

Ponderosa Condominiums Association, Inc.
Annual Meeting
July 12, 2014 – 10:00 a.m.
Mountain Edge Condominiums Conference Room

Call to Order

President Beverly Ross called the meeting to order at 10:01 a.m.

Proof of Notice

Notice of Annual Meeting was mailed June 12, 2014.

Roll Call/Establish Quorum

Members Present in Person:

Sylvain and Pam Hayoun (Power of Attorney for Donna Kochevar)	1A
Jim and Terrie Peay	1C
Beverly Ross and Dick O’Kell	2A & 2E
Dan Key	2B
Greg and Andrea Chernushin	2C
James CO Properties (David and Jeanne James)	2F
Kay and Jim Hutchings	3A
Joan Heinz	3E

Members Present by Proxy:

Beverly Ross proxy for:	
Jay and Susan Johnston	1D
Little Hoss LLC (Rob Hanson)	1F

Jim or Kay Hutchings proxy for:	
ADM Properties (Todd Cadwell and Erik Swanstrom)	3D

Andi Chernushin proxy for:	
Stefen and Jennifer Ammon	2D

A quorum was established with 13 of 18 (72%) of the members present. CC Leuszler of 1E arrived at 10:06 a.m.

Reading and Approval of Past Minutes

Kay Hutchings made the following:

Motion:	To waive the reading of the minutes of the July 13, 2013 annual meeting and approve them as submitted.
Second:	Dick O’Kell
Vote:	Unanimous approval

Reports

Officers

Beverly mentioned that two units at Ponderosa have sold over the past year. Bud Tasch purchased unit 3B, while CC Leuszler recently bought unit 1E.

Jim Peay reported that updated fireplace insert quotes have been received from Hearth and Home of Grand Junction. He has sought the quotes for homeowners who wish to have an option to burn real firewood rather than artificial logs. The prices range from \$4,100-\$4,900 depending on the length of the chimney flue. Kay added that before anyone installs an insert to burn real wood, the Board needs to produce policies.

Joan continues to receive and review the monthly bank statements of the association. Unforeseen events do occur, but the association is doing ok financially.

Managers

The Manager's Report was included in the Annual Meeting Packet that was distributed to those in attendance. Management of the association has gone smooth the past year.

Donna clarified what products are allowed to be recycled at the property. The paper and cardboard container is for paper and corrugated cardboard. Waste Management does not accept non-corrugated or shiny cardboard, and it is helpful if boxes are flattened before they are put in the recycle container. Glass, aluminum, tin, and plastic must be separated from paper and cardboard. Ponderosa only recycles during the summer months, as the containers need to be rolled to the road for pick-up.

Financial

As of May 31, 2014 the association had a \$2,005 profit compared to the \$4,128 budgeted loss, which was a \$6,133 positive variance. Had the audit that had been budgeted been paid, that variance would decrease by \$2,100. Donna mentioned that the Contract Labor line item is significantly under budget, as there has been no major repairs needed this fiscal year.

The only to date budgeted capital project is to install metal corner boards on the chimney chases above the roof. The project is being completed because the snow catches and damages the wood trim that currently exists. Installation of the metal is budgeted at \$1,200.

Election of Directors

The terms of Andi Chernushin and Kay Hutchings expire this year.

Terrie Peay made the following

Motion:	To nominate Kay Hutchings to another term on the Board.
Seconded:	Dick O'Kell
Vote:	Unanimous approval

Kay was elected to the Board of Directors.

Dick O'Kell made the following

Motion:	To nominate Andi Chernushin to another term on the Board.
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Seconded: Kay Hutchings
Vote: Unanimous approval

Andi was elected to the Board of Directors.

Old Business

Fireplace Update

The Board will produce guidelines as to installation and operating procedures for owners who wish to install an insert or fireplace. These will include wood storage, chimney inspections, and other related issues.

Individual Hot Water Heater Replacement

The association mandates replacement of individual unit hot water heaters at 15 years of age. A pan is also required to be installed under the water heater. A list identifying the date hot water heaters need replacing was distributed in the meeting packet. It simplifies things if owners coordinate when replacing the appliances, as the A/B, C/D, E/F are in a shared closet one behind the other. Jim Peay asked if electric tankless water heaters could be installed. Beverly replied the option had been investigated, but the buildings do not have adequate electrical circuits to accommodate the installation.

