

MountainSide Condominium Association, Inc.

Board of Directors Meeting

October 9, 2019

A regular meeting of MountainSide Condominium Association, Inc., was held on October 9, 2019, at Hyatt Place Park City, 4377 North Highway 224 N, Park City, Utah 84098.

Present from the Board of Directors were: Keven Rowe, President; Roger Taylor, Vice President; Philip Bateman, Treasurer; Jim Phillips, Secretary and Fran Sutton, Director

Present from Marriott Vacation Club® International, representing the Management Company, were: Tanner Newton, General Manager; Tom McCormack, Regional Director Resort Operations Americas, West; Amy Osborn, Director of Rooms; Ruben Casillas, Director of Engineering; Brandon Weilenmann, Director of Finance; Jacob Hayward, Assistant Controller; Dave Fugett, Senior Director Asset Management and Sidney Saucedo, Executive Assistant

Guests present were: Jillian Van Dresser, Van Dresser Company and Chris Van Ruiten, Comerica Securities, Inc.

CALL TO ORDER

The meeting was called to order by Keven Rowe, President, at 9:01 a.m., Mountain time.

ESTABLISHMENT OF QUORUM

Mr. Rowe announced with all Board Members present, quorum was met.

APPOINTMENT OF RECORDING SECRETARY

Mr. Rowe appointed Sidney Saucedo to serve as Recording Secretary.

PROOF OF NOTICE OF BOARD OF DIRECTORS MEETING

Notice of Board Meeting was emailed on September 25, 2019 to all Board Members, as required by the Association bylaws.

APPROVAL OF AGENDA

A motion was made by Roger Taylor to approve the Agenda as presented. The motion was seconded by Jim Phillips and unanimously carried.

APPROVAL OF BOARD OF DIRECTORS MEETING MINUTES

A motion was made by Jim Phillips to waive the reading of the June 19, 2019 Board Meeting Minutes and approve as presented. The motion was seconded by Philip Bateman and unanimously carried.

A motion was made by Jim Phillips to waive the reading of the June 27, 2019 Nominating Committee Meeting Minutes and approve as presented. The motion was seconded by Philip Bateman and unanimously carried.

FINANCIALS

Investments

Chris Van Ruiten presented an investment update.

A motion was made by Roger Taylor to continue the current Investment Policy for MountainSide Condominium Association, Inc., with Comerica Securities, Inc., for 2020. The motion was seconded by Jim Phillips and unanimously carried.

A motion was made by Philip Bateman to engage RSM to conduct the 2019 Financial Audit for MountainSide Condominium Association, Inc. The motion was seconded by Fran Sutton and unanimously carried.

A motion was made by Jim Phillips to allow the Board Treasurer of MountainSide Condominium Association, Inc., to accept the 2019 Audited Financials on behalf of the Board of Directors. The motion was seconded by Fran Sutton and unanimously carried.

FINANCIALS

2019 Current Financials and Year-End Forecast

Brandon Weilenmann and Jacob Hayward reviewed 2019 current financials and year-end forecast. Highlights included:

- Water usage increased significantly in July and August due to a broken actuator valve which was repaired
- Gas increased 12% in 2019 and 14% year over year due to colder temperatures and increased snowfall
- An overage in electricity is due to a warmer summer and colder winter
- Operating Fund is expected to end the year under budget

Accounts Receivables

Mr. Hayward reviewed accounts receivables. Highlights include:

- Outstanding receivables were 1.1% in 2018
- As of August 2019, current outstanding receivables were 1.2%, compared to 2.0% in 2018
- Over the past nine years, outstanding receivables continue to decrease
- The majority of outstanding receivables are attributed to silver season weeks

ACTION ITEMS

Refurbishment

Dave Fugett and Jillian Van Dresser presented the 2020 Renovation design overview. Highlights included:

- The Board discussed the leather backing on the dining room chairs
- The Board requested additional power outlets
- The Board requested to remove the pillows on the living room chairs and add an extra red pillow to the couch
- The Board requested the two living room cubes remain as-is and not replace with a coffee table

Breakroom Refresh

Tanner Newton presented an update on the breakroom project. Highlights included:

- Designs were presented
- The Board expressed interest and requested bids for the project

RESERVES

2019 Reserves

Mr. Newton reviewed 2019 Reserve Projects. Highlights included:

- Installed Hardi boards
- Replaced automatic doors
- Replaced trash chute doors
- Replaced parking shuttle
- Replaced grills
- Spa area rock refresh
- Repaired spa leaks
- Replaced spa pump

A motion was made by Fran Sutton to approve \$6,632 from MountainSide Condominium Association, Inc., 2019 Reserve Fund for the replacement of the spa pump. The motion was seconded by Jim Phillips and unanimously carried.

