

ELKSTONE OWNERS ASSOCIATION, INC.
MINUTES OF SPECIAL MEETING
OF BOARD OF DIRECTORS
November 4, 2014 and continued to November 17, 2014

1.**Roll Call:** The teleconference meeting was called to order at 10:06 am MT. All of the board members were present (Elizabeth Barth, Lee Hooper and Dan Dockray). No other owners were present. Erin Neer, CPA and Nicole Pieterse, Attorney were also present.

2.**Proof of notice of meeting or waiver of notice.** No one objected to notice and Lee Hooper moved to waive notice, unanimously approved.

3.**Review and Approval of the Minutes of the January 14, 2014 Board Meeting.** Unanimously approved.

4.**Review and Consideration of approval of draft updated collection policy.** Nicole circulated a draft updated collection policy, consistent with the bylaws and CCIOA, for the board's consideration. The board directed Nicole to continue working on it with Erin Neer and Elizabeth Barth and present a final draft updated collection policy for approval at the next board meeting.

5.**Review of Third Quarter 2014 Financial Statements and Initial 2015 Budget Discussion.** Erin Neer presented the financials. Erin needs a better sense of maintenance expenditures and how to include that in the budget. Nicole reminded the board that special assessments must be in the budget, otherwise a budget amendment is required, which calls for membership right to review/veto. Lee suggested and Nicole confirmed that a special assessment amount could be a line item contingency in the budget, it does not have to be used, it could roll into the next year. Elizabeth recommended that the contingency roll over be characterized as "unrestricted" in the budget document.

Lee commented on new insurance program Sterling has qualified for and whether Elkstone could be included in that program. The board directed Lee to follow-up and report back to the board on that. Lee also suggested State Farm. The board directed Dan Dockray to follow-up and report back to the board on State Farm.

Dan believes that a lot of items that went over budget this year, we will be much lower next year. Dan is looking into other savings (i.e., utility savings with snowmelt, etc.). Many of the E21 maintenance items in 2013 were critical due to prior inattention (while E21 was bank owned).

Regarding dues, Elizabeth presented her proposal to move some of the reserves from GCE into TH-LCE and E21-LCE, pro rata. She also recommended an increase in E21-LCE dues. Reserves should be at 10% of gross revenues in all three budget categories. Erin noted that lenders want to see 10% of the total budget. The board directed work to continue (on reserves, insurance, Unit 29 dues components, maintenance

figures, insurance and any other contingency line items) to be updated and revised 2015 budget drafts circulated prior to the next special board meeting, where its anticipate that the board will approve the budget and dues for 2015.

This special board meeting was continued to Monday, November 17, 2014 at 10am MT.

6.Board Composition Discussion. For the next annual meeting, Nicole recommended that a new E21 owner join the board, in place of Dan. Dan would still participate in the meetings as the EOA manager. Dan will report back on whether West Link (the only full time resident in E-21) is willing to be on the board as an E21 representative. Lee and Dan would both like Elizabeth to become a VP.

7.Ratification of irrigation billing settlement with Elk Lake Properties. Elizabeth moved to ratify settlement with ELP, passed unanimously.

8.Other Business. None

9.Set Date for Annual Member/Directors meeting. The annual member meeting is scheduled for Wednesday, December 10, 2014 at 10 am MT.

10.Adjourn. Meeting adjourned at 11:02 am.

CONTINUATION of meeting from November 4, 2014

11.Roll Call: The teleconference meeting was called to order at 10:11 am MT. All of the board members were present (Elizabeth Barth, Lee Hooper and Dan Dockray). No other owners were present. Erin Neer, CPA and Nicole Pieterse, Attorney were also present.

12.Collection policy discussion:

Nicole presented the final version of the collection policy. Regular monthly dues which include general assessments and reserve assessments are expected by the 25th of the month with a 10 day grace period. Monthly dues must be remitted regardless of whether the owner receives the invoice or not. Additionally, Nicole notes that the EOA has the right to collect dues annually from any owner in arrears per our bylaws. Any special or default assessments are due 30 days from the date of invoice. Nicole recommended the board move to adopt the updated collection policy. Elizabeth moved and Dan seconded.

13. 2015 Budget discussion:

Dan inquired about the 10% reserve of total income rather than of the general assessments line item. Erin explained that lenders need to see a 10% reserve of total income rather than a 10% reserve of assessment income. Nicole also pointed out that a 10% reserve was the minimum.

Discussion of E21 assessments and E21 dues increase - Elizabeth presented the idea of a E21 LCE dues increase to \$6.08 per square foot. She also explained the idea of a reserve assessment in January 2015 and a potential year end 'contingency' assessment should unforeseen expenses occur. The January assessment is proposed at 30 cents per square foot to replenish depleted reserves from 2013 and 2014

E21 Expense line - Dan reduced office supplies to \$1500 and cable to \$2400. The E21 complex is moving to Direct TV (see cable discussion). Additionally, he is well stocked in office supplies and does not expect as much outlay in 2015. Further, the board reduced insurance to \$27,000. Dan has received a firm estimate from another insurance vendor at just under \$27,000.

E21 Revenue - the board decreased general assessments to \$270,520 and restricted reserves to \$35,167.60. The decreases in both expense and revenue items results in monthly dues of now \$5.99 psf or roughly a 6% increase from 2014.

Cable - Dan mentioned E21 is moving to Direct TV which will save the E21 LCE \$150 per month. However, there will be some increase in internet service from unbundling it from the cable plan.

Nicole proposed the board move to approve the 2015 proposed budget circulated in the email from Elizabeth to the board on November 17, 2014 as amended by the five changes in the E21 LCE - three in expense and two in revenues outlined above. Elizabeth moved and Lee seconded. All in favor.

14. **Other Business.**

Erin suggested additional outreach to the EOA, especially the E21 members regarding the budget increases. Elizabeth volunteered to help with the wording of the outreach.

Dan mentioned that Wes Link, a current occupant in E21, is a good candidate for the E21 board seat that Dan will vacate. Dan will continue as property manager and active participant in our board meetings.

The EOA will vote on board members at the December 10 annual meeting. Immediately following the member's annual meeting, we will have a board meeting to appoint officers.

Lee inquired about the odor remediation. Dan believes the remediation is complete, and he does not detect any odor. Dan does not believe there is any additional financial liability related to the remediation. That said, although Telski did grant the EOA an easement for the pipe, we cannot control what Telski may do with the pipe in the future. Although we have every reason to believe Telski is pleased with the end result, there is a slight possibility in the far future, Telski may remove the pipe. Both Jeff Proteau and Chris Hazen communicated with Dan throughout the pipeline installation.

Elizabeth inquired whether there have been additional discussions regarding the 1007/1008 property. Dan noted a town council meeting this Thursday that he plans to listen to for more information.

Lee mentioned that he and his colleagues have discussed the Medical Center and believe it will be a net positive to the MV community. Not only will it offer immediate care with ski accidents, but the aging baby boomers interested in a second home within MV will be that much closer to medical facilities.

Elizabeth inquired about tree removal on the Telski land bordering the Townhomes. Dan believes we should be able to receive a release from Telski in order to remove the trees ourselves.

Lee noted that the WSJ reported on electrically powered mesh that can be embedded in concrete to be used as snowmelt. He asked Dan to investigate this option for a spring installation of the snowmelt.

Meeting was adjourned at 11:22 MST

The foregoing minutes of the November 4th and 17th, 2014 Elkstone Owners' Association special meeting of Directors were APPROVED the 10th day of December, 2014.

ATTEST:



Elizabeth Barth, Secretary