New Business

Homeowner Insurance Responsibility-Interior

Donna approached the association's insurance agent to make recommendations for unit owner's individual coverage for contents and personal liability. Their recommendations were included in the meeting packet and will be distributed with the meeting minutes. The Strong Agency is happy to help any unit owner who has coverage questions whether they are insured with Farmers or not. Donna added that Farmers Insurance covers upgrades in the condominium and would rebuild to current standards, where many association coverage would just rebuild to "as built."

Kay asked if the B unit hot water heater that resides in the A unit common area closet leaked, who would be responsible for damages. Greg replied that the answer is unknown without review of policies and exclusions.

10-Year Capital Plan and Annual Reserve Assessment

The membership was reminded that the Board of Directors approved a \$500 per unit annual special assessment to build reserves to soften the amount of future assessments for capital projects. The special assessment is assessed on July 1 of each year and is due by July 31 and will continue through 2017.

Beverly said the Board does the best they can on the 10-Year Capital Plan to try to anticipate when projects might need to be done. The Ponderosa association has been proactive in maintaining the property, and sometimes that requires special assessments.

Establish Next Meeting Date

It was agreed that the next annual meeting would be held on Saturday, July 11, 2015 at 10:00 a.m.

Unscheduled Business

Window Screens

Several of the window screens in 2C are bent. It is believed they were hit by snow and ice in prior years before management began the practice of removing lower unit window screens in the alleyway units during winter months. Donna will look to see if there are spare screens at the property and if not, she will have those screens repaired.

Spraying of Noxious Weeds

Terrie asked if the noxious weeds would be sprayed this summer. Donna replied that she expected JDotBerry to complete the job any day.

First Floor Winter Egress

Sylvain is concerned about egress from his unit, 1A, in the winter months. Donna replied that she has kept a close eye on the windows in the lower units, and she has not seen a problem. Sylvain feels maybe it is unique to that unit, and Donna will check for egress from the interior of the building next winter.

Parking

Parking at the property has been limited, as vehicles do not park in garages when available. Kay asked if the property managers of individual units could encourage guests to use the garages. Those in attendance were reminded that there is a two-car limit per unit.

Property Maintenance

Dan thanked Beverly and Donna for their efforts in maintaining the Ponderosa Condominiums at a high standard.

Adjournment

Jim Peay made the following

Motion:	To adjourn the meeting
Second:	Greg Chernushin
Vote:	Unanimous approval

The meeting adjourned at 10:58 a.m.

Managers Report

This report will provide an overview of the maintenance and the management of the Ponderosa Condominiums since the last annual meeting. Management of the association has been very smooth the past year with few problems. May was wet and cold causing delay in outdoor chores, and we even saw snow and below freezing night temperatures in mid-June. During that time, Jerry touched-up the walls and trim on the interior of the property.

Ground snow removal proved a challenge last winter. Due to excessive snowfall and lack of an employee who wanted to work, management was challenged! Piles got so high in the front lawn, that it was difficult to clear the walkways. Brett of Professional Contractors, Inc. was asked to cut back the lawn piles so we had somewhere to throw snow when shoveling. He went overboard and excavated the front lawn over the hill. That made room to move snow from the back parking lot to the front lawn. This was not our original intent, as a quote of \$800 had been received to clear snow and make room in the Nordic Inn's field. Kim, the manager at Nordic Inn, was not available to grant permission to use their property, and it seemed more cost effective to move snow through the alleyway on a need-be basis. This did not look so pretty, but it accomplished the need for snow storage and snow removal from the back lot. Brett did this with very little damage to the front lawn or the sprinkler system.

Summer quickly came in mid-June. We have been focusing on the spring projects like getting the lawn green with a turf builder fertilizer, sweeping the parking lot and garage 1, spraying weeds, and pulling out the summer gear. JDot Berry should be at the property soon to spray noxious weeds, and we will be doing some lawn seeding soon. Jim Peay helped Donna add plants in front of building 1 and around the evergreen trees. Thanks Jim!

Last fall Jerry built a decorative box out of landscape timbers around the new Ponderosa sign. This was required by the Town of Mt. Crested Butte.

Most subcontractors hired have been for routine maintenance and repairs. The only real surprise since last year's meeting was to find the exterior window of 1E's sliding glass door shattered. The mystery of how that happened has not been solved. It is happily reported that building 2 deck rails and the unit windows in the alleyway were not damaged by the heavy snowfall last year, and there was no water infiltration in 2A which has previously been caused by alleyway ice build-up.

The hot tub ran well over the past year. Diamond Blue did replace the upper control panel under warranty. They also replaced a filter stud.

