

**Snowbridge Square Homeowner's Association
Annual Meeting Minutes
Saturday, January 26, 2019**

John Thompson, President, called the meeting to order at 4:10pm at A-Lift Pizza.

1. Introduction of Board members and persons in attendance

John Thompson, President, Unit #103 (Residential representative)
Jon Faue, Treasurer, Unit #105 (Residential representative)
Claire Carren, Secretary, Unit #210 (Employee representative)
Harry Mosgrove, Commercial Units (Commercial space representative)

Board members absent: (other than board member homeowners)

Bob Harmsen (proxy to Harry Mosgrove)

Homeowners Present:

Brian Schwartz, Unit #101
John & Arlene Tommasini, Unit #102
Suzanne Thompson, Unit #103
Bruce and Diane Weid, Unit #107
Jason McMullen, Unit #110
Adam Bishop, Unit #204
Kendall Holloway, Unit #205
Vikas & Amber Khanna, Unit #206
Tim Hoops, Unit #207
Skip & Jennifer Eisenlau, Unit #208
Dave Neff, Unit #210
Jack & Kathrine Keltz, Unit #212
Stan Struosso, Unit #304

Homeowner's Absent:

Dan & Peggy Tomcheck, Unit #104 (Proxy received)
Forrest S. Adair, Unit #106
Heather Hopkins, Unit #108 (Proxy received)
James Farquhar, Unit #109
Stepan and Yelena Sevoyan, Unit #111
Nathan Schmidgall & Brooke McBride, Unit #112
Paul Mulae, Units #201 & 202 (Proxies received)
George Constantinopoulos, Unit #203
Janusz & Mary A. Kokot, Unit #209 (Proxy received)
Erich Vogt, Trustee, Unit #305 (Proxy received)

Guests Present:

Nate Smith, Avalanche Property Management (Current Building Manager)
Mike Kurth, Bookkeeper for the Association
Cathi Long, Recording Secretary

2. Establish Quorum

Bookkeeper Mike Kurth reported that a quorum (25% of each category) was established with fifteen (15) residential units, including proxies, three (3) employee units, including proxies, and one (1) commercial representative, plus one proxy.

3. Review and Approval of 2018 Board Meeting Minutes

John Thompson reminded those present that the January 20, 2018 Annual Meeting Minutes were part of the documents distributed to the membership prior to today's meeting. John called for discussion of the minutes. With no discussion, Harry Mosgrove made a motion to approve the 2018 Minutes as presented. Skip Eisenlau seconded the motion. The minutes were approved.

4. President's Report

John Thompson distributed his 2018 President's Report. He stated that he was proud of the past year's accomplishments and offered the following overview of the tasks.

- 1) Garage drainage and subsequent water back-up is now improved. Bids were received but not accepted. Nate executed and completed the digging. He cleaned out the drains and inserted gravel. In the process he discovered a water/dirt separator and called in PSI to pump it out. John noted that Nate saved the HOA a lot of money. Moving forward the separator should be cleaned every 2-3 years.
- 2) The 3' wide x 6" deep x 40' long concrete trench constructed in front of the garage door, to divert water from the west side of the parking lot from going into garage, is working well.
- 3) Wood sealer was applied to all wooden walkways.
- 4) Nate replaced the personal deck wooden railing tops with a "Trex" type product.
- 5) The majority of the walkway handrails were sanded and painted.
- 6) American Safety anti-skid material has been applied to the West and Chapel Lot stairwells.
- 7) Several hot tub parts had to be replaced to bring the hot tub into compliance with the updated sand filter state health code standards at the cost of \$6,000.
- 8) The wooden bench outside the A-Lift pizza was removed and replaced with Trex decking.
- 9) Inside walkway siding has been painted. Color and look are now consistent. Additionally several lower rusted sections were replaced and damaged wooden corner pieces have been replaced with heavy gauge metal corners.
- 10) The garage door was damaged by a large trailer being pulled into the garage. After much research to identify the responsible party, the driver's insurance paid for the replacement door.
- 11) A slightly used Bobcat was purchased from Bobcat of the Rockies. This new Bobcat includes an ice scraper attachment. The decades old Bobcat with over 13,000 hours had a blown motor. Still the HOA received a \$1,000 trade in offsetting the cost to \$37,764. The newer used Bobcat has a low 225 hours.
- 12) A new natural gas contract was signed with CenterPoint Energy. This locks the HOA in for \$2.75/MMBtu for 12 months ending 8/1/2019.
- 13) Researched and obtained quotes to replace the Federal Pacific breakers in at least 25 condos. John Thompson stated this would be a homeowner expense and may be required by the HOA insurance provider. Claire questioned that this would be a homeowner expense, feels it should be an HOA expense.
- 14) Researched and obtained quotes to install smoke and CO2 combination detectors in each living room and bedrooms. Batteries would need to be checked once a month and replaced to every six (6) months. This would be an Association expense and may be required by the HOA insurance provider. It's a question of whether the insurance provider would accept

battery powered detectors, as they indicated that they would require hard wired ones in order to renew the building's insurance for next year. This would be prohibitively expensive.

