

**GORE TRAIL AT WILDERNEST  
BOARD OF DIRECTORS MEETING  
January 24, 2004**

The Board of Directors of the Gore Trail at Wilderndest Homeowners Association met on Saturday, January 24, 2004 at the Gore Trail Clubhouse. Directors Tom Sarafin, Jim Fuller, Pat Defazio, Craig Schaefer, Howard Gueck, and Larry Strattan were present, as was owner Tom Moore. Barb Walter and Pat Rice represented Wilderndest Property Management (WPM). President Sarafin called the meeting to order at 8:37 AM.

**OVERVIEW ON STATUS OF LITIGATION**

President Sarafin briefly gave an overview of events regarding litigation, beginning with the mediation meetings in October and subsequent activities in November. The major issue slowing negotiations was tying specific defects to trades or subcontractors. Intrusive testing had occurred in January to answer these and related questions. The investigations into more specific causes had been costly, but well worth the investment as there is now more specific data related to the claim and other issues were made evident. There was a meeting with the Court in December during which certain dates were changed: the trial date was moved from April to October and the HOA had until the end of January to submit updates on claims documents, including the defect list, unit by unit list, and all expert reports.

The Board began pursuit of a loan or line of credit in November with the assistance of Tony Snyder from WPM. This was done with the hope of taking pressure off of homeowners for immediate large special assessments in order to meet current expenses and to spread the assessments over three years for repayment. WestStar Bank had extended a bridge loan of \$120,000, with the balance of the line of credit up to \$500,000 to be made available as soon as it received confirmation of an Amendment to the Declarations of the Association more specifically allowing the Board to make such commitments on behalf of the Association.

The owner present did not feel that enough information had been disseminated to owners for them to appreciate the gravity of the financial situation now facing the Association. Discussion followed regarding the presentation to be made to homeowners at the upcoming annual meeting.

**FINANCIAL REPORT**

**Balance Sheet & Income Statements** – As of the end of December 2003, assets totaled \$356,085.50, but a substantial portion of this figure, \$257,864.31, was due to liabilities against the Department 3, Special Reserves. Offsetting liabilities against total assets, the net equity for the three accounts, Operating, Reserves, and Special Reserves was \$37,154.80, \$7,640.87, and a negative \$228,917.97, respectively. While the income statement showed a net profit in operating of \$7,251.37, or over \$10,000 better than the budgeted loss of \$3,716.75, this did not include the fees related to amending the Declarations.

The Board considered a proposal presented by Treasurer Gueck regarding the outstanding bills in Department 3 and projected costs related to construction defects, which included strategies for payment and possible assessments. Mr. Schaefer and Mr. Gueck will contact Ms. Rodgers regarding repayment of legal fees. Further discussion was tabled until later in the meeting.

The Board expressed concerns about the format of the financial report and the errors, although corrected, which continued to appear. Mr. Gueck and Ms. Rice will work with the Accounting Department to amend the reporting format.

**Delinquency Report** - Regarding the delinquency report, two units were still significantly in arrears and had made requests to make \$500.00 / month payments. Concerns were raised that this amount would be insufficient in light of the new special assessments being considered.

**Resolution: Upon motion made and duly seconded, the Board unanimously moved to send legal notice that unless payment was made in full within thirty days, foreclosure proceedings would begin as per the Collection Policy of the Association.**

Ms. Defazio will contact the Board's HOA attorney, Jeanne Toro, to pursue these matters and ask about other legal options regarding collections of past due assessments.

#### **BUDGET PROPOSAL**

The budget proposal presented to the Board projected a \$12,476.48 loss in the operating account for the coming fiscal year. The Board reviewed each line item allocation on the budget proposal making some adjustments. Rather than increase dues to offset the projected loss, the Board concurred on adjusting the allocations of the current dues amounts, reducing the allocation to reserves and increasing the allocation to operating enough to offset the loss. The basic rationale was that the status and scheduling of capital repairs and monies for reserves would need to be reassessed following resolution of the construction defect litigation, and owners should not be burdened with an increase in dues and continuing special assessments at the same time.

