$88,000 for new Trex for a total of \$168,000. More specific info on the bids, as well as, possibly, a third bid could still be sought, before any final decision is made.

Finally, Mr. Craig pointed out that this fall the HOA installed simple access hatches on each deck so that the drains can easily be visually inspected and cleared. It is possible this will prevent or significantly reduce deck leaks in the future. Two original Homestead decks with concrete have been replaced to date - the front deck of #10 and the back deck of #14.

After extended discussion Mr. Estes asked Mr. Craig to be prepared to present an updated analysis at the annual meeting of the options to the members on the decking issues. He also noted that this ongoing investigation has influenced the Board in its decision to adjust the Reserve Fund contribution downward for this year in concert with approving SLC to proceed with obtaining an external Reserve Fund study.

## VI. INDEPENDENT RESERVE FUND STUDY

Management did not receive approval from the Board in time to schedule the Reserve Fund study in the fall before weather would have stopped work. The Board authorized SLC to proceed with this work as soon as it is practical and to bill the costs to the Operating Fund.

VIII. RESPONSIBLE GOVERNANCE POLICIES.

Mike Estes presented the Board with a draft of Governance Polices drafted for the Homestead by Snowmass Lodging Company. After discussion the Board requested that SLC update the draft text to reflect current Reserve Fund practices and to circulate the revised draft to the Board members. If the Board members approve of the revised draft, Mr. Craig will circulate the document to the members before the date of the annual meeting.

IX. NEW BUSINESS

XII. ADJOURN

Mr. Estes made a motion to adjourn. Mr. Campbell seconded, and the meeting was adjourned at 10:35 am.

Respectfully,

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Malo Harrison, Secretary