As part of the President's Report John Thompson also discussed a list of future and/or potential project. These items included:

- 1) Scrape off stucco from inside all stairwells down to the concrete
- 2) Consider installing outside heating mats/pads to melt snow storage
- 3) Upgrade stairwell lighting with LED to replace existing rusted and corroded lights
- 4) New carpet in the Mall area
- 5) Install eight (8) additional security cameras around the front and back of the property
- 6) Repaint the entire garage including stripes and unit numbers
- 7) Traction coating on all walkways
- 8) Research more modern or updated colors for building
- 9) Research upgrading pressure of heating system
- 10) Automated chemical monitoring system for the hot tub
- 11) Resurface the parking lot and patch holes
- 12) Install sanding stations at back sidewalks for sanding the sidewalks

For more details please see the President's Report which is attached to these minutes.

5. Treasurer's Report

John introduced and turned the floor over to Jon Faue. Mike Kurth and Gloria take care of all "day to day" writing checks and keeping of the books. Copies of the budgets were distributed to the membership prior to this meeting. Copies of the budgets were also available at the meeting. Jon outlined that they keep two (2) annual budgets: the Operating Budget and the Reserve Budget. In 2018 the overall budget was up from previous years which enabled the association to complete many small projects. As of the time of this meeting, there is a surplus in operating account of \$20,000 which the association is going to try not to touch. One massive snow year and that \$20,000 could be wiped out very quickly. Additionally, clearing the roofs of snow costs \$3,000 every time the contractors are called out. All the expenditures are broken down on the budget for everyone to see.

Jon continued to report that the cost of building utilities is half of the total expenses. The Copper Mountain Water and Sanitation department continues to raise water fees annually. The association entered into a new natural gas contract which may lower some of the operating costs.

John Tommasini, owner unit #102, asked if any dues were in arrears. Jon reported that all dues were current.

Jon continued that the reserve funds have been tapped into heavily in past years. Approximately \$117,000 are collected each year and of that amount \$64,000 was spent this year. Currently the reserve fund is at \$4,000. Last year the reserve account was in the negative. As part of the financial documents, Jon has included a rough reserve plan for the association to look at. Jon reminded the members that there is a \$100,000 line of credit available at Alpine bank. It has only been tapped into once, \$15,000 was borrowed two (2) years ago and that debt was paid back.

Jon suggests a 3% operating budget increase for 2019. Jon's reports include a list of exact expenditures as of 12/31/18. He has also made notes as to where to expect increases.

John Thompson asked how the association reserves look. Jon replied they are not very healthy.

John Tommasini, owner unit #102, asked do the costs associated with water ever go down? The costs could go down if Water and Sanitation could complete their ongoing projects and solve their ongoing problems it

would be possible to see a decrease in costs but it was cautioned not to expect to ever see that happen anytime in the near future.

Vikus Khanna, owner unit #206 asked about the building repair and maintenance line item. The amount budgeted in 2018 was \$50,000 and the actual was \$73,000. Shouldn't the actual amount be used in the 2019 budget? John Thompson responded as outlined in the President's Report, many large projects were completed. He added that the association will not spend this much next year so we are not raising this budget line item, however looking forward; as the building ages we should plan for more expenses. Mr. Khanna also asked what the average dues increase is for other HOAs on an annual basis. Mike Kurth replied that it varies but 3% is pretty standard. It is not the association's intent to raise dues above what is needed to meet operating expenses.

Jon clarified that the 2019 budget he presented today is for reference only. This is not an approved budget. The association was hoping to spend \$10,000 of reserve funds in 2018 but actually spent \$64,000. The association is trying to project reserve spending three (3) years out. To recover the reserve budget, the association needs two years of low spending. At this time, we can predict \$115,000 each year from reserves so we should plan on \$115,000 each year. This is Jon's best prediction. A positive aspect of all this is that now the association has an 11 year history of expenses. John Thompson knows that the association spent a lot of money over the last 5-7 years but this was needed to make much needed improvements to the building.

