

THE BUTTES CONDOMINIUM ASSOCIATION
MEETING MINUTES OF THE
BOARD OF DIRECTORS
TELEPHONE CONFERENCE CALL
February 7, 2020
11:00am MST

Directors Present by telephone: John Seybold
Jeff Campbell
Tom Raschella
Peter Andrews

Mountain Home Management: William Laird
Annalise Smith

Evergreen Management Present: Reed Meredith

President John Seybold called the meeting to order at 11:06 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 July 19, 2019 board meeting as presented.

Vote: Unanimous Approval.

Reed Meredith of Evergreen Property Management presented the FYE 2019 Financial Statements at this time. The Balance Sheet at November 30, 2019 showed total assets of \$174,252.14 and total liabilities of \$49,107.00. The ending combined fund balance was \$125,145.14.

Reed Meredith stated the beginning fund balance at December 1, 2018 was \$188,223.31. Total income for the fiscal year was \$146,641.12. Meredith mentioned the other income line item of \$5,069 included a 20-year capital credit payment from GCEA. Meredith then summarized the association's expenses. He mentioned the electric, hot tub labor, and supplies were under budget because there was no hot tub for most of the year. Meredith stated insurance expense was \$340 over budget because insurance rates have gone up which is expected every year due to an automatic increase rider. Meredith mentioned last year was a big snow year and there were extra snow removal costs which put the association over in plowing by \$2,456.50 and shoveling by \$3,943.88. Supplies are over budget by about \$1,000 because of the hanging baskets purchased to hang during the summertime. Water and Sanitation costs have gone through several increases in the last year and half. Meredith mentioned this expense is beyond the association's control. Meredith summarized that total operating expenses were \$107,732.18 on a budget of \$109,988 resulting in being under budget by \$2,255.82.

Meredith mentioned the capital expenditures totaled \$101,987.11. This should not be a surprise because this is all related to the building of the hot tub, deck, and landscape area below. It went significantly over budget but there is now a nice amenity for the association. Meredith stated the everyone has enjoyed the hot tub and the feedback has been good. Total expenses were \$209,719.29 on a budget of \$192,488.00. The fund balance at November 30, 2019 was \$125,145.14 which was carried forward to the new fiscal year December 1, 2019.

The following motion was made and seconded:

MOTION: To approve the 2019 Fiscal Year-End Financial Statements as presented.

Vote: Unanimous Approval

Meredith noted things have been running smooth during this management transition. Billy Laird mentioned the routine maintenance is going well but addressed two water drain issues that have occurred at the Buttes. Laird mentioned that in December, there was a roof drain freeze above unit 510. Laird explained that upon initial investigation, it appeared the issue was coming from the roof but later discovered there was an air gap in the foundation close to unit 501 causing cold air to come in and freeze one of the main lines that the drain was tied in to. Laird stated he placed heaters in the crawlspace and sealed it off. Laird recommended revisiting this crawlspace in the spring to ensure everything is still sealed and insulated and to revisit other issues in that crawlspace that may need to be addressed. Meredith mentioned this was an involved repair because we are looking at an approximate \$5,000 hit when all is said and done. Meredith advised against an insurance claim since the expenses of the freeze would be right at the deductible, and the association should avoid insurance claims for marginal expenses in order to maintain insurability.

Laird addressed the other drain issue stating he received a call from the interior manager of unit 503, Peak Property Management, stating the unit had water overflowing from the bathroom sink and that they felt it was an association issue. Peak Property would not isolate the issue and left the unit prior to Mikey McAuley of Mountain Home Management's arrival where he discovered water coming out of the second-floor bathroom sink. McAuley stated it appeared the unit had been having ongoing plumbing issues as evidenced by multiple bottles of Drano under the bath sink. McAuley and Al Maunz of Al's Backhoe Service went down into the crawlspace and located the clogged drain where Maunz hotsied and unclogged the drain which contained mud, dirt and the smell of Drano. Al Maunz reported that the "clog" was located between the unit plumbing and the main line connection.

A conversation ensued regarding how these situations should be handled in the future. Laird believes this could be a personal homeowner situation since it appeared the drainpipe that was clogged was between the sink but before the pipe meets the main line. Meredith reviewed the Declarations which state "An owner shall maintain and keep the interior of his own unit in good taste and repair, including the fixtures thereof. All fixtures and equipment installed within the unit commencing at the point where the utility lines, pipes, wires, conduits or systems (which for brevity are hereafter referred to as "utilities") enter the unit shall be maintained and kept in repair by the owner thereof." Meredith stated the board has always used this as guidance and considered that if something happens between the owner line and before hitting the main line, the issue would be the owner's responsibility.

A discussion ensued about how the board and managing agent should set a policy and precedent for these situations should they occur in the future. The board discussed that if these issues arise due to the negligence of the interior property management company, it should not fall back on the association.