A motion was made by Jim Phillips to approve an additional \$4,617 from MountainSide Condominium Association, Inc., 2019 Reserve Fund to paint, stain and seal the building exterior Hardi panel, bringing the total cost of the project to \$231,917. The motion was seconded by Roger Taylor and unanimously carried.

2020 Proposed Reserves

Mr. Newton reviewed 2020 proposed Reserves. Highlights included:

- Replace boiler - \$736,376.
- The Board requested temperature display system in hot tubs
- The Board requested the pool deck and front entrance area be repaired
- The total proposed 2020 Reserves are \$1,303,738

A motion was made by Jim Phillips to approve \$1,303,738 from MountainSide Condominium Association, Inc., 2020 Reserves, including each project and item thereof, as presented and attached to the minutes of record. The motion was seconded by Roger Taylor and unanimously carried.

A motion was made by Roger Taylor to authorize Keven Rowe to select Association counsel to provide legal guidance on repairs to the pool deck and front entrance area. The motion was seconded by Philip Bateman and unanimously carried.

RESORT OPERATIONS REPORT

Amy Osborn presented a review of resort operations. Highlights included:

- Resort experience activities were reviewed
- Kings Crown development was discussed
- New Vail parking development by the PEG Company was discussed
- Associate turnover was reviewed

PROPOSED 2020 BUDGET AND MAINTENANCE FEE

Mr. Weilenmann presented the proposed 2020 Budget and Maintenance Fee. The budget includes a 3.9% or \$53.97 increase. Highlights included:

- Reserves increased 5% or \$26.58 to provide sufficient funding for future projects
- Total wages and benefits increased 2.8% or \$14.37 due to the minimum wage increase and partially offset by decreased hours and turnover
- Gas increased 20% due to increased usage and a slight increase in rates
- Investment income increased 143% due to higher rates and less liquid cash available

A motion was made by Jim Phillips to approve the 2020 MountainSide Condominium Association, Inc., annual maintenance fee budget, as presented by Brandon Weilenmann, in the total amount of \$13,353,003, including each line item of such budget, and move to direct the Secretary of the Association to include such budget in the records of the Association as Exhibit A and attach to the minutes of record, which budget included total Operation Fees of \$9,563,891 and Reserve Fees of \$3,971,112. It was further moved to approve the billing by MountainSide Condominium Association, Inc., of each Owner for the following amount owed to MountainSide Condominium Association, Inc.: \$1,454.15 for each Owner of a 2-bedroom unit. The motion was seconded by Roger Taylor and unanimously carried.

NEW BUSINESS

Announcement of Next Meeting Dates

Board Meeting - May 6, 2020

Board and Annual Meetings - October 14, 2020

Volunteer Forms

A motion was made by Fran Sutton to direct the Management Company to use the following customized questions on the online volunteer form beginning in 2020. Customized question 1 “What motivated you to volunteer to serve?” Customized question 2 “Please share your professional background that may assist in managing the Association.” Customized question 3 “Have you served on a Board of Directors before? If so, what type of Board?” Customized question 4 “How have you used your MountainSide week(s) for the last 5 years (occupied, rented, exchanged, traded for points)?” The motion was seconded by Philip Bateman and unanimously carried.

ADJOURNMENT

There being no further business to come before the Board, a motion was made by Philip Bateman to adjourn the meeting at 11:55 a.m. The motion was seconded by Jim Philips and unanimously carried.

Submitted by:

Approved by:

Sidney Saucedo Date
Recording Secretary

Keven Rowe Date
President

These minutes are subject to approval at the next Board of Directors Meeting

MountainSide Condominium Association, Inc.

Organizational Meeting

October 9, 2019

An Organizational Meeting of MountainSide Condominium Association, Inc., was held on October 9, 2019, at Hyatt Place Park City, 4377 North Highway 224 N, Park City, Utah 84098.

Present from the Board of Directors were: Philip Bateman, Jim Phillips, Keven Rowe, Fran Sutton and Roger Taylor

Present from Marriott Vacation Club® International, representing the Management Company, were: Tanner Newton, General Manager and Sidney Saucedo-Matthews, Executive Assistant

CALL TO ORDER

Keven Rowe called the meeting to order 2:30 p.m., Mountain time.

ESTABLISHMENT OF QUORUM

With all Board Members present, quorum was established.

APPOINTMENT OF RECORDING SECRETARY

Mr. Rowe appointed Sidney Saucedo to serve as Recording Secretary.

