

**WOODEN CANOE
BOARD OF DIRECTORS MEETING
NOVEMBER 5, 2010**

MINUTES

1. **Call to Order.** The meeting was called to order at 10:06 a.m.
2. **Affirmation of Attendance and Quorum.** Board members in attendance either in person or via conference call were Dodie Davies, Jim Hafemeister, Pat Wallace, Jack Shiller and Charles Williams.

Representing Mountain Managers were Phil Wells and Judy Freese (via phone).
3. **Approval of Minutes from the 7/9/10 Board meeting.** A motion was made, seconded, and passed to approve the minutes as written.
4. **Repair and Maintenance Report.** Phil read through the report covering 6/10 through 9/10. A couple of items were discussed:
 - A. Amounts listed for pond expenses are the actual amounts paid by Wooden Canoe (59% of the total).
 - B. The dumpster enclosure amounts are what were paid this year. The balance was paid by Pat Wallace and he will be reimbursed over 3 years beginning next year.

5. **Financial Report.**

- A. Phil reviewed September financials. Income was below the budgeted amount for the month but ahead of budget year-to-date by \$1,607. Lot 15 sold and \$1,500 was collected for reserves. Year-to-date, income is \$3,344 ahead of budget.

On the expense side, utilities, repair & maintenance, pond water, pond #2 expense, trail maintenance, supplies, legal, and board discretionary were all under budget. Over budget items included trash, pond #1 expense, and grounds.

Pond #1 has a new pump with a pump saver. It will automatically shut off if there is a problem (overload) and log the error. If it corrects itself, it will re-set and come back on. If it does not, the pond person needs to be called. Pond #2 will get the same pump saver and a re-built pump in the spring. The rebuilt pump will include a new motor, impeller, etc. but it's still less expensive than a new pump. The boulder in the plumbing is being analyzed – no information is available yet. The boulder was previously located 180' down from where the water comes out of the pipe. There is about 800' of plumbing and it's closer to the far end.

Pat has prepared the annual pond letter to owners and one for the Water Dance Board. These will be given to Phil for distribution.

Grounds were over budget due to removal of pine beetle kill trees which was not budgeted for. The removal had to be finished this spring and the 2nd half payment was made causing the overage.

Over all, the HOA was \$724 over budget on expenses year-to-date and showed a net surplus of \$2,619 at the end of September.

The balance in the checking account was \$27,848.49 and the money market account balance was \$16,000. It was noted that there was a lot of money in the operational checking account and questions were asked about transferring some to the money market in order to earn a little more interest. Phil noted that the last time he checked, the return was right at 1% and it's almost not worth the time and effort. There is no interest earned on the checking account. While anybody's income fund can pay 7%, the Board has a fiduciary responsibility to owners and cannot invest in the stock market where everybody's money would be at risk. Phil also stated that if money is put into reserves, you must be extremely careful about replacing it. By law, you can borrow briefly from reserves but it must be repaid. It would probably be safe to move about half the amount to reserves. He believes HOA's should keep a minimum of 2 months expenses plus the amount of the insurance deductible in the checking account. It was noted that there are still expenses coming up (Pat's reimbursement for the dumpster and pond expense). It was resolved to leave the accounts as is and not to transfer any monies into reserves at this time. This will be looked at again in the spring.

Delinquencies were looked at. 3 owners paid in October. 590WD is one month in arrears and is expected to bring the account current. 530K has been sent letters with no response. The last letter gave the owner until 11/17 before legal action is taken (turn the account over to the attorney).

B. 2011 Budget

Income is projected at \$81,732 with no dues increase.

Expense items were reviewed line by line with any differences between 2011 and 2010 noted. Utilities are expected to continue to go up and are budgeted with a 10% increase. Water is budgeted with a 3% increase. Insurance is budgeted with a 7% increase but Phil stated he does not expect it to be that much. There was a lot of loss prevention done on all properties and the blanket policy experienced very few losses. It was noted that insurance does not appear as a monthly expense on financials. The premium is paid in one lump sum annually on 11/1. It is not an unexpected expense, is budgeted for, and balances out. Phil is working on a method to have insurance reflect on monthly financials but has been unsuccessful so far. Mountain Managers works on a cash accounting system and expenses are only reflected in the month they are paid.

Mountain Managers' management fee increases by 3% in January per the agreement. It was noted that competitors are offering lower labor costs. This may be true, but the initial lower cost may increase after the contract is awarded. Phil stated he cannot do it for less with FICA, insurance, etc. He also noted that Wooden Canoe was given a sizable decrease last year. He still believes he's less expensive than the competition when all factors are considered.

Total expenses are projected at \$61,858 resulting in a cash flow of \$19,874. With \$19,872 expected to go into reserves, the net will be \$2. While the budget balances, it is hoped there will be a surplus at the end of the year. No dues increase is needed at this time.

Questions were asked about the snow removal contract. A new contractor is being used this year but the contract dates will remain the same (11/15 through 4/15). Any plowing before or after the contract dates is outside the contract and is billed separately. The Board requested that the new contractor be advised he needs to plow in front of the dumpster and also not to block driveways in.

