

Indian Peaks Condominium/Interval Owners Association

Combined Board Meeting Minutes

Citywide Bank, Fraser, Colorado; Friday, 8/10/18 at 2 pm

Board Members Present: Kevin Schneider (by Skype), Janet Smith, Lee Anderson, Walt Steiner, Dani Hecker, and Mark Landrum (by phone).

Property Managers Present: Kristy Meyer and Kathy Kieffer, for Hideaway Hospitality, LLC

Absent: Tom Overton

The meeting was called to order by President Kevin Schneider at 1:58 pm.

There was a moment of silence to remember long-time Indian Peaks Resort property manager and friend, Jon DeVos.

There was discussion that the Board will look at the area that has been started as a memorial garden for Jon as part of the General Meeting on Saturday. A plaque and/or bench for the area will be discussed at that time as well.

In opening statements, Kristy thanked the board and the employees who helped in the transition of taking over after Jon's unexpected passing, particularly Kathy Kieffer in the office who held things together until Kristy could form a new management company and Kevin Schneider, who was always available to answer questions and give advice.

Kristy reported that it was necessary in the fall to contract with a new snow plowing company due to an excessive price increase. In the early summer, it was necessary to contract with a new linen servicing company as the previous company discontinued service to their smaller accounts. All other employees and outside contractors have been kept in place.

A motion was made by Kevin Schneider to approve the Minutes of the previous Board meeting. Lee Anderson seconded the motion. The motion passed unanimously.

There was a short discussion to further explain variations of actual to budget on the financials. The administrative cost was higher than budgeted due to the cost of mailings to owners for dues and re-billings. Kevin suggested contacting RCI or Interval International to see if they would help pay for the cost if we included their promotional material. Kristy and Kathy will be working to try to figure out how the bills can be sent to owners by email,

thereby avoiding the mailing cost. Janet volunteered to call owners to get all their email addresses.

A motion was made by Janet Smith to approve the Financials as presented. Walt Steiner seconded the motion. The motion passed unanimously.

There was discussion of the Long-Term Reserve Analysis. There is not a direct correlation between what has been previously designated as reserves in the COA and IOA bank accounts and what is listed on the Reserve Analysis.

Kristy will work to update the Long-Term Reserve Analysis. Her goal will be to update it by the December budget meeting. She will work with our bookkeeper on a Cash Flow Analysis to determine how much of the money in the IOA and COA accounts can be designated as reserves.

The importance of keeping the balances in both the COA and IOA accounts below \$250,000 was discussed. The FDIC insures each account with a different name up to \$250,000. Placing the reserve amounts in the COA and IOA savings accounts will help accomplish this.

A motion was made by Lee Anderson to move the reserve amount budgeted in December 2017 of \$50,683.04 from IOA to the COA Reserve account. Walt Steiner seconded the motion. The motion passed unanimously.

A motion was made by Lee Anderson to designate the CD amount of \$71,298.52 in the IOA to IOA Reserves. Walt Steiner seconded the motion. The motion passed unanimously.

There was discussion of how much money total should be held in Reserve for the IOA and COA. Board members varied in their opinions between \$100,000 and \$250,000. Once the Long-Term Reserve Analysis is updated, we will have a better idea of where we stand and how much should be held in Reserve.

Accomplishments for the past year were discussed. They included: replacement of 10 unit's carpets, replacement of 3 kitchen counter tops, upgrading of internet bandwidth and equipment, new linens purchased, walkway repairs and stair replacement completed, touch up paint on buildings, outdoor light poles stabilized in preparation for new lighting fixtures, beginning replacement of bathroom flooring and trim, fireplace inspection and servicing, and eradication of a raccoon stuck on an upper balcony and bed bugs found in C101.

The Board discussed the long-term replacement items they budgeted in December of 2017. It was decided that the common area flooring replacement would be deferred as it is

holding up well and a new rug has been purchased for the entry, where it gets the dirtiest. Parking lot lighting replacement was approved, and the Board confirmed approval for the walkway replacement and stair replacement on Building C. Lower parking lot crack sealing and asphalt sealing were approved. Replacement of the asphalt in the entry driveway and upper parking lot were deferred until they start to show more wear. Siding trim replacement on chimneys and repair to the clubhouse roof were approved, but more bids must be obtained and Kevin must be consulted for the final approval of these projects. Bids had been obtained to upgrade the security system in the clubhouse, but the Board decided that was not a priority at this time.

