

THE PONDS AT BLUE RIVER HOMEOWNERS ASSOCIATION BOARD MEETING & TELECONFERENCE – January 10, 2008

Convening at 4:07 p.m. MST, the Ponds at Blue River Homeowners Association (HOA) Board of Directors met on Thursday, January 10, 2008, at the Wilderndest Commercial Center. Directors Loren Steinbrink, Dallas Knudson, Robert Kieber, Jay Pansing, and John Wallace, and Landscape Committee Chairman Rick Jennewine attended in person or via teleconference. Barb Walter, Daniel Vlcek, Terry Bearson, and Pat Rice represented Wilderndest Property Management (WPM).

APPROVAL OF MINUTES

Drafts of Board and Landscape Committee meeting minutes are being finalized and will be communicated to the Board via email shortly.

FINANCIAL REPORT

Financial Statements

- Per the statements as of November 30, 2007, assets totaled \$1,030,750.04 and liabilities totaled \$27,048.04, leaving a net equity of \$1,003,702.00.
- To date, however, cash in all accounts totals approximately \$750,000.00, and Mr. Kieber estimates accounts payable to be approximately \$695,000.00.
- Of the \$360,000.00 contract approved for landscaping, \$30,000.00 has been paid to date. Mr. Steinbrink noted that some provisions of the contract regarding how the property was left at the end of construction were not met, and these may impact the final cost of implementation.
- WPM's new controller, Anita Baranowski, is working to get things back on track and the department is now fully staffed. The Board's patience during this period is greatly appreciated.
- The CPA firm who prepared the last financial review and the tax returns has made some recommendations that will be implemented.
- Due to the declining interest rate market across the country, US Bank can no longer pay the negotiated rate of over 5.5% and the interest rate on all accounts was reduced to approximately 4.5% as of December.
- Taxes for fiscal year 2006-2007 were filed and refunds of approximately \$40,000.00 are due that will be entered into the special reserves account upon receipt.

MANAGEMENT REPORT

Seasonal Maintenance - Snowfall amounts have been excessive and it has been challenging to do a thorough job every day. Mr. Bearson's crew shovels sidewalks and in front of garages, but they have frequently had to make a path of just one shovel width to get through the entire property. Crews backtrack to clean off more snow as quickly as possible. A few issues with plow contractor have been resolved.

Security Checks & Recommended Heat Settings – The Board discussed whether to give a directive to WPM and owners regarding recommended heat settings for unoccupied units. Owners could request some alternative in writing or post directives on the unit thermostat. Discussion followed if whether establishing such a policy would limit the HOA's liability. Subsequently, WPM was instructed to set all thermostats at 60° unless directed differently by individual owners.

Emergency Response: Furnace Roof Vent Issue – Three interior units have reported heating issues to which WPM responded, and upon investigation it was determined the cause was snow blocking the roof furnace vents. When blocked, the furnace doesn't shut off permanently, but cycles so that the heat gradually lowers inside the unit. The contractor and engineer's first response was that everything was installed to code specifications; however, this is an unusual situation not found on other properties in the area and not solely attributable to alpine conditions. The engineers are currently investigating a more permanent solution.

In the interim, the roof vents must be monitored and the applicable roof sections cleared of snow to prevent heating issues. Ed Bush with Reconstruction Experts (RE) has offered to monitor the roofs as a courtesy, driving through the property three days a week, if Turner Morris were hired to clear the roof

sections initially. During the ensuing discussion, Mr. Wallace voiced objections to the HOA's paying for any costs involved with this issue on the basis that it was created by a design flaw. The Board is charged to protect the property, however, and steps must be taken to keep the furnaces operable during winter weather conditions. Ms. Rice suggested accounting set up a separate line item to track all costs incurred until the issue is resolved.

RESOLUTION: Upon motion made by Mr. Kieber, seconded by Mr. Pansing, and unanimously carried, the Board approved having Turner Morris clear the applicable roof sections, accept RE's offer to monitor the roofs, and ask RE to also monitor Turner Morris when on site. All costs incurred should be allocated to a separate expense line item for tracking purposes.