Mr. Fuller requested the record reflect his opinion that upon receipt of settlement monies, reserve account deficiencies should be addressed as a priority.

**Resolution: Upon motion made by Mr. Strattan, seconded by Ms. Defazio, and unanimously carried, the budget proposal was approved as amended (i.e. dues will remain the same, but will be reallocated between operating and reserves).**

The meeting recessed briefly for lunch, reconvening at 12:00 p.m.

#### **PROPERTY ISSUES**

**Leak in Heating System Building 2** – There have been problems during January with frozen heating pipes and heat outages in Building 2. The problem stems from the slow leaks in the system previously identified as a construction defect. As a result of the slow leaks, the glycol drained from the system and some of the non-insulated pipes in the dining alcoves (also a construction defect) froze. President Sarafin had authorized hiring American Leak Detection to help locate the problem so that repairs could be made before re-charging the system with glycol. There was consensus from the Board to effect repairs based on their findings.

**Reported Theft in Unit 5B4** – There was a reported theft of jewelry valued at \$350.00 from Unit 5B4 during the repairs phase of the intrusive testing. The matter had been investigated, and while not accepting blame, Reconstruction Experts had agreed to pay the homeowner the amount of the claim.

During discussion, the Board voiced concerns that units were left open during the testing or that an owner had been asked to leave her unit open. In the future, the Board would prefer the construction company sign for and be given a key so that units could be locked whenever workmen left a unit. They also stressed that during future site work or repairs, homeowners should be cautioned not to leave items easily picked up by workmen. They should also never leave a unit open to allow intermittent access, for it would then be considered that the owner had taken responsibility for their unit and possessions. All workman on site would be bonded and have access when needed.

**Light at Entrance** – The light was scheduled for replacement in the spring.

**Heat Tape in Hot Tub Chases** – WPM should investigate advisability and cost of putting thermostat controls on the heat tape in the hot tub chases and report back to the Board.

#### **AMENDMENT TO DECLARATIONS**

More than two-thirds of owners and units have responded approving the amendment. The total received to date should be sent to Ms. Toro for confirmation of proper signatures and notarization.

**FINANCIAL MATTERS (continued)**

**Invoice for Legal Services** – An invoice had been received from Powers Phillips for services. The specifics of the invoice will be investigated prior to payment.

**Board Policy re Payment of Bills** – The Board concurred that all invoices other than normal monthly billings for operating expenses should be forwarded to Treasurer Howard Gueck who was hereby authorized to approve payment. Mr. Gueck would bring to the Board's attention any billings he questioned.

**Legal Costs** – Mr. Gueck and Mr. Fuller will contact Attorney Carrie Rodgers for a report on anticipated future legal expenses for both cost control and planning purposes.

**Current Accounts Payable** – The Board concurred that anything that is 45 days from the invoice date or older and \$2000 or less should be paid. The invoice from McLaughlin Water Engineers for \$14,199.00 and Mr. Storako's invoices to date were also approved for payment.

Mr. Schaefer left the meeting at this juncture.

**Intrusive Testing**

The remainder of the meeting was spent in lengthy discussion regarding the observations made during the intrusive testing the week of January 12, 2004. It was noted that water penetration into the buildings had been confirmed and that the testing had been valuable in determining more specific causes for certain defects. More troubling was the report that additional issues had been observed, including roofing, ventilation, weatherproofing, and mold issues within the building envelopes. Preliminary discussions with experts indicated these issues were quite serious and would be costly to repair. Updated expert reports were currently being prepared and would be available after the first week of February.

**NEXT MEETING** – The next meeting was scheduled for Wednesday, February 18, 2004 in Denver, pending availability of the Wolf & Slatkin office space.

**ADJOURNMENT**

The meeting adjourned at 2:57 p.m.