Walt Steiner made a motion to approve repair or replacement of the following list of items in the amount of \$27,276 subject to final approval from Kevin on the chimney siding trim and sealant to the deck above the game room in the clubhouse, once additional bids are received. Janet Smith seconded the motion. The motion passed unanimously.

Walkway lighting replacement:	\$	8,078
Walkway replacement (completed):	\$	3,025
Stair Replacement (Building C - completed)	\$	420
Lower parking lot crack sealing and seal asphalt	\$	4,017
Siding Trim Replacement on Chimneys	\$	7,489
Repair B202 deck to stop leaking into clubhouse	\$	790
Roofing Co to apply Bituthene Sealant to deck	\$	<u>3,457</u>
Total COA 2018 Reserve Projects Approval Request:	\$	27,276

The Board discussed re-prioritizing and changing items with allocated reserve funds on the list of IOA long-term replacements. After replacing carpets in 10 units last year, the remaining carpets are in good shape for now. Counter top replacement of three units will be completed this year. Doors in units do not need replacement yet and it is too expensive to widen the door in the "Handicapped Friendly" unit (A103) as electrical wiring would need to be moved. The board voted to replace the flooring in that unit with a smooth surface in the main dining/kitchen/hallway area in A103 to make it easier for guests in wheelchairs. This will come out of the cost shown below for vinyl replacement. Unit inventory replacement is on-going. We will be replacing worn lampshades as opposed to

lamps this fall. The Board requested that the missing fans be replaced in the two ranges without them as opposed to replacing the ranges. None of the refrigerators need replacement at this time. Small appliances are replaced as needed. The replacement spas for B302 and B303 have been ordered and will be replaced as soon as possible. Linens will continue to be replaced as needed. The front office shutter doors will be replaced to add security for the office equipment and checks that are kept in the office.

Walt Steiner made a motion to repair or replace the following listed IOA reserve items in the amount of \$41,495. Lee Anderson seconded the motion. The motion passed unanimously.

Counter top replacement in 3 units:		\$ 9,458
Unit inventory replacement:	\$ 315	
Lamps, fans and lighting replacement:	\$ 1,351	
Range fan replacement in 2 units:	\$ 1,000	
Small appliance replacement in 2 units:	\$ 901	
Spa Replacement in B302 and B303:	\$ 13,949	
Vinyl R & R Bath, kitchen and entry:	\$ 9,456	
Linen Replacement deferred from 2017	\$ 4,415	
Secure solid shutter doors for front office counter:	\$ <u>650</u>	
Total IOA 2018 Reserve Projects Approved:	\$ 41,495	

The 2015 audit completed in 2016 by Day and Associates was discussed and progress is being made by management to address all of the recommendations made by Day and Associates. These include:

- 1) Update the reserve analysis. (In process)
- 2) Create a formal system for monitoring significantly delinquent owners. (In Process)
- 3) Create and maintain a master list of units owned by the Association. (In Process)
- 4) Reconcile the total interval units billed plus Association owned units to arrive at the total population of units. (In Process)

- 5) Formalize Month-End Close Process – This has been completed. Going forward, Deb Seiler will be sending Board Members Actual vs. Budget figures each month by the end of the month for the previous month.
- 6) Use Full Accrual Accounting. (Dani Hecker and prospective new COA Board member William Berlin will be consulted regarding this. Dani noted that a modified accrual system might be appropriate for the COA and IOA.)
- 7) Build a Fixed Assets Schedule. Since the audit was completed in 2016, the IRS has changed their rules and they do not require that individual personal property items that are valued at less than \$2500 be capitalized. No action needs to be taken.
- 8) Reconcile Accounts Receivable and Prepaid Dues – Deb in accounting has completed procedures to ensure all billing system transactions are properly recorded in the general ledger and the general ledger is reconciled to the billing system monthly.
- 9) Establish allowance for Bad Debt – In researching how much timeshare associations typically allow for Bad Debt, it is common to write off all bad debt except for the past 18 months. Kristy requested a motion to write off \$222,626 in bad debt, which represents all of the bad debt prior to 2017 and 2018. Tim Day, CPA, concurred that this is an appropriate amount and that there are no tax ramifications to the IOA in doing this. Writing off this bad debt will reduce the Owner Assessments on the IOA Profit and Loss so it is closer to the actual billings we send out.

Dani Hecker made a motion that the IOA write off bad debt in the amount of \$222,626. Walt Steiner seconded the motion. The motion was passed unanimously.