Claire Carren, homeowner unit # 210, commented that the four (4) upper level west facing employee unit patios need attention. Water coming into the lower employee units from the units above worsens every year. Claire believes the concrete patio slabs need sealing and sloping to correct the water leak problems. Nate responded that he has an estimated cost of \$6,000 to \$7,000 to complete the repairs on the four (4) patios. The repairs would consist of removing the existing flashing and replacing it with mesh flashing, seal the patios with a double coating and make a 1" repair to the slope of the patios. Again, this is for the upper level employee units only. Claire asks if this project is included in future spending of reserve funds.

John Thompson said that there was more discussion to come regarding project scheduling in the year ahead which may or may not result in the raising of reserve dues.

6. Operations Report - Included in President's Report

7. Other Business

a) Building Projects Update

John Tommasini, homeowner unit #102, asked the Board of Directors to please review the hot tub to determine how much it is used, determine how many homeowners want it, and how much money we put into it. He suggests the association get rid of the hot tub altogether. It is a nuisance and a financial burden on the association. John Thompson responded that many persons like it and want to use the hot tub. He added that when guests come to a ski resort its part of the overall ambiance and experience. Jason McMullen, home-owner unit # 110 added that our hot tub gets dirty and unsanitary so quickly.

The second issue Mr. Tommasini brought up for discussion was the parking lot. He reports that he sees people who are clearly not guests at Snowbridge Square pull in and park in our outside lot all winter. Because of this, owners and guests have no place to park when they arrive and need overflow from the garage. He suggests that the parking lot needs to be monitored and when we identify illegally parked cars have them towed. Nate responded that last year he towed 58 cars. It was also mentioned that because of the commercial businesses in our Mall, we really can't tow late afternoon. People are coming here to buy liquor, eat in our restaurants and return rental ski gear. This is a problem that has been

ongoing for years. Nate patrols A LOT but his responsibility is to do much more than patrol the parking lot. Claire Carren, homeowner unit #210 suggested that the people living in the manager's unit are not our managers and to earn their place in this unit, maybe they could do this. Stand out and monitor the lot every morning. Nate added that if he boots an unauthorized parked car it costs the owner of the car \$140 to get the boot off. Jennifer Eisenlau, homeowner of unit #208, suggested that owners who are in residence help monitor this? Take photos of license plates and report that to Nate.

Jason McMullen, homeowner unit #110 asked what are we losing by those people parking here? Parking is a nightmare here on the mountain. Responses to his question included the loss of parking for commercial patrons, the loss of authentic overflow guest parking. It was also noted that persons/guests park more than one car inside the garage without authorization in others' designated spaces leaving those authorized to park inside without their space and then actual guests and homeowners need to park outside. Harry Mosgrove commented that one solution would be to gate our outdoor parking lot allowing concessions for residential and commercial guests only. Something we should seriously look into to solve this ongoing problem.

Adam Bishop, homeowner unit #204 asked the Board to clarify the water that leaked into his condo from above. He wants to know who is responsible to pay for this. John Thompson responded that the owner of unit #304 is responsible but is aware that they deny it. That being the case, who takes care of this? Nate responded that unit #304 is under management by Copper Vacations. As the rental company, they are taking care of it and will send the bills to the homeowner of unit #304. Adam accepted this answer but added that he wants the repairs to be more than just a basic patch.

Harry Mosgrove was asked to give a status update to his efforts to convert some of the commercial space to living space. Harry began by saying it was his initial desire to convert unused space into seven (7) apartments. Density and use regulations outline that the most he can add to this building is three (3) additional residential units. These new plans are now in front of the Summit County Planning Commission and he feels confident that these will be approved. Transferring necessary "EUs" must come from Copper Mountain. This would require a very lengthy and complicated process that would require an amendment to the original PUD which he is not willing to take on. Claire Carren, homeowner unit #210 suggested that we search out and bring new restauranters into these empty spaces. Harry responded that was not an option. It is cost prohibitive to bring the existing restaurants up to current safety codes; besides, the Metro District isn't supportive of bringing in any more restaurants. Existing restaurants are starving. They are unable to make it financially in our short season. The three (3) units in the planning will be one (1) bedroom units approximately 800 square feet each. Still, to accomplish this Harry Mosgrove needs to get into the spaces, gut the existing walls and see where mechanical and electrical are located. Once these essential items are identified, plans can be made. Harry is not going to do this until he gets approval from the county to move forward.

Jason McMullen, homeowner unit #110 commented that there is new building of affordable units going up in the A-Lift neighborhood. Will this building impact us? Harry Mosgrove responded that the impact would be the good news of more affordable housing on Copper Mountain than ever before.

