

Shadow Mountain Townhome Association

Annual Board of Managers' Meeting

Tuesday, February 3, 2009
3:30 p.m., Mountain Standard Time

I. Call to Order, Roll Call

Mr. Michael Mizen called the meeting to order at 3:40 p.m. on Tuesday, February 3, 2009. Present were Board members Mr. Alex Biel, Ms. Chrissy McNamara, Mr. Todd Klindworth, and Mr. Don Gilbert. Also present were Mrs. Susan Spalding of Spalding Management Services, Mr. Michael Spalding, and Mr. Rick Borkovec and Mr. Lee Sullivan of Borkovec Management LLC.

II. Proof of Notice

The meeting was arranged via e-mail to all Board members on January 16, 2009.

III. Approval of Minutes

Mr. Biel made a motion to approve the minutes of the Board meetings contained in the meeting packet (2/5/08, 2/13/08, 3/7/08, 4/22/08, 7/22/08, 10/16/08, 12/7/08, 1/7/09, and 1/20/09). Mr. Gilbert seconded the motion; all were in favor. Discussion ensued as to the January 7, 2009 minutes and Mr. Klindworth's construction project. Mr. Mizen formally apologized to Mr. Klindworth as to how he, Mr. Mizen, had handled the situation.

IV. Management Company's Reports

- A. Year Ended October 31, 2008 Financial Statements – Mrs. Spalding reviewed the financial statements as presented in the meeting packet. She noted that \$17,032 of capital reserve interest income had been reclassified to operating income as suggested by the Association's tax accountant, Denise Jurgens at Reese Henry & Co., and approved by the Board. Discussion ensued about the cost of gas and electricity. It was decided that Mrs. Spalding and Mr. Borkovec should look into the cost of installing individual meters in the property. Additionally, Mrs. Spalding will look at the consumption of gas and electric for the past couple of years to determine the cost and usage of the utilities. Mr. Borkovec will investigate hiring a vendor to perform an energy audit, including infrared imaging on the outside of the building to determine places of energy loss.
- B. Verification of Bank Balances – Mrs. Spalding directed the Board's attention to the letters from Reese Henry & Co. verifying the bank balances.
- C. Net Member Income for the year ending 10/31/09 – Mrs. Spalding said that when the end of October approaches she will advise the Board as to whether

or not there should be Net Member Income, so that the Board can vote as to how to classify it.

- D. Capital Reserve Study – the Board reviewed the draft study as presented in the meeting packet. It was agreed that given the uncertainty of the neighborhood development, certain projects, such as the water pipe refurbishment and snowmelt system for the parking lot, should be pushed further into the future. Mrs. Spalding agreed to revise the study as discussed for distribution to the owners on February 4, 2009 at their annual meeting.
- E. Insurance Renewal – Mrs. Spalding noted that the Association is insured at \$424 per square foot. She also noted that the insurance agent had misquoted the annual premium for the coverage, as he had quoted \$11,271, but that the bill came in at \$12,547. She also noted that the premium for the prior year was \$12,974 for less coverage. She then reviewed the Difference in Conditions coverage, the limit of which is \$5 million. She said that she was concerned that it was too low, and would contact the broker to investigate increasing it. The Board agreed that this was a prudent thing to do.

V. Property Manager's Report

- A. Mr. Borkovec distributed a report by Tramway Engineering wherein they describe an alternative approach to brake testing for the tram. He said that in the past the tram brakes had to be tested annually, now the State of Colorado requires monthly testing. The engineers have devised an approach that will be less taxing on the system for the testing, as it will not require the tram to be loaded with heavy sandbags. The Board agreed to proceed with purchasing the \$2,240 torque wrench test system, which is a capital expense.
- B. Mr. Borkovec asked the Board to sign a letter indemnifying him from problems with the tram. It was agreed that Rick would draft a letter which would be sent to Fred Peirce and to the Association's insurance agent, John Wilkinson, for approval.
- C. Rick discussed the need for shoveling the roof, as the snow load is approaching its limit. It was agreed that he would obtain bids for the work and get it done soon.
- D. Rick discussed the problems with the heat tape and the roof gutters. Todd discussed an approach which could solve the ice back up problem on the roofs. Rick agreed to test the solution so as to see if it should be implemented across all roofs.
- E. Mr. Gilbert asked Mr. Borkovec to look at the lack of lighting by Unit 1 and the stairs that go behind the building. Mr. Borkovec said that he would look at installing a motion-detector and flood light for the area.

- F. Mr. Borkovec said that the heavy snow falls have taken a lot of Lee's time for shoveling. Discussion ensued about the intent of including snow removal in the duties that are covered by his monthly fee. It was agreed that he would look at the number of hours Lee spent in December shoveling, and try to determine what a reasonable number of hours for snow shoveling should be. The Board agreed that it was open to looking at the possibility of the Association paying for an additional vendor to assist with snow shoveling. Mr. Biel said that they should consider paying Lee a bonus for all of the snow shoveling he has done. Mr. Klindworth asked Rick to let the Board know how many hours Lee had spent shoveling, so that a fair bonus amount could be calculated.