The capital projects that were approved but unfinished at last year's meeting were finished by year end. Those were to crack seal the asphalt and to stain the exterior wood. This year's projects include sealcoating the parking lot and wrapping the chimney chase corners with metal. It was sincerely hoped that this summer's projects would have been finished by now.

In closing, I would like to again remind everyone that debris left outside the dumpster does not get picked up by Waste Management. And the dumpster is not for construction debris. There is a waste transfer station at Riverland where you can pay a fee to discard items, and the landfill is 7 miles east of Gunnison.

I look forward to a productive meeting on July 12, 2014 and to seeing you then.

Financial Report

Fiscal Year-End Recap – December 31, 2013

Total Net Income for the fiscal year ending December 31, 2013 was \$3,621 while an \$8,590 profit was budgeted. The negative variance of \$4,969 was partially due to completing an unbudgeted capital project of crack sealing the parking asphalt at a cost of \$2,376. The operating section of the Profit and Loss Statement reflected a \$1,748 loss while no profit or loss was budgeted. The following line items were significantly under budget at yearend: Electricity, Hot Tub Supplies and Repair, and Snow Plowing. Contract Labor was significantly over budget due to the stucco repairs in the alleyway which appeared to be caused by heaving of the new concrete and the water damage repair in 3B due to a burst hose bib. Since the audit is not yet available this year, the December 31, 2013 fiscal yearend financial statements are included in the meeting packet for your review.

At fiscal yearend, the association had a \$7,731 Operating Fund Balance and a \$20,328 Capital Fund Balance totaling \$28,059 in equity.

Balance Sheet – May 31, 2014

The Balance Sheet for the Ponderosa Condominiums is in good condition with the association holding \$33,441 in cash as of May 31, 2014. Accounts Receivable-Owners totaled \$421, with two owners 30 days past due in payment of assessments or late fees, one owner 60 days delinquent, and two owners are prepaid. As of the writing of this report, 2C and 3F have come current in payment. Accounts Payable reflected a balance of \$3,714. As of May 31, 2014, the association has fund balance of \$28,059 with a current year profit of \$5,609 totaling equity of \$33,668.

The Operating Fund Balance is \$11,987 while the Capital Fund Balance is \$21,681. The Board will visit the current fund balances during Board of Directors meetings following the Annual Meeting.

Profit and Loss Statement

The Operating Portion of the Profit and Loss Statement after five months of the fiscal year has a net profit of \$2,005. The net loss budgeted for January-May is \$4,128 thus reflecting a positive variance of \$6,133. The following will identify significant variances within the first five months of the fiscal year:

- **Audit and Tax Preparation**

This account is \$2,100/100% below budget, as the audit information was not given to McNurlin and Associates until late spring, therefore the association has not been invoiced.

- **Contract Labor-General**

Contract Labor is \$1, 175/69.1% under budget. Outside contractors have been used for minor stucco, masonry, and carpentry repair this year. They were also used to repair the bike rack that was damaged in the past and does not seem to be as solid. We will look to store it elsewhere next winter to try to extend its life.

- **Fire Protection**

Fire Protection is over budget \$118/43.6%. Although not a large dollar amount, this account should be mentioned as a phone line had to be added in building 2 to monitor the alarm system. The system was previously tied into an individual unit CenturyLink line, but the owners of the unit switched service to bundle with Time Warner Cable. The alarm system lost dialing capabilities from the garage line, so the new one was added at a cost of \$30 per month.

- **Hot Tub Supplies and Repair**

This account is \$518/69.1% under budget. Money was spent mostly for the purchase of routine maintenance supplies, as the only repair needed has been for a new filter stud. A new hot tub cover will most likely be ordered prior to the winter season.

- **Insurance**

Insurance is currently \$515/9.4% under budget for the year. The premium for 2014-15 property coverage decreased 8% (from \$12,116 to \$10,556) as a result of the updated Estimate of Insurable Value. Insurance companies do an annual inflation increase for property value, but the appraisal showed that building costs have actually decreased since the last appraisal was completed in 2012.

- **Snow Plowing**

Snow Plowing is under budget by \$703/20.1%. January and February saw huge snowfall, but it tapered off in March. Professional Contractors aggressively plowed the lot and the alleyway; amazingly, the association still ended under budget.

- **Snow Removal-Roof**

This account is under budget by \$400/40%. The garage roofs were shoveled in December, 2013 then again in February, 2014. The snow was deep, and the February snow removal cost was \$600.

- **Trash Removal**

Trash removal is \$357/31.7% below budget. Not many extra pick-ups were needed, and service was put on an on-call basis in the off season.

