

THE HOMESTEAD AT SNOWMASS ASSOCIATION
ANNUAL OWNERS MEETING

December 30, 2019

I. CALL TO ORDER AND CERTIFYING PROXIES

Mike Estes, President of the Association, called the meeting to order at 4:10 PM at The Homestead #10 at 3904 Brush Creek Road in Snowmass Village, Colorado. Barton Craig and Mike George of Snowmass Lodging Company were also present.

Members Present	Unit #
Lori Carter	01
Carol Siersen (via conference)	01
John Eldridge	03
Malo and John Harrison	05
Mike Estes	07
Campbell	08
Marilyn Seltzer	11
Mike Kurzman	14
Colin Heggie	10
Scott Kallick and Susan Farber	15
Members Present by Proxy	
Bill Devers	02
Inge Fehr	04
Heather Burcher	08
Chally Wiener	11
TOTAL	(11/14=79%)

Verification of the signed proxies established that the required quorum of 50% of Homestead was achieved.

II. PROOF OF NOTICE OF MEETING

Mr. Craig presented proof of notice of the meeting.

III. READING OF THE MINUTES

Mr. Kurzman made a motion to waive reading the minutes of the Annual Meeting of December 28, 2018. Mr. Heggie seconded, and the motion was approved by voice vote. The minutes were approved, as written.

IV. REPORT OF THE OFFICERS

Mr. Craig noted that the Association expects to end the year with approximately \$29,770 in its Reserve Fund, which is held in bank accounts and/or short-term Certificates of Deposit at Alpine Bank.

The Association expects to end the year on budget with a deficit of approximately \$29,061 due to higher than expected costs for snow removal, and R&M and Electric.

V. ELECTION OF THE DIRECTORS

Mr. Estes noted that three Board positions are up for election in 2019, those of Mr. Estes, Mrs. Burcher and Mrs. Harrison. Mr. Kallick nominated Mr. Estes, Mrs. Harrison and Mrs. Burcher to serve another term on the Board. Mr. Harrison seconded the motion. After a voice vote all 3 were elected to serve a two-year term on the Board.

Note: It has been determined that the Articles of Incorporation defers to the By-Laws to set the process for election of Board members. The By-Laws provide for the election of Board members for two-year staggered terms. The minutes have been revised to reflect this finding.

Mrs. Seltzer inquired if it would be possible for interested homeowners to apprentice as possible future Board members by attending Board meetings to get a feel for what is involved on serving on the Board. Mr. Kallick also expressed interest. Mr. Estes welcomed this interest and indicated that if either homeowner wanted to attend Board meeting as well as any other Homeowner, they would be welcome to do so.

VI. UNFINISHED BUSINESS

Renovation Project Review

Mr. Estes provided a summary print out for the homeowners of the current status of the Project. Currently, the Project is estimated to be \$27,500, or about 1%, over budget. Among the few outstanding projects are installation of hand railings for the spa, which should be completed in January, and continued adjustments and improvements to the Homestead entry sign lighting. Since we still do not have the final billing the actual final cost could be another \$5,000 to \$10,000 more. The final inspection from TOSV should be completed this winter, now expected in January of 2020. After that inspection we should receive the final billing and a partial fee refund from TOSV.

Some thin stone veneer pieces have fallen off the buildings. The contractor reinstalled them. This is not unexpected for thin stone applications and is easily repaired. The owners were asked to notify Bart if they see any detached stones.

Amendment of Declaration

Mr. Estes noted that the Amendment Declaration to allow the Board to open a line of Credit for the HOA has been completed and filed with Pitkin County. This amendment is now part of the Governing Documents of the Homestead HOA and is posted on the HOA website.

Status of Line of Credit

The Board is working with Alpine Bank and is in the final stages of securing an LOC in early 2020 not to exceed \$250,000. The documents are currently being reviewed by the HOA and Alpine Bank attorneys.

VII. New Business

Capital Projects for 2019

Several Reserve Fund projects were undertaken in 2019 that were an indirect result of the Renovation Project, as work on that project put qualified eyes on elements of the complex that had not been noticed. Among the major projects were completing the firewalls in the crawlspace (\$35,000), installing smoke detectors in crawl spaces as a result of a small fire (\$7,000), gutter rootering and cleaning (\$8,500), two drywell replacements (\$15,000), plumbing repairs in crawlspaces as original piping work needed repairs, bracing, and added attachments to properly support the hanging pipes (\$15,180) and Boiler repairs (\$8,700). The HOA allocated \$100,000 from the Reserve Fund in 2019 to cover all these unexpected costs.

Landscape Projects

The members discussed the details of HOA landscaping, such as irrigation, plant options, grasses, planter boxes, etc. Mr. Kurzman noted that the ultimate decision was to hire a single company to design/build and maintain the revamped landscaping. Mr. Heggie noted that some trees (5) are scheduled to be removed. Others discussed that sunlight and shade variability during different times throughout the year and the day will need to be considered during development of these plans. Mr. Estes noted that dropping pine needles are acidic, and the project landscaper is proposing ground cover options that will complement the pine trees. The members also discussed the pros and cons of mulch options versus ground cover. Mr. Estes explained that a small garden near the fire hydrant will be an entry focal point to be complemented by ground cover under the trees. Removal of overgrown trees around the hot tub have improved this area, and replacement shrubs that grow to a limited height are planned for the spaces around the hot tub. The concrete bases around the bollards will be painted the same color as the bollards to minimize their present visual impacts. Among other details, discussion ensued about keeping dry zones between the buildings and plantings and performing strategic corrections and enhancements to the irrigation system.

Mr. Estes then reviewed overall and sectional area costs that are in the present iteration of the plans.

