

Westwind Board Meeting

May 6, 2016

Present:

Ron Peterson, President

Ed Davenport, Vice President

Lee Olch, Secretary

Don Meier, Director

Mark Johnson, Treasurer

Steve MacDonald, Vail Management Company

Jeff Jacobs, General Manager, Westwind at Vail

Kevin Orlando, Assistant General Manager, Westwind at Vail

Ron Peterson opened the meeting at 3:10PM (MST).

Approval of the 2016-17 budget was the first agenda item which Ron asked Steve to present. Steve summarized the balance sheet and budget results for the YTD six months ending January 31, 2016. He also discussed a worksheet that showed proposed separate line item assessments to each Unit for CATV and phone with Comcast charges allocated on percent square feet and per capita respectively.

Ron asked each Director for their opinion. Don, Ed and Mark indicated their approval for the budget and assessment procedure. Lee said the budget should not be approved because of improper use of an accounting procedure which results in understatement of the budget revenues and expenses (CATV and phone) by \$23,000. Consequently, the budget does not tie to quarterly assessments, a violation of governance rules. The justification for this practice is to make it appear that our general assessment is lower than it is because prospective buyers look at HOA charges. Lee countered that it is basic economics that buyers look at what services they get as well as price, and both are included in MLS listings. If lower assessments are sought, there are ways that might achieve that end. He also noted that basing assessments on per capita cost allocation was another violation of governance rules and that the assessment method stipulated by the HOA rules is consistent with methods stated in Colorado law, procedures used by public utility commissions in all 50 states and the FCC, and a 1930 Supreme Court decision. How owners were previously billed by CenturyLink, he said, was not relevant to how they should be assessed by the HOA because there is now a different purchasing entity buying a totally different product from a different vendor under different contractual arrangements. Ron concluded with his view that the HOA governance rules require assessments based on percent square feet, but that he disagreed with everything else Lee said.

The Directors discussed how to include the additional \$23,000 of Comcast charges in the budget and concluded with a \$6,000 reduction for natural gas (reflecting actual declining costs), a \$7,800 reduction in the reserve assessment, and a \$9,200 increase in revenues. It was agreed that the Quarterly assessment would include all Comcast charges in the general assessment and the assessment to each Unit would be on percent square feet. Ed made the motion and Don seconded. The motion passed unanimously.

Ron reported on the second agenda item, governance rule revisions. At Ron's request, a report was prepared by attorney Mike Repucci reviewing Westwind HOA governance rules for internal consistency, compliance with Colorado law, and revisions recommended for any other reason. One problem Ron noted is that the Colorado legislature had changed the procedures for liens. Governance rule revisions are necessary. Roger Marce will prepare them. Ron will report on the proposed revisions at the next Board meeting. The proposed revisions will then be provided to the owners for their review per a schedule that will enable action at the next annual HOA meeting.

With regard to another agenda item, insurance, Ron reported that he spoke with Al Hanna about the assessing the adequacy of our coverage. Al agreed to do a review.

Don gave a report on work by the Audit Committee. The annual accounting reviews are now current. The 2014 and 2015 reviews were completed earlier this year. The 2016 independent accountant report will be a compilation and it will be completed timely to provide to owners for the annual HOA meeting in September. Don also reported that, from an audit perspective, the HOA is under-reserved relative to the total estimated current replacement cost of common property. For reviews (performed for 2014 and 2015) and compilations (to be done for 2016), our reserve position is not a problem, but Don warned there would be a problem in an audit. An audit, he said, would be required if one-third of the HOA Members vote for it. Lee stated that the list of common property components included in the reviews did not include all components that are listed in the report to Members at the annual HOA meeting. He also noted that the estimated replacement costs were the same in the 2015 report as the 2013 report and he wondered if the cost estimates were current. Steve said he would look into both matters.

Ron stated that a Board member is required to meet with the HOA's banker and to sign off on the bank accounts. He suggested that should be the Treasurer and

asked who would do that. Don volunteered to take the position. Ron made the motion to elect Don as Treasurer and Lee seconded the motion. The motion passed unanimously.

In new business, Don discussed a concern with owner installed washers and dryers. He noted that in London there have been fires that were caused by the build-up of lint. Ron observed that only some owners who have washers and dryers make them available to renters. The rest are either locked up for renter stays or the owners do not rent. Ron proposed that Vail Management should clean lint filters after unit occupancies and dryer vents annually to avoid fire hazards. Jeff noted that Board approval and Town permits are required for installations which implies that contractors and plumbers must be licensed and insured.

Jeff informed the board of the need for a new pool cover. He has ordered a new cover for \$2,700 and it will be installed soon. The roller needs to be replaced as well. He will get bids and forward them to the Board.

Ron moved to adjourn and Don seconded. Meeting ended at 4PM.