Red Light Temperature Warning Devices – Although the Board had resolved at the September meeting not to sanction use of the red light temperature warning devices this winter, some were left in the units last spring and owners have installed them on their own. The lights will activate due to cold temperatures in the window area, even though the unit's heat is operational, and were never designed as a permanent monitoring system. WPM has received calls to respond to the red lights and requests clarification on who is responsible for the billing.

RESOLUTION: Upon motion made by Mr. Kieber, seconded by Mr. Knudson, and unanimously carried, the Board rescinded the motion passed at the Board meeting September 21, 2007, and resolved that the temporary red light temperature warning devices are no longer condoned by the Board. The Association assumes no liability for these devices or costs incurred by response to them, as there are other methods for monitoring heat and water issues in the unit that owners may install individually.

PROPERTY ISSUES

Concrete Work at Dumpsters – RE has submitted a client work order, transmitted via email to the Board, for additional soil replacement and concrete work around the dumpsters on the property. Although not part of the scope of reconstruction, the work will provide concrete aprons and sidewalks and improve access to the areas.

RESOLUTION: Upon motion made by Mr. Pansing, seconded by Mr. Kieber, and unanimously carried, the work order for additional concrete work submitted by RE totaling \$17,437,87 was approved.

Plat and Easement Requests: Town of Silverthorne

1. The Town is discussing vacating the well easement at the south end of the property across from Building S-9. This also involves moving the bike path farther away from Buildings S-8 and S-9 and modifying the bike easement in this area. Mr. Jennewine noted the Town is trying to avoid removing more large trees in the area, but some aspens will be removed; this affords the opportunity to negotiate for additional landscape screening. The Town has already indicated verbally that they would be open to contributing \$10,000 for landscaping north of the Bald Eagle bridge, but \$10,000 towards landscaping south of the bridge could also be requested.

RESOLUTION: Upon motion made by Mr. Kieber, seconded by Mr. Pansing, and unanimously carried, the Board authorized Mr. Steinbrink to negotiate with the Town of Silverthorne regarding the proposed movement of the bike path easement and vacating the well easement in the vicinity of Buildings S-8 and S-9, and funding contributions towards landscaping along the bike path north and south of the Bald Eagle bridge.

2. There is currently a bike path easement connecting the bike path to Allegra Lane through the pocket park adjacent to Building N-4. This is no longer accessible due to the wall built along the bike path behind the units. The Town would like to move the easement, combining this with its response to the letter of November 5th from owner Walt Imhoff. Mr. Imhoff requested the Town and HOA jointly construct a stairway either side of the bike path to provide access to the river. Bill Linfield proposes that the Town build stairs from the bike path to the river and the HOA build stairs from the bike path to

the pocket park, if approval is made of moving the current bike path easement to connect the stairs to Allegra Lane.

RESOLUTION: Upon motion made by Mr. Kieber, seconded by Mr. Pansing, and unanimously carried, the Board denied the Town's request to move the bike path easement, and tabled further discussion until the Town makes an alternative proposal.

3. Mr. Steinbrink reported that future overview of the Town's bike path installations and related negotiations have been transferred from Mr. Linfield to Dan Gietzen.

RECONSTRUCTION

Current Status

1. Work scheduled for spring:
 - a. The original drainage reconfiguration at Buildings N-1 and N-2 did not function adequately, and the engineers have developed another plan for this area; however, this work will have to be done in the spring whenever weather permits.
 - b. Issues with the asphalt slope in front of some unit garages were identified at the end of the work season, and these will also have to be addressed this summer.
2. Work in progress:
 - a. RE is working on problems reported by homeowners, determining what repairs are within the existing scope and what will not be included. There has been some confusion among owners about punchlist items not completed by the original contractor several years ago and items related to the reconstruction scope of repairs. Interior work not related to RE's activities in the units or approved as part of interior cosmetics will not be addressed.
 - b. At least one unit has experienced a frozen drainpipe in the utility room and the cause is being investigated.