VI. Old Business

- A. Declaration – Mrs. Spalding reminded the Board that legal notices had been published in The Aspen Times for the Declaration. Per Fred Peirce, given that legal notice has been published, the revised legal documents may be recorded on or after March 6, 2009. Mrs. Spalding is working with Wells Fargo Bank to obtain their consent in the interim; however she needs signed consents from three owners that have loans with Wells Fargo Bank in order to have the bank review the Declaration. She is working with the owners to obtain their consents, which were drafted by Fred Peirce.
- B. Limited Common Elements – the definition of the decks as limited common elements to be maintained by the Association was discussed. The Board had followed the advice of Fred Peirce in designating them as such, but thinks that the owners that enjoy the use of the decks should be responsible for paying for their maintenance. It was agreed that after the new Declaration has been recorded, the Board will consider asking the owners to approve an amendment to the Declaration wherein the decks are defined as limited common elements maintained by the Association at the cost of the unit owner that enjoys the use of the deck.
- C. South Aspen Street Developments – All Board members were aware of the upcoming vote in May on the development of South Aspen Street. It was agreed that they would ask Bruce Dierking to speak to the owners about the issue at the annual meeting.
- D. Water pressure – it was agreed that the issue will be tabled until more is known about the neighborhood construction.
- E. Deck Replacement – The cost of the deck replacements was discussed. It was agreed that Unit 17's deck needs to be replaced this year, and that it might impact the stairs next to the unit. It was the general consensus of the Board that they have an obligation to replace Unit 17's deck at the Association's expense whether or not the Declaration is amended as per VI.A. above. Mr. Borkovec was directed to obtain bids from architects for the cost of designing

a new deck, so that the project could proceed. It was agreed that the process for repairing or replacing the decks is as follows:

1. Ask Martin/Martin to do a structural evaluation.
2. Get bids from a couple of architects to do the design work. Potential architects include Rob Sinclair, who has worked for the Klindworth's, and Martin Mata.
3. After selection of an architect and their completion of the design, ask Jon Burnett to provide a bid to build it.

VII. New Business

- A. Construction Rules – General discussion about the Construction Rules took place. It was agreed that construction should be prohibited during the ski season, as defined by the Aspen Skiing Company's published season dates. Mrs. Spalding noted that the Rules and Regulations had not been revised as part of the adoption of the new legal documents. It was agreed that she would take the rules from 2000, incorporate the construction rules, and circulate it to the Board for input. Mr. Klindworth agreed to develop a "Construction Process Checklist" to include in the rules so as to alleviate future confusion for the owners as to the process.
- B. Wireless Internet – Resort Internet had submitted a bid to convert the Association's internet access from wired to wireless at a cost of \$5,681. The ongoing monthly fee would remain the same. Mr. Mizen made a motion to proceed with installation of wireless internet service, Mr. Klindworth seconded. All were in favor. Mr. Klindworth will discuss the use of coaxial versus CAT5 cable for the system with Eric Geis, owner of Resort Internet.
- C. Stabilization Issues – Mr. Klindworth brought sets of foundation plans that he had developed for units 5 and 6. He suggested that these plans be considered for use as a template for stabilization of all the buildings. He worked with Martin/Martin to develop the plans, as they are knowledgeable about Shadow Mountain. The plans include the option of using the crawl space within the footprint of each unit for expansion. He thinks the cost to stabilize the foundations may be ~\$100-\$150k per unit. Todd has spent \$52,000 to date on the plans. It was agreed that if Shadow Mountain uses his plan in the future they will consider remunerating Todd at that time. The Board agreed that they need to look further into the issue before bringing it to the Owners.
- D. Ms. McNamara told the Board that the Tuckers (Unit 14) had asked about installing a centrally wired fire alarm. Discussion about it took place, but no action was taken.
- E. Size of the Board – Mr. Biel reminded the group that at last year's Owners' meeting the size of the Board had been expanded to six, plus the emeritus position that is held by Mark Mendel. Gayle Morgan sold her unit within the

past year and resigned from the Board. Mr. Biel said that he had asked Bruce Dierking if he would be interested in joining the Board, in light of his legal expertise and work he is doing on the neighborhood development. Mr. Dierking said that he would consider it. Mr. Biel said that he will nominate Mr. Dierking to the slate at the Owners' meeting if Mr. Dierking is willing to serve. The general consensus of the group was that Mr. Dierking would be a valuable addition to the Board.

VIII. Next Meeting

The next meeting is scheduled for Monday, February 1, 2010 at 3:30 p.m.

IX. Adjournment

Mr. Mizen adjourned the meeting at 7:00 p.m.

X. Secondary Meeting

Subsequent to the annual owner's meeting on February 4, 2009, the Board unanimously voted for the following Board officers:

Michael Mizen, President

Alex Biel, Vice President

Todd Klindworth, Secretary/Treasurer