ELECTION OF OFFICERS

A motion was made by Phil Bateman to elect Keven Rowe as President, Roger Taylor as Vice President, Philip Bateman as Treasurer and Jim Phillips as Secretary. The motion was seconded by Fran Sutton and unanimously carried.

ADJOURNMENT

A motion was made by Roger Taylor to adjourn the meeting at 2:35 p.m. The motion was seconded by Jim Phillips and unanimously carried.

Submitted by:

Approved by:

Sidney Saucedo-Matthews Date
Recording Secretary

Keven Rowe Date
President

These minutes are subject to approval at the next Board of Directors Meeting

Mountainside Condominium Association Inc.

Reserves

2020 Approved Projects

<u>Project #</u>	<u>Approved Expenses</u>	<u>Approved Amount</u>
1	Activities Movie Theater-Electronics	6,232
2	Attic Stock-Villa Interior	25,284
3	Resort Boiler Project	736,376
4	Building Automation System	195,792
5	Lighted Exit Sign	48,642
6	Lighting-Elevator Landing Surface Fixture	5,869
7	Parking Restripe	3,826
8	Plumbing-General Funding	22,725
9	Pool-Actuator Valves Pool/Spa	7,029
10	Pool-Deck Furniture	64,050
11	Refurbishment	187,913

Total Expenses

1,303,738

MOUNTAINSIDE CONDOMINIUM ASSOCIATION, INC.

2020 Estimated Budget

For The Period Beginning January 1, 2020 And Ending December 31, 2020

	2019 BUDGETED EXPENSES 9,282 UNIT WEEKS (PER UNIT WEEK)	2020 APPROVED BUDGET 9,282 UNIT WEEKS (PER UNIT WEEK)	2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE)		2020 APPROVED BUDGET TOTAL \$	SPECIAL RESIDENTIAL UNIT \$
			\$	%		

Revenue						
Maintenance Fee	1,400.18	1,454.15	53.97	3.9%	13,535,003	37,479
Bank/Investment Interest	5.53	13.47	7.94	143.6%	125,069	0
Late Fees	4.21	3.81	(0.40)	(9.5%)	35,336	0
Maintenance Fee Interest Income	7.14	6.13	(1.01)	(14.1%)	56,929	0
Miscellaneous Income	7.15	7.11	(0.04)	(0.6%)	66,017	0
Total Maintenance Fee Revenue	1,424.21	1,484.67	60.46	4.2%	13,818,354	37,479

Expenses						
Accounting	27.43	25.71	(1.72)	(6.3%)	238,914	302
Activities	48.33	50.29	1.96	4.1%	466,822	0
Administration	52.06	50.69	(1.37)	(2.6%)	471,140	596
Audit Fee	1.19	1.12	(0.07)	(5.9%)	10,530	133
Bad Debt Expense	5.84	6.01	0.17	2.9%	55,788	0
Billing and Collections	9.86	10.13	0.27	2.7%	94,068	0
Board of Directors	0.92	0.95	0.03	3.3%	8,890	112
Cable Television	6.09	6.42	0.33	5.4%	59,613	0
Contingency	0.00	0.00	0.00	0.0%	0	0
Credit Card Fee	20.72	20.48	(0.24)	(1.2%)	190,121	0
Electricity	28.56	30.14	1.58	5.5%	280,818	1,030
Front Desk	116.87	120.79	3.92	3.4%	1,121,182	0
Gas	16.72	20.13	3.41	20.4%	189,275	2,395
High Speed Internet	5.54	5.96	0.42	7.6%	56,040	709
Housekeeping ³	206.43	212.05	5.62	2.7%	1,968,956	747
Human Resources	7.60	7.60	0.00	0.0%	70,650	89
Income Tax	4.69	7.62	2.93	62.5%	70,702	0
Insurance	16.06	19.35	3.29	20.5%	181,597	2,017
Landscape / Grounds	9.89	9.13	(0.76)	(7.7%)	85,817	1,086
Legal	0.54	0.54	0.00	0.0%	5,000	0
Loss Prevention / Security	35.67	36.55	0.88	2.5%	343,621	4,347
Maintenance	118.08	122.33	4.25	3.6%	1,136,993	1,536
Management Fee	127.10	132.00	4.90	3.9%	1,230,455	5,201
Owner Services ²	44.89	46.24	1.35	3.0%	429,169	0
Pest Control	0.97	1.00	0.03	3.1%	9,392	119
Pool Maintenance	3.87	3.97	0.10	2.6%	37,359	473
Postage and Printing	3.56	3.63	0.07	2.0%	34,117	432
Property Taxes	59.86	61.95	2.09	3.5%	575,750	735
Refuse Collection	1.29	1.37	0.08	6.2%	12,912	163
Telephone	4.69	5.18	0.49	10.4%	48,731	617
Transportation / Garage / Parking	5.09	5.30	0.21	4.1%	49,856	631
Water and Sewer	31.21	33.29	2.08	6.7%	312,964	3,959
Operating Fee	1,021.62	1,057.92	36.30	3.6%	9,847,242	27,430

