

Silverado II Homeowners Association
Board of Directors Meeting
Minutes - September 13, 2008

The meeting was called to order at 9:01 am.

Board Members in Attendance

Matt Scurry, chair
Greg Byrd
Diana Catanzarite
Hank Heurman

Tom Duke (excused due to employment reason)

Approval of Meeting Minutes

Greg motioned to approve the minutes from June 21, 2008, a draft of which has been posted on the website for several weeks. Diana seconded the motion, and the board unanimously approved it.

PBX phone system

Silverado II chose to remove the old PBX phone system years ago before the complex had high-speed internet service because guests dialing up interfered with the system. Now, owners have private telephones (for which they pay approximately \$35 per month), and the timeshare phones cost the HOA about \$800 per month. Now that the complex has wireless, high-speed internet service, management recommends going back to a PBX system. The new system would cost \$7,000 - \$9,000 installed. Three or four lines would be sufficient for the front desk. The owners would have the option of having their own phone lines or not. It would cost about \$100-\$150 per unit, which would be a one-time fee. There would be a one-year pay back or shorter. The HOA would have to put the money upfront, but it would come back quickly in savings. Phones in the rooms may have to be upgraded. Diana made a motion to approve going forward with the PBX. Matt seconded the motion, and the board unanimously approved it.

Loan

The current loan on the flat roofs is currently about \$139,000. Jaye Thompson, from Colorado Community Bank, spoke about some issues associated with our current loan. He was not trying to sell services, but he offered some suggestions and recommendations. The current loan was a line of credit for \$330,000. Silverado only drew a certain dollar amount, and now the HOA is paying down because the draw period expired. The loan will mature in June 2009 with a balloon. The HOA would have to pay \$11,000 per month to pay it off by that date. It has an 8% fixed rate (which is currently high). The collateral is dues and assessments, and the bank has rights to dues and assessments. The board was thinking of reducing it somehow, so Jaye presented two scenarios - \$139,000 and \$100,000. His recommendation is to not pay the loan longer than three years.

3 years (\$139,000) 7.5% - \$4,300 per month (\$16,000 in interest)

3 years (\$100,000) 7.5% - \$3,100 per month (\$12,000 in interest)

3 years (\$139,000) 6.75% - \$4,270 per month (\$15,000 in interest)

3 years (\$100,000) 6 ¾ - \$3,000 per month (\$11,000 in interest)

There would be a one-time fee of \$500 and a filing fee with county/state of \$25.

Jaye also recommended having a line of credit in case anything comes up (\$50,000-\$100,000). The fee would be .25 to .50 of one percent of the line amount per annum. So, a line of available credit of \$100,000 would yield a fee of \$500 per year, but everything is negotiable. Most institutions charge 1 percent for business accounts, so this would be a good rate. There are no penalties for pay-off or principal reduction.

He recommends not using short-term money to pay off long-term debt. The board previously approved \$35,000 to go toward the loan. Even though the HOA had been putting (\$208.32 X 12) toward the loan, the money had been going to the Silverado Homeowners Operating (SHO) account, instead of paying off the loan. There was a \$54,098 special assessment to timeshares, and now the HOA is about \$10,000 short to pay off the loan by the target date. It is likely because a few people took out the loan originally, but paid it down early, and the money did not get applied toward the loan. The board will make a decision about what to do at the next meeting.

Locks

The locks that most homeowners have are the original locks that are 30 years old. They are keyed and there are security concerns. The rooms are no longer on a master system. The timeshare locks are not a good fit for what to do on the full owner units. The board is considering deadbolt entry locksets. There can be codes for a night and codes for the owners. This eliminates the problem of people not turning in keys. Labor for installation would not be very expensive because they would go into existing door holes. This would only replace key locks of whole owner doors, not the timeshares. The only way to get out of the current timeshare lock system is to replace the entire door of each unit.

The fire department wants one master key. The policy has always been that the master key be available for every lock. Hank said that the board has a responsibility and the authority to require that access. Diana said for the safety of everyone, getting into units quickly is necessary because not being able to may affect everyone.

The board is tabling this issue for next meeting.

Delinquency

Most whole owners are paying and up-to-date. One owner had been through collections this past January, and now he is not paying again. He is renting the condo on VRBO on his own. He purchased after the assessment so he is not on the assessment schedule, and he has had the unit for about a year. Diana moves that we turn him over to collections. Greg seconded the motion. The board unanimously approved the measure.

Granite Countertops

The consideration is to install granite countertops in the common areas (bathroom countertops). It would cost about \$887 x 2 for one set of bathrooms and \$714x2 for the other set of two (about \$3,000 total). The common bathrooms are independent of the timeshare upgrades. Diana moved to approve the motion. Greg seconded. The board unanimously approved the measure.

Carpet in Front of Elevators

There is a need to replace the carpet from the ballroom to the double-doors in the buildings, but matching is a bit challenging. The space is about 106 yards. Brad showed the sample that uses a double glue down installation with a 10-year guarantee. The goal was to have it done before the meeting, but the original quote was \$3,300, but now it is over \$4,000. As a result, Brad halted the project until he could approach the board again. The manufacturer of the old ballroom carpet can recreate the old carpet, but it will not be perfect. The quote will be about \$4,000. Greg motioned to approve up to \$5,000 for the carpet replacement. Diana seconded it, and the board unanimously approved it.

Budget

There is plenty of money to add to the Silverado Homeowners Reserve (SHR) to protect against further special assessments (\$50,000). The HOA has this money as a direct result of the transition. Diana made a motion to move the \$50,000 from the operating budget to the reserves. Hank seconded it. The board unanimously approved the motion.

Matt moved to adjourn the meeting, Diana seconded it. The board unanimously adjourned at 10:15 am.

The next board meeting will be **Sunday, September 14, 2008.**

Minutes prepared by Demarée Michelau, revised by Greg Byrd