After bad debts in the amount of \$222,626 are written off in 2018, there are currently about 105 owners in arrears. About \$71,422 in receivables are due from those owners. Kristy recommended that these accounts be turned over to a collections company called Source RM. For \$9.95 per account, they will make 4 calls to each of the 90 owners currently in arrears at a total cost of \$895 to try to collect BEFORE the account is sent to collections. In addition, at no expense to the association, they will also come up with a plan for collecting the amounts that have been written off.

Janet Smith made a motion to retain Source RM to collect from owners who owe dues since 2017 at a cost not to exceed \$1000 and to work with Source RM to develop a collection strategy for the amounts that have been written off previously. The motion was seconded by Lee Anderson. The motion was passed unanimously.

10) Formalize Commissions Paid to Management Company – Day and Associates noted in their 2016 audit that there was no formal agreement to pay commissions (such as rental commissions) to the management company.

Janet Smith made a motion to create an Addendum to the current Management Agreement specifying that the IOA will receive 60% of net rental revenue generated on weeks owned by the Association and Hideaway Hospitality will receive 40% of net rental revenue for those rented weeks. Furthermore, expenses associated with marketing those weeks such as yearly fees to AirBNB, VRBO, etc. would be paid 60% by the Association and 40% by Hideaway Hospitality. Walt Steiner seconded the motion. The motion was passed unanimously.

11) Credit Card Statement Support - Kristy is working to make sure that all IOA and COA credit card statements have all receipts attached.

12) Segregation of duties – Kristy approves invoices, Deb prints them but isn't able to sign them. Kristy signs all checks. If Kristy is out of town and checks need to be signed immediately, Kathy may sign them using Kristy's signature stamp. Kristy prepares or reviews all deposits and physically takes them to the bank. Kristy reviews bank balances at least weekly.

Kristy reported that Indian Peaks Resort had once again earned the Gold Star rating from the RCI Exchange Company. At the advice of the Board, the lower rating of Silver Star was accepted so that Indian Peaks Resort would exceed RCI timeshare guest expectations as opposed to setting their expectations too high by accepting the Gold Star rating.

Kristy updated the Board as to the status of the title transfers that were pending when she bought the management company in October 2017. The title transfers have almost all been completed. When owners need deed transfers going forward, they will be referred to local lawyer Ron Stern.

Kristy updated the Board on requests by owners to deed their weeks back to the Association. There are currently 42 deed-back requests. The Board discussed the options and timing regarding accepting the deeds back to the association. It was decided that the current moratorium would be kept in place until there was a sales program created to sell the weeks currently owned by the Association and any weeks they might accept back in the future. The Board will reconsider lifting the moratorium during the budget meeting in early December.

The board gave direction to management regarding accepting deed-backs in the future. Those are:

- 1) Owners of a week must be up-to-date with dues payments before the Board will consider their deed-back request.
- 2) Owners must have clear title to their week in order to be considered for a deed-back.
- 3) To deed back to the Association, owners must pay one and one-half years in dues (currently \$990) plus \$250 to pay for the deed paperwork.

Walt Steiner made a motion that once the Board lifts the deed-back moratorium, the Board as a whole will consider the deed-back requests and the decision on each request will be made by majority vote of the Board. Lee Anderson seconded the motion. The motion passed unanimously.

Tom Overton (who joined in by phone on the reconvened Board meeting on 8/13/2018) suggested that the Board may want to consider taking back all of the currently requested deed backs that fit the above criteria. The Board will formalize their requirements during the December budget meeting.

Kristy will construct a letter to be sent to all owners who have requested to deed-back their week to the Association. In addition to including 1) and 2) above, she will include options that those owners may use to rent their weeks or sell them via reputable sales companies.

Kristy updated the Board on weeks currently owned by the IOA. A report created by the previous management company listed that the IOA owned 309 two-bedroom weeks and 8 three-bedroom weeks. Upon further inspection, it was determined that some of the weeks on this list are owned by companies or individuals who are badly in arrears, but not owned by the Association. In addition, the IOA does not have clear title to many of the other weeks on the list because they were transferred incorrectly.

Kathy has been working on a very large project of determining ownership of the weeks that are on the list as owned by the Indian Peaks IOA. Confirming that the week is owned by the IOA involves doing a title search to determine that every transfer that occurred with the property was done correctly. Title searches are very time consuming. Kristy will be working to try to find a company or individual who can complete the title searches for the units on the list because it will take years to research this in-house. In the past year, Kathy has been able to research 85 of the association-owned weeks and she has been able to determine that it is likely the association has clear title to 44 of them. Deb Casaletta, who may be helping us set up a Sales Program, should be able to help us with this issue.