Roof Status

The members then discussed various cost and material scenarios. Mr. Estes then commented that the roof consultant has produced a detailed plan. He has also offered his services to produce and manage the bid package for the HOA, with the present timeline envisioning a work scope in 2021. The members then discussed the various potential risks and rewards of financing mechanisms and timeline decisions.

Mr. Heggie noted that although allocating funds to repair the roofs is an option in the roofing report, the Board feels that this is not the recommended course of action.

Among the complications of performing repairs versus proceeding with roof replacement sooner is that there are no guarantees on the length of time the repairs will extend the roof life, and that delaying new roofs for several years may ultimately result in paying much more, as the cost of roofing is continually rising. Additionally, the Town of Snowmass Village has prohibited cedar shakes, so it is possible that cedar shakes will not be allowed to be used in the repairs. Also, insurance underwriters are increasingly reluctant to offer insurance to complexes with cedar shakes and extending the life of the cedar roofs might ultimately cause difficulties getting competitive insurance for the HOA. For all of these reasons, the Board recommends moving towards roof replacement in 2021, as opposed to repairs. **The homeowners present at the meeting agreed with this rationale and indicated that proceeding with new roofs is more prudent than attempting large-scale repairs.**

The Board is also working with Z Group Architects for a proposal that would include a mix of DaVinci shakes (as exist currently on the new roof extensions) and some metal roofing to add architectural accents.

Mrs. Seltzer asked for the purposes of homeowner planning, could the Board provide an estimate of the Special assessment that is being considered for 2021 that would include the Landscape Project for 2020 and Roof replacement for 2021. There was much discussion regarding the difficulty of estimating costs, especially regarding the roofs as no specification has been decided upon. All that being said, a broad range of estimates was provided by Colin Heggie and Mike Estes. That range was \$10,000-15,000 per home for the Landscape Project and \$42,000-70,000 per home for the roofs. In addition, the Board is likely to recommend a one-time \$5,000 per home contribution to the Reserve Fund to bring the balance to a more reasonable amount. It is currently projected that homeowners may expect Special Assessments in 2020 and 2021 which combined will total between \$57,000-\$85,000 each. Many details need to be decided and this amount may change.

Homestead Assessment Calculation Methodology

Mr. Estes noted to the homeowners that in the course of document review with Alpine Bank for the HOA Line of Credit it was discovered that according to a Schedule within the Declaration, the Homestead assessments are not supposed to be billed equally among all 14 homeowners. The Schedule specifies that Exterior units are to be billed 7.025% of the Annual Budget, while Interior Units are to be billed 7.3% of the Annual Budget. The Board is currently working with an attorney to determine both if this can be changed going forward, as equal sharing of all HOA costs seems to be logical and fair, as well as determining the HOA options for reconciling the billings of the past, which are now deemed to be incorrect. Mr. Estes noted that HOA assessments have likely been billed equally among the 14 homeowners at least since 1997, when he purchased his unit at the Homestead.

The impact of this discovery has both a future and a retroactive element. The number of years of retroactive adjustment is still unclear, and the lawyer is researching the issue. Per the preliminary judgement from the lawyer, the range appears to be between 3 and 7 years. A three-year retroactive adjustment would be a benefit of \$4,836 for each exterior unit and a cost of \$6,448 for each interior unit. If a seven-year reconciliation is required, this would be a retroactive adjustment benefit of \$6,188 for each exterior unit

and a cost of \$8,251 for each interior unit. In both the 3-year and the 7-year scenarios, the adjustment would reflect prior annual budget allocations and the recent exterior renovation allocations. The adjustment amounts indicated are primarily influenced by the reallocation of the exterior renovation assessment.

There were 4 members from exterior units and 4 members from interior units physically present at the meeting. The members took a **blind confidential** straw poll and all eight present (no proxies included) indicated that they would vote in favor of equal assessments for all units for future assessments.

The same members took a **blind confidential** straw poll and all eight present indicated that they would vote in favor of equal assessments for all units for prior, sunk costs, assessments and would forego any retroactive assessment corrections.

The impact of these straw polls is advisory only. Once the lawyer has completed his research, the Board will send a report to all owners and request votes on the course of action on both future assessments and retroactive assessments.

While the Board is working with an attorney and hopes to have the answers to these questions in the next several weeks, as a result of this new information the 2020 proposed Annual Assessment of \$21,900 per unit has been adjusted to reflect the specified percentages, which now results in proposed Annual Assessments as follows:

Units 1,3,4,7,8,11,12,15	\$21,540	exterior units
Units 2,5,6,9,10,14	\$22,380	interior units

2020 Budget Review and Ratification

Mr. Estes commented that the board is considering performing surface repairs and seal coating of the driveway during 2020. He also commented that snow melting of the entrance would be cost prohibitive, so the present plan is to continue with topical gravel applications during the winter season.

Mr. Estes then commented that painting/staining of the window frames is overdue, but cost pressures from other HOA needs are likely to result in this work being pushed into a future year.

Mr. Estes presented the homeowners with the 2020 budget proposal. The proposed assessment is an increase in the HOA budget of 4.29% over the prior year. This is the first increase in Annual Assessment since 2015.

Mr. Estes then asked any owners present if they had any questions or comments on the proposed budget.

After a discussion of significant line items, Mr. Harrison made a motion to approve the budget, as presented. Mrs. Seltzer seconded, and the budget was approved as presented, by a unanimous voice vote.

VIII. ADJOURNMENT

Mr. Harrison moved for adjournment, and Mrs. Seltzer seconded, and the motion was carried. The meeting was adjourned at 6:36 pm.

Respectfully submitted,

Mrs. Harrison, Secretary