

OWL CREEK HOMEOWNERS ASSOCIATION

MINUTES OF THE December 2, 2013, BOARD OF DIRECTORS MEETING

I. Call to Order

Mr. **Anderson** called the Meeting called to order at 2:10 pm via a conference telephone call. Other Board members present via conference call were **Gene Schmitt**, **David Barnes**, and **Lee Wagman**. Michael George and Barton Craig of Snowmass Lodging Company were also present.

II. Approval of Minutes of November 13, 2012

Mr. Anderson made a motion to waive the reading of the minutes of the November 13, 2012, Board of Directors meeting. Mr. Wagman seconded, and the motion passed. Mr. Anderson made a motion to approve the minutes, as written, and Mr. Wagman seconded. The motion passed via voice vote.

III. Old Business

A. Allocation of budget surplus/deficit

Based on operations through October 2013, management expects Owl Creek to end the year with a cumulative budget deficit of approximately \$ 1,164. The 2013 Proposed Budget assumes a carry-forward of this deficit into the 2014 Operating Budget, with the exception of surplus or deficits from the few line items of the budget which are allocated by Phase. The budget has been prepared with surplus or deficit from these line items behind carried forward to the 2014 assessment by Phase.

Actual operating results for November and December may change how the HOA will end year against budget.

The two largest unexpected expenses that are likely to cause the HOA to end the year with a small deficit are as follows:

Installation of heat tape wraps on water supply pipes in all crawlspaces. This is a project the Board approved in February to address problems with freezing pipes. The cost of the project was \$7,000.

Tree root inspection and tree removal. In the aftermath of two mature cottonwood trees destabilizing and falling over near homes this summer, the HOA spent approximately \$15,000 for root inspection of all impacted trees and removal of approximately 20 trees, almost all cottonwoods. This caused the HOA to end the year over budget in Grounds.

The reserve fund generated \$39.96 in interest income through October 2013. The external accountants have advised that any net credit to the Miscellaneous line item be allocated to a line item that will have a specific future expense. Mr. Anderson made a motion to allocate the net credit in the Miscellaneous line item at year end to the Water Shut off Line item. Mr. Schmitt seconded, and the motion passed.

Mr. Schmitt made a motion to allocate any deficit, with the exception of surplus or deficits from the few line items of the budget which are allocated by Phase, from the 2013 operating fund, after external review, to the 2014 operating fund budget – in the alternative, if a surplus is actually achieved, the motion is to transfer any such surplus to the Reserve Fund. Mr. Anderson seconded. After a voice vote the motion passed.

IV. New Business

A. Assessment/Budget 2014

Mr. Craig provided a summary of the 2014 budget proposal.

Insurance expenses and replacement costs are both increased by 5%, which results in a net increase of \$5,882. Any consideration of more deductible – currently \$10,000 - versus lower premiums can be considered between now and the annual meeting. Mr. Wagman also asked for any recommendations from the insurance agent for considerations that might lower costs. Mr. Anderson asked for quote comparisons to raise the deductible to either \$20,000 or \$30,000.

The Painting budget has increased by \$23,890. In 2014 the Association is planning on adding all fascia to the painting schedule at an additional cost of \$1,250 per home. These surfaces have not been painted for 7 years.

The Repair and Maintenance budget has been increased by \$10,000, primarily for on-going deck railing repairs and replacement.

The Grounds budget has increased by \$10,000, both to account for increases in the cost of flowers and for additional labor for tree and root inspection.

Mr. Schmitt made a motion to approve the budget proposal as amended. Mr. Wagman seconded and the budget proposal was approved by voice vote as presented.

B. Budget & Financial Review 2013

The Reserve Fund balance is expected to be at \$525,985 at year-end 2013, and it is expected to grow to \$600,965 by year end 2014.

C. Roof Replacement

The next likely major Common Elements that will need replacement are the roofs. Although the Reserve Fund model indicated an expected lifespan of the roofs at 25-30 years, it is the opinion of two qualified vendors that a shake roof in this environment has a more likely expected life of approximately 15 years. The roofs are 15 years old. Inspection has shown that shingles are cracking and warping throughout the complex. When this occurs, it allows water and ice to push under the shingles and stress the waterproofing membrane. It also exposes

the membrane directly to the elements. While the HOA has had no leaks that can be traced to aged roofing, given the length of time such a large project would take to bid, approve, fund and complete, discussion of a time frame over which to replace the roofs should ensue.

Management has obtained one preliminary bid of the costs involved. That bid proposed \$46,000 for new roofing for each duplex building. This would yield a total cost for the complex of approximately \$713,000 for replacement of all of the roofs.

The Board asked management to obtain an opinion about the status of the roofs from a qualified roofing inspector. Mr. Craig will try to obtain such a report before the upcoming annual meeting.

Of the \$600,965 in the Reserve Fund, \$82,626 is currently allocated as collected for roof replacement.

D. Schedule & Agenda for Annual Owners Meeting

The annual meeting is proposed for December 31, 2013, at 3:00 pm. The meeting can be held at either The Enclave or Woodrun Place, depending upon availability of either meeting room. Directions will be provided in the Notice of the Meeting to the members

E. Other New Business Board elections

Mr. Craig noted that the positions of Gene Schmitt and Lee Wagman expire at the end of the year.

F. Adjournment

Mr. Schmitt made a motion for adjournment. Mr. Anderson seconded, and the motion was passed. The meeting was adjourned at 2:58 P.M.

Submitted by

Mr. Schmitt, Secretary