Kristy and Kathy updated the Board on their attendance at the Timeshare Board Members Association Conference in May. The conference was very beneficial Kristy and Kathy who

feel that they are on the “right track” to handle issues that face Indian Peaks and similar timeshare properties.

At 4:15 Deborah Casaletta presented information on a proposed Sales Program for weeks owned by the IOA and individual owners at Indian Peaks. Deb proposed that she would construct a program and train Kristy and Kathy in the office on selling timeshare weeks. Kristy is a licensed real estate broker in the state of Colorado but has had difficulty obtaining information about the paperwork, title work, etc. required to sell timeshare weeks. Deborah has vast experience in this arena. Deb proposes 8 days of training over 4 separate weeks in October and November. The cost of the program is \$7200. The Board decided to consider Ms. Casaletta’s presentation and reconvene within the next few days to approve it or not.

Kristy gave a brief update on the shuttle and ski area. A local HOA in our area tried to form a group of several HOAs to work together on the shuttle for upper Fraser. Kristy agreed to join the group, but has not heard anything since. In checking with the town, no determination had been made yet on if there would be any change to the winter shuttle routes. Kristy will continue to monitor this. At the ski area, a new express gondola is being constructed and heating is being installed on all of the main walkways.

It was suggested that the IOA should hold a vote at the General Meeting to confirm that IOA Board Members will continue to be compensated one (1) year of dues for 1 unit, per the IOA Bylaws. The COA Bylaws do not allow compensation to their Board Members.

It was suggested that the schedule for the meetings be changed so that they are held in one day, and not beginning on Friday. The Friday meeting requires that some Board Members arrive on Thursday, which is disruptive to the normal Friday – Friday arrival and departure schedule. It was suggested that in future years the Board Meeting be held on Saturday from 9-12, with a break for lunch and the General Meeting be held at 1pm on Saturday as well. The Board dinner would either be held Friday evening or Saturday evening. The exact date and schedule will be determined during the December budget meeting.

Janet Smith made the motion to adjourn at 4:52pm. The motion was seconded by Walt Steiner. The motion passed unanimously

Indian Peaks Condominium/Interval Owners Association

Reconvened Combined Board Meeting Minutes

Indian Peaks Resort Clubhouse, Fraser, Colorado; Monday, 8/13/18 at 7 pm

Board Members Present: Kevin Schneider, Janet Smith, Lee Anderson, Walt Steiner, Dani Hecker, Tom Overton, Mark Landrum (by phone).

Property Managers Present: Kristy Meyer, for Hideaway Hospitality, LLC.

Absent: None.

Kevin called the meeting to order at 7:00pm.

Janet made a motion to re-elect the current officers. Those officers are: Kevin Schneider, President; Janet Smith, Vice-President; Lee Anderson, Secretary/Treasurer. Lee Anderson seconded the motion. The motion was passed unanimously.

There was discussion regarding the Sales Program presentation made by Deborah Casaletta at the Friday Board meeting. Janet Smith restated the terms of the proposal. It is an 8-day training of two days each for 4 weeks in October and November at a total cost of \$7200. There was agreement that Deborah Casaletta is highly qualified in timeshare sales.

Kristy was asked to check references of Ms. Casaletta and verify her Colorado real estate license. Ms. Casaletta was referred to us by Erica Gauss at RCI. Walt Steiner requested that Ms. Casaletta specify the "deliverables" we will have at the end of her contracted work.

There was discussion as to who should pay for the cost of the Sales Program. There was discussion that the amount each entity paid should be in proportion to the amount of commission each entity would receive from the sale of each week.

Tom Overton moved to retain Deborah Casaletta to develop a sales program for Indian Peaks. Furthermore, he moved that an Addendum be created to specify that Meyer Mountain Realty (MMR) receive 60% as sales commission on IOA owned weeks that are sold by MMR. The IOA will receive the remaining 40%. The IOA will pay 40% of the \$7200 fee for the Sales Program, or \$2880. This decision may be revisited within the next year as the costs and time associated with administering the Sales Program become more evident. Mark Landrum seconded the motion. The motion passed unanimously.

Janet Smith made a motion to adjourn the meeting. Lee Anderson seconded the motion. The motion passed unanimously and the meeting was adjourned at 7:36.