Reserve Fee ¹	402.59	426.75	24.16	6.0%	3,971,112	10,049
Operating and Reserve Fee	1,424.21	1,484.67	60.46	4.2%	13,818,354	37,479

Total Maintenance Fee	1,400.18	1,454.15	53.97	3.9%	13,535,003	37,479
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MOUNTAINSIDE CONDOMINIUM ASSOCIATION, INC.
2020 Estimated Budget Notes
For The Period Beginning January 1, 2020 And Ending December 31, 2020

Notes to the 2020 Estimated Operating Budget

1) The Bylaws for MountainSide Condominium Association, Inc. require the Management Committee to disseminate to the member a budget including the amount of the total cash reserve currently available, estimated replacement costs and the methods and procedures for funding reserves pursuant to Section 8.2.3, 8.2.4 and 8.2.5 of the Bylaws, respectively. Planned replacement reserves are the moneys that the Management Committee has identified to be used to defray the future repair or replacement of, or additions to, those major components that the association is obligated to maintain.

The itemized estimate of the remaining life and estimated replacement of the major components are listed below:

Components	Estimated Useful Life In Yrs	Estimated Replacement Cost	Estimated Remaining Useful Years	Anticipated Beginning Fund Balance As Of January 1, 2020	Contribution For 2020	% Of Fund Balance Over Replacement Costs	Age In Years As Of January 1, 2020	Year To Replace
Roof Replacement	20	\$1,504,991	3	\$969,161	\$131,818	64.40%	17	2022
Furniture and Fixtures	8	\$22,396,740	6	\$6,591,283	\$1,944,131	29.43%	2	2025
Building Painting	8	\$593,086	4	\$209,034	\$70,860	35.25%	4	2023
External Building Maintenance	14	\$19,543,618	11	\$2,990,193	\$1,110,618	15.30%	3	2030
Common Area Rehabilitation	10	\$7,573,076	6	\$1,770,938	\$713,685	23.38%	4	2025
TOTAL		\$51,611,511		\$12,530,609	\$3,971,112			

The association computes the estimated replacement reserves using procedures chosen by the Resort Management Committee, as follows:

The cash flow method is being used, which is based on a minimal twenty-year projection of the association's future income and expenses to fund fully its replacement reserves requirements each year during that twenty-year period. The cash flow method requires the association to assess and collect from its owners to fully fund 100% of the estimated replacement reserves, in order to establish a full replacement reserve for the association by the end of each budget year.

The remaining life of a component can be estimated by subtracting the current age of component from the useful life of such component. Each year, the Management Committee may adjust the amount of the estimated replacement reserve for an asset based on reasonable projections for inflation and for interest earned during the estimated useful life of the asset.

The Management Committee has determined that no special assessment will be required this year for either the maintenance or repair of any major component of the Resort or the funding of additional reserves other than those included in the budget.

2) The Marriott Resorts Hospitality Corporation ("MRHC") has been delegated the authority to provide all services incidental to the management of the Condominium, including Owner Services and all property operations. In connection with the performance of those services, all operating expenses will be charged to and paid by the Association to MRHC, including some that may be incurred through affiliates of MRHC. Certain of the operating expenses charged to and paid by the Association to MRHC may reflect economies of scale associated with the number of projects managed by MRHC and the affiliated relationship between MRHC and the developer. The amounts charged for such operating expenses may reflect pricing that is lower than what equivalent services would cost if charged on an independent case-by-case basis.

3) Certain operating expenses are presented in the budget net of funds estimated to be reimbursed to the Association in 2020, including but not limited to: (i) funds received from MVC Trust Owners Association, Inc. and MVC Exchange Company to account for housekeeping expenses necessitated by nightly use of accommodations by MVC Trust members and Marriott Vacation Club Destinations Exchange Program members, and (ii) fees paid to the Association by transient guests who voluntarily elect to receive a daily room cleaning.

Capitalized terms not defined in these footnotes have the meaning given to them in the Mountainside Condominium Association, Program Declaration of Covenants, Conditions and Restrictions.