Nate addressed the fire suppressant leak which is causing massive amounts of water to leak into the garage. Nate met with Simplex and reports that they will be back to make the repairs next week. Nate believes that the leaking fire suppressant system is a result of water pressure dropping from the Metro Water District. Metro denies this thus they won't handle it so basically the responsibility falls on us. The fire suppressant system is leaking 25,000 gallons a week. Metro has confirmed this amount; however, they are not asking us to pay for this water.

b) Dues Increase Discussion

In the Treasurer's Report, Jon Faue advised the need to increase dues by 3% in 2019 as this is needed to meet operating expenses. There was little discussion regarding raising the dues to increase the Reserves Budget. The annual increase for 2019 is suggested to be 3%.

c) Declarations Amendment discussion

(*Note – First Amendment to the Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Snowbridge Square; a letter of commentary on the Declarations Amendment submitted by Harmsen and Dunn Investments; two (2) letters of commentary on the Declarations Amendment submitted by Claire Carren are attached to these minutes. Below is a recap of the discussion that ensued during the 2018 Annual Meeting.)

President John Thompson stated that the Declarations Amendment passed. Mike Kurth confirmed the majority percentage needed to approve this amendment. Residential (present and proxies) approve the amendment with 84%.

John Thompson recognized Claire Carren. Claire addressed the membership and asked to be allowed to present her research on amending the Declarations. She began by outlining the history of deed restricted units as instituted by resort founder Chuck Lewis and P.O.L.A., the entity responsible for certifying tenants occupying these units. Claire presented multiple documents outlining and defending her position on opposing this amendment. After studying the existing Amended and Restated Declaration of Covenants, Conditions and Restrictions for Snowbridge Square and consulting with an attorney other than the attorney for the Association, Noah Klug of The Klug Law Firm, Claire strongly believes that it takes a vote of 100% of the association membership to pass this proposed amendment. Additionally, if a 70% majority vote is the requirement to pass and adopt this amendment, she and the other employee unit homeowners have no voice in affecting the outcome of the vote because they make up a minority percentage of the membership. Claire feels that raising dues on Employee condos is very unfair and mean spirited, especially since most of them are occupied by employees and all of them have passed the P.O.L.A. rules. Most likely owners will raise the rent they charge in order to recoup the increase in dues, thus making these condos less affordable.

John Thompson recognized Harry Mosgrove and asked him to present his position as the initiator of the amendment. Harry thanked Claire for giving her opinion. Harry outlined how he was part of the PUD and the conception of the deed restricted or employee units. Copper was the first to put this affordable housing solution into place. The original intent of the employee deed restricted units was to provide affordable housing to full time Copper Mountain employees. For this, the owner of the deed restricted unit receives a small discount on their Homeowner Dues. This original PUD has been amended many times since 1972. Today, the system is no longer providing affordable housing because investors are buying the units and renting them at full rental rates. The intended discount is not being passed to the tenant. Thus, the original intent of the policy to provide affordable housing is not being achieved. Harry can't fix it, but he can propose a way to control our own declarations and raising dues to those employee homeowners abusing the PUD. This amendment would not affect those employee homeowners who are not in violation of the deed restrictions.

Much discussion ensued with no resolution. Jason McMullen, homeowner Unit #110 asked, how would you determine which units are penalized? Harry responded that ideally it would be P.O.L.A. but what we as the HOA can do is put a system into place to adopt an amendment allowing the HOA to determine the status of each designated employee units. If they meet the designation of an investor unit or second

home, the BOD can assess those employee units at the same rate as all non-designated employee units. These units need as much accounting and property management as all the other units. Harry believes that there is no logic of owner investors making money and paying less.

John Thompson agreed that the BOD will review this. Harry's research says that 70% approval of the membership is required to pass and adopt the proposed amendment. Claire has a legal opinion that 100% approval of the membership is required to adopt the proposed amendment. This discussion is tabled for further legal examination.

For the record, Mike Kurth has the current amendment approval forms.

8. Owner Concerns

No additional owner concerns were discussed.

9. Nomination and Election of Board Members

John Thompson reported that he is stepping down from the BOD and opened the floor to nominations. Skip Eisenlau had submitted his name prior to the meeting. With no additional nominations from the floor, John Thompson moved that Jon Faue and Skip Eisenlau be the Board of Director Residential representatives. Claire Carren remains as the Employee representative and Harry Mosgrove remains as the Commercial representative. The motion passed.

Adjournment:

Jon Faue made a motion to adjourn. John Thompson seconded the motion. The meeting adjourned at 5:25 p.m.

Board of Directors meeting to immediately follow this meeting.