Capital Expenses

Two capital projects are approved for 2014. Those are wrapping the chimney chase corners with metal and a cost of \$1,200, and sealcoating the asphalt for \$4,500. It was hoped that both of these projects would be finished in the spring, but weather conditions (and contracators) did not cooperate.



Unit owners of Ponderosa Condominium Association:

This letter is being sent to unit owners to assist in clarifying the coverages provided by the Ponderosa Condominium Association insurance policy (*see disclaimer). Although there has been no change in coverage, there is consistently the need to help clarify the extent of the association coverage and what insurance the unit owners are to purchase personally.

In the current policy period, the policy of the association will insure the common elements of the association and the permanently fixed, real property assets on the interior of a residential condominium unit with a 5000 building deductible. **This description applies to residential unit owners and does not apply to commercial unit owners.**

This correspondence is to assist in clarifying the coverages* provided by the Ponderosa Condominium Association insurance policy.

The Ponderosa Condominium Association association policy is written in a format known as "current construction", "inclusive coverage" or sometimes "studs in" coverage- as opposed to "bare walls" coverage. To attempt to clarify this coverage format in non-insurance terms, it can be said that "if you shook or turned the unit over, property within the unit that does not move is building property and insured on the association policy." This would include interior walls, doors, finished floor coverings, cabinets, fixtures and built-in appliances including unit-owner upgrades to the residential unit. *

Although this coverage format is among the best in the industry, it does not cover everything in your unit.

For example, the current association building deductible is 5000. It is entirely possible for there to be a claim within your unit in which you would be called upon to make up the 5000 gap in building coverage. Additionally, there are several other necessary coverages not available on the association policy which you should insure.

As a residential unit owner, you are strongly advised to make up what is not covered in the unit by purchasing your own Condominium Unit Owners Policy (AKA HO6 policy). Many unit owners have this coverage at adequate limits already. If you do not already have a Condominium Unit Owners insurance policy, it is strongly suggested that you purchase one. To insure the gap in building coverage, you will need to insure building property or building and alterations coverage within the perimeter walls of your unit at replacement value of not less than 5000 (a \$10,000 limit is inexpensive and suggested).

In addition to building and alterations, most unit owner's policies will include coverage for your personal property within the unit; the loss of use or loss of rental income as applicable; loss assessment; and personal liability. A sample of coverages that should be on your policy follows:

Building property	\$10,000 (not less than)
Personal property	optional Replacement Cost limits
Loss of use (loss of rents)	optional limits
Loss Assessment	\$10,000 (not less than)
Personal Liability	\$1,000,000 (not less than)

STRONG INSURANCE AGENCY INC.

1495 Pine Grove Road, Suite A201, Steamboat Springs, CO 80487
(970) 879-1330



Under certain conditions and subject to non-discriminatory standards described within Colorado Statutes, it is entirely possible for a unit owner to be assessed the condominium deductible. However, not all insurance companies will respond to such a claim. It is highly advised that you consult with your agent or examine your unit owner's policy to confirm the coverage for the assessment of an association deductible.

If you own a rental unit, it is also advised to verify that the peril of theft is covered under your current policy. It is not uncommon for insurance companies to exclude the theft of personal property within your rented unit. Again, consult your agent or policy regarding this potential gap in coverage.

The board of your association is **not** directing you to purchase your policy from any particular insurance company or agency. In fact, these types of policies are common in the industry and typically inexpensive to purchase - generally less than \$300 per year and often far less. If you now have a policy, call your current agent and have him modify your coverage to limits not less than those shown above. If you do not have a policy, our agency will be more than glad to place your coverage, if you qualify. Please contact Strong Insurance Agency at 888-842-4161 x 10. Also see **stronginsurance.net** for more details.

This letter is not meant to preclude the professional responsibility of your current insurance agent to design and suggest coverages which fulfill your specific needs. Depending on the underwriting requirements of your insurance company, there quite possibly could be reasons for more or different coverages than those shown above.

Failure to heed this warning could be expensive. Please contact your agent immediately.

Strong Insurance Agency, Inc.

***Disclaimer:** This document is meant to be a general description of coverages for use as guideline in the purchase of personal individual unit owner's policies only. All association coverages are subject to specific policy language, exclusions and limitations of policy number 045934122 issued by Truck. All claims, both future and past, will be adjusted and evaluated by use of the specific causes of loss peculiar to the event in question with insurance proceeds subject to the specific applicable policy language in force at the time of the loss.