The following motion was made and seconded:

MOTION: To direct the managing agent to approach the homeowner of unit 503 and bill them directly for these repairs.

Vote: Unanimous Approval

The following motion was made and seconded:

MOTION: To direct management to draft an email to homeowners to remind them they are responsible for all utilities as listed in the declarations from the point at which they enter the unit to the point in which they meet the common lines.

Vote: Unanimous Approval

Reed Meredith presented the proposed 2020 budget. Meredith stated the total income budgeted for the year is \$141,104.96. Meredith went through the proposed expenses. Meredith stated snow plowing and shoveling are budgeted higher in the upcoming year to reflect a 3-year average. Total operating expenses are \$114,440 and this increase is mainly attributable to snow plowing, shoveling and sanitation increases. Meredith mentioned Mt. Crested Butte Water & Sanitation keeps increasing their rates and he went to a meeting and mentioned associations are being unfairly charged because there are many units who don't use much water. The association is allotted 11,000 gallons per unit so the association is paying for more water than the association will use. Reed stated that unfortunately, there is no way around this. Mt. Crested Butte Water & Sanitation told Meredith they understand the reasoning and they will look into it on the next budget cycle. Meredith mentioned it would be wise to continue to ask the question.

The following motion was made and seconded:

MOTION: To approve proposed operating budget

Vote: Unanimous Approval

Meredith presented the financials and plan for capital expenditures. The proposed capital expenditures total \$50,875. Meredith stated the beginning reserve fund balance for FY 19-20 is \$125,145.00. \$2,500 is budgeted for sealing the parking lot and \$8,750 is budgeted for replacing the exterior light fixtures. These projects including management fees total \$12,375. Meredith stated renovation completion costs include \$38,500 for replacing all handrails on exterior handrails. The total of these capital expenditures is \$50,875.

Meredith mentioned there has been discussion of stringers and stairs along with the handrails as a part of a larger project. Meredith stated it may be a more long-term solution to replace them all at once. Meredith mentioned potentially using prefabricated handrails and stringers that could be installed over the existing railroad tie stringers. Meredith asked if there was interest from the board to replace all or if the board just wanted to replace handrails. The board stated their preference for doing the whole thing right at one time, but the board needs a hard cost before making a final decision. Meredith mentioned the railroad ties are deteriorating and all would need to be replaced at some point in the future. The Board asked to explore prefab over stairs and discussed options of splitting the project into phases. Meredith mentioned that financially, there would still be \$125,145 in capital in 2022 and that there are enough funds to do this project this year. Meredith mentioned looking at exterior light fixtures and stated the lights do still work so the board may forego replacing them if they choose. The board directed the managing agent to look into getting numbers for the stair repair as they take priority over replacing the exterior light fixtures. Laird will find the most long lasting, cost effective solution and get numbers together within the next couple of months.

The following motion was made and seconded:

MOTION: To have the manager explore and get numbers for the pre-fabricated stair/stringer/handrail project and report back to the board.

Vote: Unanimous Approval

A discussion ensued regarding the irrigation and landscaping. Reed advised not doing any landscaping work before irrigation. Reed mentioned an arborist has stated all the Aspen trees may need to come down at some point because they were planted too close to the buildings. Some of the trees may need to come down in the spring. The board stated the sooner trees are replaced, the better since they add aesthetic value to the property.

Meredith mentioned unscheduled business which includes turning over A/R, A/P and dues to Mountain Home Management. Meredith mentioned needing new signature cards which would remove Evergreen Properties and add Mountain Home Management. Meredith asked if the board wanted to have a member on the signature card. There is currently not a board member on the signature card, but Meredith stated that having a board member on the signature card would allow that board member to call the bank and check on accounts. The board decided Jeff Campbell should be on the signature card.

The following motion was made and seconded:

MOTION: To remove Evergreen Properties representatives Reed Meredith and Laura Meredith, and to add Mountain Home representatives William Laird and Annalise Smith as signers on all Buttes accounts. Board Member Jeff Campbell will also be added as a signer on the accounts.

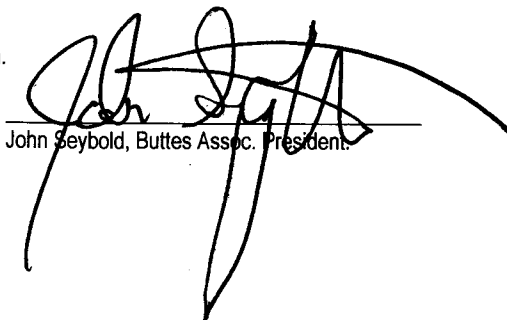
Vote: Unanimous Approval.

The annual meeting is scheduled for July 17, 2020 at 9am.

There being no further business and the meeting was adjourned at 12:37 pm.



Annalise Smith, Recording Secretary


John Seybold, Buttes Assoc. President.