

**Eagle's Nest Condominium
Homeowner's Association Meeting
Monday, August 7, 2006, 9:00 AM MDT
Three Seasons Conference Room
Mt Crested Butte, Colorado**

Call to Order

Board President, Terry Ewing, called the meeting to order at 9:05 AM.

Open Forum

The agenda was altered slightly, so as to allow for the new owners to be introduced to the membership.

Terry introduced the new owners, Kendall Collins and Wanda Bearth. Kendall advised the owners that the new ownership would operate much more like a "mom and pop" company and that they aim to improve service for the association as well as rental owners. Wanda offered that we are now staffed with 2 tradesmen who will be able to service in unit needs at a savings to owners and more quickly and further advised that ResortQuest was not interested in association management and that the new ownership views our association management as a very important part of our business composition and promised that members will see an improved level of service.

Laura Gall mentioned the stucco is in disrepair. Kendal offered to look tomorrow at the Smiths' (#8) deck because some leaking is evident on the garage ceiling. Kendall answered questions on the delay of the upper hot tub and advised they consider purchasing a new tub instead of re-installing the old one. Deteriorating wood, etc. are problems remaining in the lower tub.

Terry explained that EN is placing \$4,000 each month towards a reserve fund and that, considering the age of the complex and possible desired improvements, they may want to consider a special assessment to keep pace with desired improvements.

Gary Garrett supported Kendall's desired to enhance the attractiveness of the property by planting wildflower seeds on the town right of way. He furthered that a special assessment benefits the homeowner at the time of resale.

Terry advised the membership that he is convinced that Kendall is intent on "making it right" for Eagles Nest and illustrated such with examples including the immaculate sweeping of the lot and the disposal of the toxic materials in the garage. Roy (EN #18) supported that opinion.

Rick Morrison mentioned problems with the dumpster capacity and asked if we should consider a 2nd dumpster. Kendall offered to order more frequent dumps on an as needed basis.

Employee units: Kendall outlined his proposal to the board regarding employees occupying the 2 employee housing units. Potential benefits for homeowners include "eyes and ears" on the property and a direct phone line to these employees should an emergency arise. Gary Garrett asked if those units should be sold as employee housing. Rosemary Ewing suggested a job description would be needed to avoid over-tasking the employee tenants.

Ron Warner cautioned that the association must avoid becoming an employer and that these tenants must remain the liability of Crested Butte Lodging.

Proof of Notice

Proof of Notice was mailed June 9, 2006, which was 59 days prior to the scheduled, meeting date.

Roll Call/Establish Quorum:

<u>Owners Present in Person</u>	<u>Unit #</u>	<u>% of Ownership</u>
Rosemary Ewing	1	2.38
Terry and Donna Ewing	2	2.38
Jim and Judy Gibbs	3	2.38
Benjamin Denny	4	2.38
JD and Brenda Turner	6	2.38
Charles & Linda Jennett	7	2.38
Peter Smith	8	2.38
Bob & Monique Patton	9	2.38
Rick Morrison	15	2.38
Roy Pitcock	18	2.38
Adam White	19	2.38
Ron Warner	17, 33, 35 & 38	9.52
Polly Keller	23	2.38
Jim Szalankiewicz	26	2.38
Rick Grivas	28	2.38
Gary Garrett	32	2.38
Laura Gall	39	2.38

<u>Owners Present via Telephone</u>	<u>Unit #</u>	<u>% of Ownership</u>
Robert & Susan Baber	31	2.38
Dan Goetz	27	2.38
William Clark	40	2.38

Owners represented via Proxy**Ron Warner Proxy for:**

Carol May	34	2.38
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Terry Ewing Proxy for:

Pinkerton	5	2.38
EN10, LLC (Calhoun)	10	2.38
Balgooyan	24	2.38
Eagle's Nest Association	A & B	4.76

Bob Patton Proxy for:

Webber	22	2.38
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Ownership represented in person: 47.60

Ownership represented by proxy: 16.66

Ownership represented by phone: 7.14

A quorum was established with 30 units represented or 71.4% of the membership represented in person, by phone or by proxy. 22 units were needed for a quorum.

