

THE BUTTES CONDOMINIUM ASSOCIATION
MEETING MINUTES OF THE
BOARD OF DIRECTORS
TELEPHONE CONFERENCE CALL
February 5, 2019
11:00am MST

Directors Present by telephone: John Seybold
Jim McGill
Jeff Campbell
Tom Raschella

Evergreen Management Present: Reed Meredith

President John Seybold called the meeting to order at 11:03 with 4 of 5 board members present by telephone.

The following motion was made and seconded:

MOTION: To waive the meeting notice requirement and approve the agenda.

Vote: Unanimous Approval.

The following motion was made and seconded:

MOTION: to approve the minutes of the November 9, 2018 board meeting as presented.

Vote: Unanimous Approval.

Reed Meredith of Evergreen Management presented the FYE 2018 Financial Statements at this time. The Balance Sheet at November 30, 2018 showed total Assets of \$244,752.85 and total Liabilities of \$56,529.54. The Ending Combined Fund Balance was \$188,223.31.

The Profit & Loss Vs Actual December 2017-Novemeber 2018 shows that the operating expenses of the association were under budget by \$18,870.22. Meredith noted that significant operational savings were realized due to the closure of the hot tub for the summer season. He further noted that from June 2018 to present day, the association has saved a total of \$6,307 in hot tub labor, supplies, and electricity. Other operational savings in the last fiscal year were primarily due to the low snow year, which required less shoveling and plowing, and saved an additional \$9,279.90 from budget.

Reed Meredith Began a discussion of the current hot tub / patio project underway at the Buttes. As stated at the November board meeting, the project has encountered numerous problems and issues which have both delayed the completion and increased costs. Some of these include the issues related to the excavation, unknown utilities, the need to mitigate running ground water on the site, and additional electrical requirements. Meredith reported that the pump house is 95% complete and that all remaining materials are on site. An inspection yesterday by the state electrical inspector indicates that an additional breaker box will be required and that it will be necessary to build shelving to keep the electrical components of the hot tub a minimum of 30" away from the electrical service. In addition, a new breaker box to feed the hot tub sub-panel is also required in the utility closed adjacent to unit 505, as the existing box does not meet current code. Meredith presented a run-down of current and anticipated expenses to complete the project, which illustrate that the project will be \$25k+ over budget due to the numerus issues encountered and the 2017 building code requirements.

John Seybold stated that the previous years' operating savings of nearly \$19,000 will help to negate most of the project overages. Reed Meredith noted that the Buttes will have the only commercial hot tub in Crested Butte that is compliant to the 2017 building codes and that any future replacement of the hot tub will be on a component by component basis, meaning that replacing a pump or a heater will be more economical that having the replace an entire hot tub. In addition, the concrete structure eliminates the maintenance of the elevated wooden deck which was continually "sliding" down the hillside. The Buttes should never have to embark on an entire hot tub replacement again.

Tom Raschella asked if there was anything that could be done to complete the project more quickly. Meredith responded that he has been working since July to get the contractors to complete the project as quickly as possible, but has been hindered by unanticipated and problematic issues as previously described, and at the mercy of various contractors and the state electrical inspector. He pointed out that Evergreen Management has lost significant revenue since last April due to the obvious elimination of any need for daily hot tub maintenance/security that Evergreen would have provided. Completing the project as soon as possible is in the best interest of all parties.

It is hoped that the project can be completed by the first week of March, baring any further issues. The electrical contractor is completing rough in this week, with inspection scheduled for next Monday. The pump house construction is nearly complete and the carpenter will begin construction on the bench that surrounds the tub next week. Diamond Blue Pool & Spa will begin installation of the pumps heaters and filters later this week. Electrical inspections, plumbing connections and fencing install could occur the last week of the month if all goes as planned. Meredith also noted that the hot tub could be operational without the fencing installed and that it is possible that the fencing would not occur until spring.

The board acknowledged that this has been a difficult project and complimented Evergreen Management for their conscientious work to push the project forward toward completion.

Meredith reiterated that all work is on a time & materials + basis and that the final pricing will also include a general contractor fee. This fee was originally set as 10%, however given the overage circumstances David Gross has indicated he is willing to negotiate this fee to be fair.

Reed Meredith presented the proposed 2019 Operating Budget at this time. The proposed budget sets total operating costs at \$109,988, a 1% increase from 2018. However, this budget is based on a reduced hot tub operation year from March 1st on, thus saving costs of operation from Nov-February which will need to be included in the 2020 budget. Meredith also noted that the budgets for insurance, trash removal, water & sanitation, electricity, and insurance are all based on current invoices and do not include any potential increases. The proposed 2019 budget maintains unit association dues at their current levels.

The 2019 Capital Expenditure Budget is set as \$80,000 and includes the anticipated costs of the hot tub & deck project and the associated project management fees. Meredith cautioned that the board should be aware that there could be additional expenses to complete the project. Discussion ensued regarding the exterior stairway railing project originally scheduled for 2019. Meredith suggested that the board delay any commitment on railing replacement until final costs of the hot tub project are known. He also stated that the association would have to spend some operating funds to repair the wooden railings to make them useable for another year. The board agreed that once the current project costs are determined, the board will re-work the long-term capital plan, moving projects into future years in order to allow for funding the projects without increasing dues.

The following motion was made and seconded:

MOTION: To approve the 2018 Fiscal Year-End Financial Statements as presented.

Vote: Unanimous Approval

The following motion was made and seconded:

MOTION: To approve the 2019 Operating budget of \$109,988 and the Capital Budget of \$80,000 as presented.

Vote: Unanimous Approval.

Reed Meredith began a discussion of the Gunnison County Electric Association (GCEA) Capital Credits program. GCEA is a co-operative and refunds capital credits from previous years on an annual basis, which usually amount to around \$100/year for the Buttes. GCEA is offering to make a one-time, lump sum payment to retire all of the Buttes capital credits earned from 1994-2015. The total held in capital credits is reported by GCEA as \$2010.58, which the association could receive in \$100 increments for the next 20 years, or they can choose a one-time check at a reduced payout rate of \$703.71 in the next 30 days, which would eliminate the credit balance. The board discussed this issue and then made the following:

The following motion was made and seconded:

MOTION: To accept the one-time payment from GCEA of \$703.71, retiring the capital credit account balance from 1994-2015 by accepting this one-time payment.

Vote: Unanimous Approval.

Discussion ensued regarding the date of the annual owners meeting, traditionally held the 3rd week of July. The board set the annual meeting date as July 19, 2019 at 9am MDST.

There being no further business the meeting was adjourned at 12:03pm.

Reed Meredith, Recording Secretary

John Seybold, Buttes Assoc. President.