

Silverado II Board Meeting
09/20/2014

Board Members Present

Gene Culwell
Demi Michelau
Brook Boehler
Karl Hagman
Michael Barrett

Staff Present

Brad McClain

Owners Present

Kathy Mallow
Kenneth Mallow
Greg Byrd

The meeting was called to order at 9:20 am. Boehler moved to approve the meeting minutes from board meeting from December 7, 2013. Barrett seconded the motion. The board then unanimously approved the minutes.

The Board asked the general manager to provide his update. There are no major building issues. Two looming issues will be expensive. The first is the backflow diverter valve. It failed this summer and needs repair. It is inspected regularly, but it was installed incorrectly and needs replacement. A certified person must do the work; only two in Colorado are available. The estimate for the repair is \$7,000. McClain is working to lower the bid. The repair will require the water to be shut off. The plumbers and the backflow inspector will hopefully be here at the same time; the job is expected to take 6-8 hours. This would include the installation of a filter that should also help prevent some of the dirt that comes back into our plumbing. McClain will check on the guarantee, but it will be inspected by the city. Boehler said there was \$7,000 budgeted for this repair for this fiscal year. This work will ideally be done before winter. Culwell made a motion to allow McClain to spend up to \$7,500 for this repair. Hagman seconded, and the board approved unanimously.

McClain indicated that the chimneys had never been swept before. McClain hired a chimney sweep to clean all chimneys for \$45 or \$75 per chimney.

Regarding patio doors, McClain said that the previous board determined that the responsibility fell with the owners. Mallow indicated that the expense should be shared and Hagman agreed. Michelau read the portion of the covenant that applies, and several board members agreed that sharing seems to be a reasonable solution. Hagman suggested that we need to decide first if we need to do this, and second

how to make it happen in terms of pay structure, timing, etc. Mallow asked about the implications of putting a new door on the old decks. McClain said that there would be a way to accommodate for that. The estimate of \$8,000 - \$1,000 per door included ensuring that there would be a solid piece under the doors. Overall, the total cost would be about \$195,000 (perhaps split in half). Boehler indicated that we have about \$61,000 in reserves. We are able to cover quite a bit of repairs, etc. out of operating expenditures. Boehler said that we need to consider this in the context of other budget items. Hagman suggested that McClain come back with more detailed information about timing and priorities. Boehler said we need a survey on the doors, and a more detailed bid. Michelau suggested that this be a topic of a special meeting before the next quarterly board meeting. Hagman made a motion to table this discussion until the next board meeting. Michelau seconded the motion. The board passed the motion unanimously.

McClain said that the flat roof continues to be a problem. The HOA has been applying bandaid solutions for years; the new roof was installed 10 years ago, but it's not appropriate for the altitude and UV, so it is failing. Typical strategies for flat roofs do not work at this altitude. The roofing company suggested a new system of rubber pavers, which is a rubber layment with a surface on top with pavers. The idea is to keep the roofs in decent shape for awhile to delay the inevitable. Boehler reminded everyone of the repair and replacement plan that McClain and the board has worked to put together extending out for 20 years. Currently there is \$150,000 reserved for this particular item in 2017-18. This is not including the patio doors that are under consideration but that should be about the necessary amount. Projected growth of reserves is \$30,000 per year. Boehler suggested that we keep discussing this matter.

The doors on the catwalks have been purchased, but they still need to be installed. McClain is still having trouble finding a contractor.

Mallow raised an issue about the carpet in Building 4 that is stained. McClain found 58 pieces of tile that are not attaching; this is under warranty. He also has a bid to remove the stains, which hopefully will be completed soon.

Yoder reported that the SHO exceeded the budget by \$79,201.92 as of June 30, 2014 (FY 2014) for the SHO. Hagman asked whether there are multiple trash companies and whether Silverado is on an annual contract. The association is now with Waste Management, which is the only company. McClain said that they try to lock into a seven-year contract.

Yoder reported that SIO exceed the budget by \$4,213.41 (FY 2014). Yoder continues to move forward with the bad debt issue.

Boehler made a motion to approve the FY 2015 SHO and SIO budgets. Culwell seconded the motion. If someone is two years behind, Yoder does not expect to receive the money. She assumes a 50 percent chance of receiving money if someone is between one and two years behind. Hagman will work with Amy to make a plan for those who are behind but less than 12 months behind. Mallow asked what Silverado does with the current "deadbeats." Silverado will give the units away if someone wants them.

McClain is looking to change the rental and cleaning program pay structure for employees. It is either feast or famine when the complex is busy or empty. McClain would like to create an incentive structure to bring more people in; this would take 5 percent of the event center profits and distribute to the employees. They would contractually have to stay through a certain timeframe. The current split is 80 percent for owners/20 percent HOA. We would potentially shift the structure so that 75 percent goes to the owner. Industry standard is more along the lines of 60/40. Michelau suggests hearing from the owners at the annual meeting before making a decision.

The cleaning manager and McClain reviewed cleaning prices at Silverado. McClain is suggesting that Silverado private cleans increase from \$80 to \$100. Rental cleans will remain effective until November 1.

Finally, the number one complaint is Comcast – both wireless and television. The bids for upgrading have been very expensive. Now they are upgrading for free. Rooms now can have individual wireless modems. There will be options for HD TV, modems, etc. For free, they will replace the box in the living room. Currently, dues cover about \$39 per month.

Culwell moved to adjourn the meeting. Boehler seconded the motion.

The meeting adjourned at 11:10 am.

DRAFT