Management Company Present

Kendal Collins
Wanda Bearth
Paula Dietrich
Kathy Morgan

Reading and Approval of Past Minutes – August 8, 2005

Gary Garrett made the following:

Motion: to dispense with the reading of the August 8, 2005 Minutes and approve as submitted.
Seconded: Roy Pitcock
Vote: Unanimous Approval

Reports

Manager's Report: Kathy Morgan

Current Common Element Projects

- Exterior area of upper hot tub has been renovated.
- Annual Fireplace inspections were completed in June. We have received the report and notified owners of needed repairs.
- Lean-to structures over electrical meters were replaced.
- Electric heaters were inspected and cleaned. All thermostats were tested and replaced as needed. Covers have been built and installed over heaters in halls to afford a neater appearance, less tampering with thermostats, and no longer having covers off unit faces.

Common Elements – Future and Potential Projects

- Garage stabilization – this would employ the same technique used for the hallways and would fill the gaps and holes that can be seen under the garage floors. If you have not had a chance to see this phenomena take a stroll at the lower level.
- Deck membranes – The decks off of the living room area are beginning to develop holes. I have talked with Avalanche Roofing and these can be replaced for a cost of \$500.00 each. There will also be the cost of repair of the siding and replacement of the decking surface, which will cost approximately \$1,500 per deck. Currently I have identified 8 decks with this problem and 4 that appear to be developing the problem. One way for owners to check this for themselves is to look at the ceiling above the garage door in the garage.
- The windows and doors facing the decks of the master bedroom and living room were not replaced. These windows are in good shape. However, they are 25 years old and the weather stripping needs to be addressed and the interior sides of the casement windows and frames need to have a couple of new coats of polyurethane. This is an owner expense and I will have a letter out shortly to each owner to schedule this work, if desired.
- Deck railings – these still need to be considered for replacement at some point in the future to bring them into compliance with current codes.
- Asphalt – As you can see the drives are getting worse each year. Last year one of the proposed projects was new asphalt and the quote was \$98,000.00. Crude oil was quite a bit less expensive at that time. At this point the cost of installing a concrete drive and parking area is becoming more attractive. Concrete requires little of the upkeep that asphalt does. In 2002, Eagle's Nest parking lot was Seal coated at a cost of \$2,200.00 that same process today is \$7,900.00 and shows no sign of the price going down in the near future.

- Railings – Railings for the parking area need to be looked at for the future.

What's Happening on the Mountain

Since our last meeting a great deal has happened here in Mt. Crested Butte. The Town Council has been busy this past year approving plans for new buildings and renovations of older project.

Marcellina Apartments has successfully completed the subdivision of their property. We were able to have quite a bit of input on the final look of this project and several of the issues that could possibly have impacted Eagle's Nest were resolved in our favor. The vacant area directly to the north of the existing Marcellina Apartments is now scheduled for development. I will keep the Board of Owners apprised of developments as this project progresses.

As of this date the Town of Mt. Crested Butte has established the new Special Improvement District for the Avalanche Mitigation Project. Owners should have received their assessment for this purpose from the Town. The reason Eagle's Nest, Chateaux and Snowcrest Condos were included in this district is that their access for emergency vehicles is by way of Marcellina Road. Marcellina Road is in the high impact area.

The Owner of the property to the immediate north of Eagle's Nest, Joel Hillman, still has not presented a firm plan to the Town for development of the area. I am staying in contact with the building department and will advise owners as soon as something concrete starts to happen with this parcel.

Discussion following Manager's report

Terry addressed the issue of the garage floors and ensured the membership that they are moving forward on this.

Kathy advised of the failure of the paint on the new siding and that she is seeking correction via warranty. A construction defect attorney has been contacted, she's been in negotiation with JM Thomas and AC Houston lumber, the distributor, regarding repainting and also that JD Hardy may take corrective actions. There are other large projects in the state with cases against Hardy pending. Terry assured the membership that appropriate steps are being taken. The warranty is for materials only, not labor. Kathy is sending a sample of older Hardy board that has held the paint to a testing laboratory as well as an Eagle's Nest sample.

