

Dear Snowbridge Homeowners,

By now, you've received notice of the annual homeowners meeting scheduled for January 26, 2019. Included is a proposal by the commercial owner and board member, Harry Mosgrove of Harmsen and Dunn Investments, LLC (HDI), to amend the HOA's "Declaration of Covenants, Conditions and Restrictions" (See link below). He has proposed to increase dues for some of the eight employee deed restricted condos (these are in a separate section of the building on the NW section of the complex, above the old Salsa Mountain Cantina restaurant). These condos are all small two-bedroom units, approximately 630 square feet each.

For the reasons I discuss below, I request that you vote against this amendment to our Declarations by not sending in your proxy until all of the homeowners are given ample time and information to come to a fully informed opinion. This will leave the dues structure as is, and give us time to come up with a more equitable solution that keeps employee condos affordable for Copper's hard working employees.

Please feel free to contact me if you have any questions about this.

Sincerely,
Claire Carren
Snowbridge Square BOD Secretary
Employee condo representative
970-232-5749

Background on POLA and HDI's amendment

POLA (Property Owners and Lessee's Association) is the entity that determines whether the individuals residing in Copper Mountain deed restricted employee units are qualified to live in them. POLA surveys the occupants of all of the Copper Mountain employee units once every year to insure compliance. Anyone can own an employee unit, but only those employees qualified by POLA are permitted to live in them. The proposed HDI amendment would impose additional restrictions (beyond those enforced by POLA) on Snowbridge resident employees and would increase the dues if found to be non-compliant with these new restrictions. **These restrictions will decrease the resale value of the employee units (harder to find year-round, full-time employees to lease these units to) and increase rental prices charged to employees who do not have full-time year-round employment at Copper, i.e., full-time winter or summer only employees.**

Effects of Proposal

Currently, all employee unit owners pay lower dues per square foot than the residential and commercial units. **This makes them more affordable for employees, most of who are low paid and cannot afford the increasing housing prices in Summit County.**

As the employee condo representative, I feel that this proposal is wholly unfair to employee condo owners. This proposal is essentially a redistribution of money from the employee membership class to the residential and commercial membership classes. It will not increase the total budget and **will not make employee condos more affordable for local workers.**

Financial Ramifications

First, it is highly likely that if employee unit owners have to pay higher dues, then rental rates will also be increased in order to recoup losses.

It has been asserted that the current distribution of dues creates an unfair burden to the Association; however, increasing the dues for some of the employee units will NOT increase the total annual budget that the Association collects via dues. The budget is a set annual amount. Shares of dues are based on percentages of this amount. If it is deemed that it is necessary to increase the annual budget, then an across the board increase in dues should be instituted as has been done in past years, rather than targeting only the employee membership class.

More Financial Ramifications

First, you need to understand that each year, the board sets the yearly budget for our building. Based on this total amount, dues are then calculated for each condo and commercial unit based on the square footage of each of them (See Table below). Per our Declarations, Employee deed restricted condos currently pay \$7.223/ sq ft/year, and Residential and Commercial pay \$8.6344 sq. ft/year. This method of calculating dues for the employee condos has been in effect since our building was built in 1973. As stated previously, it is a way to help make them more affordable. Some condos at Copper don't charge employee condos any dues at all, and some charge the same as the rest of the condos—there's a wide range.

Depending on how much employee condo dues will increase due to this Declaration Amendment, residential and commercial unit dues will decrease proportionately in order to maintain the budget. The increased dues collected from employee condo owners WILL NOT increase the total budget. My calculations, based on our 2018 budget (\$425,347 total) shows that the increase in dues for "non-compliant" employee condos will be about \$75/month/ condo or \$900/year/condo. This is a significant amount for low paid employees. Depending on how many employee units do or don't qualify for the current dues reduction, the maximum dues decrease for residential units will be about \$10.50/month (\$126/year) and the decrease for the Commercial will be about \$190/month (\$2278/ year). This change in how employee dues are calculated is revenue neutral. It is essentially taking from one class of owners to give to the other. From the above numbers, you can see that the commercial units benefit the most from this transfer of wealth.

This WILL NOT help increase the budget so we can afford all the projects our building requires to help maintain and improve the building. The only way to do this is to increase our total budget and subsequently increase everyone's dues. Depending on the year, the board has voted to increase dues between 3 and 9%. We have not had an increase in several years.

Possible Underlying Reasons

As both summer and winter business has increased, the demands for long-term employee housing have also increased. It is also public knowledge that HDI will be converting part of their commercial space into four long-term residential units. It is possible that the conjunction of these events is an underlying reason for the proposed change to the distribution of monthly dues. This redistribution might then help HDI to compete for long-term rentals.

Current Undertakings

I am currently in the process of consulting with a lawyer to help better understand the legal and financial ramifications of HDI's proposal. I have requested to the board that the employee condo owners be given the opportunity to discuss this proposal at the annual meeting and postpone the vote until all interested parties have had a chance to review the impacts of this proposal. The other members of the board have declined to do so at this time.

Conclusions

It has been proposed that redistributing monthly dues will increase affordability and availability of housing for employees. However, as has been demonstrated above this will likely not be the outcome. The main consequence of this amendment will be to drastically increase the monthly cost to employee unit owners while only decreasing the residential and commercial unit's monthly dues by a pittance.

This amendment will also require policing on the part of the Snowbridge Board to determine who does or doesn't qualify for reduced dues. It will add an additional burden on both the board and the employee owners.

In addition, many employee units have year or more long leases. If this amendment should pass, it should not be implemented until all leases are finished and owners have time to change their rental rates in order to recoup their losses.

Finally, our Declarations are the equivalent of the U.S. Constitution for our HOA and one should be very careful about amending such an important document without careful review, analysis and discussion.

So I implore you to at least come to our annual meeting so this can be discussed by all affected by this change and NOT send in your proxy at this time. If you have already sent it in and change your mind, you can withdraw it.

Unit Classification (number of units)	Square Footage	% of Total Square Footage	Current Monthly Dues	Dues/ Square Foot
Residential (10)	1110	2.21	\$799	\$8.6344
Residential (8)	1514	3.02	\$1089	\$8.6344
Employee (3)	633	1.26	\$381	\$7.223
Employee (4)	665	1.34	\$400	\$7.223
Commercial	21,708	43.34	\$15,620	\$8.6344

Links to relevant documents

1. Declaration of Covenants, Conditions and Restrictions:

<http://www.snowbridgesquare.com/Association%20Documents/AmendedandRestatedDeclaration.pdf>