Interior Cosmetics

1. The HOA's attorney confirmed that the provisions of the Declaration stipulating maintenance responsibilities are still applicable, regardless of reconstruction activities. Settlement monies allocated in the bid package of \$40,000.00 should be used for interior cosmetics, as prioritized by an evaluation of the engineers of record, Professional Investigative Engineers (PIE).
2. Subsequently, PIE provided an Interior Distress Rating and Repair Directive for RE to follow, addressing drywall repairs and code issues in the attic firewalls. It was determined that the tile used during original construction is no longer manufactured. Since cracked tiles could not be replaced on an individual basis and there are not adequate funds to replace whole floors, tile replacement was not included in the scope.
3. RE prepared a cost estimate for drywall repairs based on PIE's directive and has submitted a change order for \$1,283.25 over the \$40,000.00 allocated for this work in the bid package.

RESOLUTION: Upon motion made by Mr. Pansing, seconded by Mr. Kieber, and unanimously carried, Change Order #22 for \$1,283.25 for interior cosmetics drywall repairs was approved.

New or Unresolved Issues

1. Frost heave has occurred lifting the new sidewalks and asphalt in many locations on Allegra. This has been brought to PIE's attention and they are investigating.
2. PIE must also develop a permanent fix to address the furnace roof vent issue previously discussed.
3. Since evidence of many of the construction defects became noticeable during winter months, owners should be asked to continue to report observations and problems to Ms. Rice at WPM for tracking purposes.
4. There have been a couple of issues with the new Trane furnaces installed by Anderson Air out of Denver. The contractor has stated that the extended five year warranties on the systems stipulate they must be called for any warranty issues; however, their response time of two to three days is unacceptable to address heating issues at this altitude. Mr. Steinbrink has asked Anderson Air to negotiate an arrangement with All Temp Control in Frisco, also an authorized service technician for Trane furnaces, to provide quicker emergency service.

5. Although Anderson Air indicated that without annual maintenance, the warranty on the Rinnai tankless water heaters would be void, there is no reference to this in the documentation provided with the warranty. Annual maintenance is recommended, and Mr. Steinbrink was asked to confirm whether All Temp Control could also do this work. Ms. Rice confirmed that WPM's Repair & Maintenance Department (R&M) has also received certification. Copies of the maintenance manuals have been provided and should be posted on the website as soon as possible.

Change Order #21 – RE has submitted a change order for civil work totaling \$277,140.96. Credit change orders for civil work were anticipated based on reports during construction meetings, but no prior indication was given that such a huge change order was pending during the site work. Credits that total \$57,228.60 were applied, as well as a credit for the \$61,000.00 bond that was not required, reducing the initial sum of over \$350,000.00 to that referenced above. PIE is looking into this and says they must verify items in the spring before a determination can be made on this issue.

Change Order #23 – This change order totals \$6,233.47 and is for the additional temperature controls for the Bylin systems due to the change in scope required by PIE increasing the number needed per building from two to three. This is also pending review by PIE.

LANDSCAPING

The minutes of the meeting held on January 3rd have been submitted to all and Mr. Jennewine recommended their review. Selection of rock material will be approved in the spring. The project timeline will take approximately four months, starting at Building S-1 and moving progressively building by building. Open items include trees in the median and resolving coordination with Tim Crane. The Town must also approve the plan prior to implementation, and there is nothing new to report on the status of the entry monument.

OTHER MATTERS

- Mr. Jennewine requested RE be made to straighten the roof vents prior to sign off on completion of the project.
- A letter to owners should be drafted to clarify post reconstruction maintenance responsibilities for the property and referencing provisions of the Declaration. There was concurrence to table this notification until interior cosmetics work is completed.
- The newsletter draft will be revised to include pertinent actions at this meeting and sent to owners as soon as possible.
- Angler Mountain was successful in withdrawing from the Eagles Nest Property Homeowners Association (ENPHA). If the Ponds at Blue River HOA wants to pursue withdrawal, developer Tim Crane has offered to provide the paperwork and suggests the HOA use the same attorney.

RESOLUTION: Upon motion made by Mr. Kieber, seconded by Mr. Pansing, and unanimously carried, the Board authorized Mr. Steinbrink to work with Tim Crane to pursue withdrawal of the Ponds at Blue River HOA from the ENPHA.

ADJOURNMENT

Upon motion made and duly seconded, the meeting adjourned at 6:03 p.m.