A motion was made, seconded and passed unanimously to approve the 2011 budget.

C. MCR

Scheduled for 2011: Doghouse exterior stain (\$950), seal coat/crack fill cul-de-sacs (\$5,692), seal coat/crack fill dumpster area (\$200), trees/mulch/rock (\$4,500), stain signs (\$850) and dumpster enclosure reimbursement payment (\$5,525).

The exterior staining on the doghouse will be done by the Board (Pat and Charles) and will be removed from 2011.

Seal coating and crack filling: crack filling only was done last year. It took a lot more than anticipated and the contractor had to return to finish (no additional charge). Crack filling should be done annually (not budgeted for) and seal coating is recommended every other year (budgeted every 4 years). UV rays really dry out the asphalt and seal coating extends asphalt life. It was resolved to revise the MCR to include crack filling every year and seal coating every 2 years.

Trees/mulch/rock: A high quality mulch was put down last year and should last. Phil stated that bags were used versus bulk. It's actually cheaper to use the bags when you take into account the cost per cubic foot plus the labor to move, shovel, etc. Bags are also much easier to store and move. The \$4,500 will be removed for trees/mulch rock in 2011 and that amount will be added to the pond pumps for 2011. \$1,036 will be budgeted for mulch, etc. every other year beginning in 2012.

Pat's pond budget is right at \$7,000 for both ponds for the year. Water cost will continue to increase and Pat has estimated it at \$2,000 (budgeted at \$1,400). It was resolved not to increase the budgeted amount for water this year. There should be enough to cover costs. Phil noted that Wooden Canoe's portion of the \$7,000 is 59% which will be more than adequate.

The introduction of plants in the filter area has not been done due to other maintenance issues that took precedence. The plants will enhance the area but may not save much on chemicals or water.

Signs were stained last year and sign staining will be removed from 2011. Steel posts vs. wood were briefly discussed. Steel would never require painting. This will be discussed again in the spring. It was reiterated that wooden posts must be painted before they are put in.

Once the MCR has been revised, a copy will be e-mailed to the Board.

Phil noted that the HOA is in good shape with the annual contribution to the MCR. The bottom line on the reserve study lists the percentage the HOA has versus expenses. 30 to 40% is considered good and the HOA is getting close with funding percentages going up each year.

6. **Old Business.**

- A. Asphalt overlay: The Town of Frisco's schedule has not yet been checked. It would be preferable to tag onto their schedule when the cul-de-sacs and dumpster area are done. The information will be available in the spring and once the contractor is known, Mountain Managers can contact.
- B. Water Dance has no problem with changing the date of the annual joint picnic and they do not have a date preference. The tent/tables could be eliminated next year and owners could be asked to bring their own chairs. Pat and Charles can probably round up enough tables for food. More Water Dance owners participate than Wooden Canoe owners. It was suggested that Water Dance be asked to host next year's picnic. Their annual meeting is scheduled for Saturday, 7/2 and they could do the picnic right after the meeting. Mountain Managers will put this on the next Water Dance Board meeting agenda.
- C. The Water Dance Board is not enthusiastic about paying any more for beautifying the ponds. Pat acknowledged that the overall pond cost has been high but it is stable now and the ponds look great. A lot of the problems go back to the original design. Ongoing maintenance, etc. will continue to be done and Water Dance will be billed for their portion of the cost.
- D. Pat noted that Waste Management has already run into the new enclosure. Before the building was started, Pat had Waste Management come out to the site and on their recommendation, the building was made 1' taller (extra cost). This was done but they managed to hit the building anyway. Mountain Managers will call Waste Management regarding the damage. They will be told that when the current 3 year contract is up, it does not look good for renewal.
- E. Pat stated that the interior wall in the dumpster enclosure is not yet done. He also stated that the fancy electronic lock to the storage area has already failed. It has been removed and replaced with a deadbolt. The enclosure is designed to accommodate a larger dumpster if it's needed in the future. The Town also wanted room for recycling in the original plans. The room is adequate for all needs. Recycling is not mandated at this time. There is room for a recycle bin if it becomes mandatory in the future.

The apron in front of the dumpster needs to be kept clear of snow and ice. Installing snow markers to define the asphalt was also suggested. The asphalt apron doesn't extend as far as the concrete (where the two meet) and the corners should be protected from snow plows. Phil will point this out to the contractor before the area is covered with snow.

7. **New Business**

A question was asked about the Board meeting time. It was explained that normally meetings are held at 3:00 p.m. An exception was made for this meeting to accommodate Mountain Managers – there was another afternoon meeting scheduled. Future meetings will return to the normal 3:00 p.m. time.

8. **The Next Board Meeting** has already been scheduled in conjunction with the annual meeting on 12/30. The Board will meet at 2:30 p.m. with the annual meeting to follow at 4:00 p.m.

9. **Adjournment.** There being no further business, the meeting was adjourned at 11:57 a.m.

Respectfully submitted: Judy Freese, Recording Secretary

APPROVED:

Approved via e-mail

11/16/10

Dodie Davies, President

Date