Laura Gall asked about communication from management. Kathy advised that we will continue monthly inserts into the statements as we have done with the June and July statements.

Terry asked that we document the paint failure with photographs.

Financial Report: Prepared by Kathy Morgan

Balance Sheet

The balance sheet for the Eagles Nest Townhouses shows the Association holding \$67,007.47 in cash as of June 30, 2006. This is prior to reconciliation of June bank statements. Accounts Receivables shows a balance of \$2,701.70. Management is working with past due owners and the Board to make sure they are current. As of this time we have no owners delinquent 90 days.

Income Statement

Items of significant variance, per the unaudited income statement for September 1, 2005 – June 30, 2006 are identified below.

Income

Late fees are 644% (1,330.62 vs. 180.00) above budget. Rental income is 77% (1,105.00 vs. 5,000.00) less that budgeted. Interest income is 250% over budget (336.36 vs. 96.00).

Expenses

Overall normal operating expenses are currently about 14% under budget as of June 30, 2006.

Appraisals – 100% under budget.

Legal – 570 – This account is 98% under budget (\$7.25 vs. \$500.00).

Contract Labor – 610 – This account is 67% under budget. (\$2,002.83 vs. \$6,220.00)

Water Damage – 618 – This account is 100% under budget.

Trash – 670 – This account is currently 3% under budget (\$7005.09 vs. \$7218.00).

Firewood – 698 – The Association did not purchase firewood this past year so this account is reflecting 100% under budget (0 vs. \$1,500)

Bob Cat Maintenance – 709 – This account is currently 80% under Budget.

Snow Plowing – 730 – This account is 31% over budget (\$8,279.29 vs. \$6,300).

Snow Removal – Roof – Remarkably this account is under budget 8%. (\$13,728 vs. \$15,000)

Capital Improvements

Terry Ewing noted that the association has limited cash on hand and that most of the fixed assets have been fully depreciated.

Terry advised on the changes to the Capital Improvement proposal re: chimneys, concrete, garage floors. Some homeowners lamented that they are still having issues with poor cable reception, possibly due to the application of the siding.

The Capital Improvements have totaled \$498,366 as compared to the original estimate of \$455,650 and Terry stated that there were items added to the project list after the \$480,000 special assessment was approved and felt the grand totals were acceptable.

The Board Of Managers agreed to prepare a list of capital improvements during the BOM meeting so that homeowners may review and determine priority.

Mrs. Denny asked that the BOM consider alternate materials for the guard railing. Mr. Clark asked management to ensure that the material used comply with local and state standards.

Old Business

Election of Board of Directors

Terry Ewing announced that he is not seeking another term.

Jim Szalankiewicz asked if there was a volunteer to serve the remainder of his term. Following discussion and encouragement to retain his seat, Jim retracted his offer.

Following secret ballot, the following members were elected to the Board of Managers:

Gary Garrett
Rick Morrison

New Business

2005/2006 Auditor's Excess Income Resolution

Gary Garret made the following:

Motion: to resolve that any excess of membership income over the membership expenses for the year ended July 31, 2006, be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604

Second: Mrs. Grivas

Vote: Unanimous Approval

Laura Gall asked that the hot tub "ring" be addressed. Ron Warner asked about procedure for removing after hours users. Kathy and Wanda advised that the police will respond to trespassing calls if we intend to prosecute.

Rich Grivas asked if the weather striping would be replaced in the older windows. Kathy Morgan said this project will be completed by our staff in October.

Kathy Morgan advised that the supply lines to the toilets are failing and homeowners CBL staff is available to replace parts upon request.

Terry Ewing questioned if the flat roofs are holding up, following the recent repair. No homeowners have noticed leaks.

Susan Baber asked if any other homeowners are interested in high speed wireless. A show of hands revealed that nearly every owner is interested.

Gary Garrett commended Terry Ewing for his service and dedication to the board.

Establish Date of Next Annual Meeting

The next Annual Homeowner's Meeting will be Monday, after Arts Fair, August 6, 2007 at 9 a.m.

Meeting Adjourned at 11:17 a.m.

Approved: _____

By: _____
Ron Warner Secretary