
CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION

61 TEOCALLI ROAD, CRESTED BUTTE, CO 81224
PHONE (970) 349-1162, WEBSITE: www.cbsouth.net, FAX (970) 349-1163

Board Meeting Minutes September 11, 2019

Board Members Attending: Matt Feier, Mary Haskell, Margaret Loperfido, Matt McCombs,
David Neben

Staff Attending: Dom Eymere, Benita Bellamy

Public in Attendance: Norm Dumas, Craig Maestro, Brian Morelan, Sue and Andy Tyzzer,
Norm Whitehead

Matt Feier called the meeting to order at 6:02 pm.

Approval of Minutes

Updates and/or corrections to the July Meeting minutes were requested; none were identified. Matt M. motioned to approve the July 10, 2019 minutes as written; David N. seconded the Motion and the Motion carried.

Financial Report

Dom presented the August 31, 2019 Financial Report. For the period ending August 31, 2019, Total Income was \$354,104.53 and Total Expenses were \$269,442.27 resulting in Net Income of \$84,662.26. At the end of August, there were 17 outstanding dues accounts which is 13 less than last month. There are \$12,776 in outstanding dues and \$575 in other areas such as Sunset Hall rent and post office box rent.

From a Balance Sheet perspective, as of August 31st, Total Assets were \$1,093,353. Operating checking and money market accounts totaled \$146,760. Reserve Funds held in money market and certificate of deposit accounts totaled \$331,844. Refundable Performance Deposits amount to \$179,000 and are held in segregated accounts.

Total Liabilities were \$198,495, consisting of \$182,032 in Current Liabilities, a majority of which are Refundable Deposits. The balance of Total Liabilities consists of \$16,463 of Long-Term Liabilities which is the remaining balance of the mortgage on the P.O.A. building.

Projected year-end income is \$378,627 and projected year-end expenses are \$383,432 for a projected net loss of \$4,804. If other Unanticipated Expenses do not arise between now and the end of the year, the line item of \$13,640 will help the Association be at a projected net income of \$8,836. In summary, the P.O.A. remains in good financial condition.

The Board followed up with additional questions. On the Projected to Actual report, Line item 130-Application fees fall short of the projected. Dom explained that the market has slowed down and that the P.O.A. does it's best to conservatively estimate the number of construction projects each year. Line item 200 and 201-Compensation are up from the projected budget. Dom

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explained the impacts include benefits kicking in for full time staff members and the addition of part-time summer maintenance. The specific projects that have been executed by our maintenance team include the ADA walkways to the mail room, park and garden maintenance, irrigation work, noxious weed abatement within community areas along with day to day summer maintenance. The knowledge of the maintenance team allowed for these projects to remain inhouse eliminating use of contractors. Grant funding reimbursement was also discussed. Matt F. explained that funding is paid after the work has been completed and the matching funds have been spent. Additional staff hours have been dedicated to website development. Dom shared the website will be ready to publish within the next week and we will be bringing it inhouse at that time.

Matt F. asked for Dom's input how to approach the Net Income increase of \$15,000 over budget. Line items in the Capital Reserves for 2019 such as the Elcho Ave. Pathway (\$14,000) can be delayed to 2020, in order to offset the unanticipated expenses from 2019. Matt F. motioned to approve the August 31, 2019 Financial Report, and David N. seconded the Motion; the Motion carried.

New Business

Scheduled Property Owner Comment Opportunity Time – Public was in attendance for scheduled agenda items.

Consideration of a Boundary Adjustment on Lots 7 and 8, Block 9, Filing 2

South Butte LLC, Brian and Cary Morelan, Norm Whitehead were in attendance to present a boundary adjustment for a proposed residential project on Lots 7 and 8 of Block 9. Sue Tyzzer challenged the meeting's discussion this evening, citing the agenda had not been properly noticed; all meeting agendas and amended agendas are to have public notice 14 days prior to the meeting. Dom confirmed the request was submitted after the published meeting agenda and although an Amended Agenda was posted, it did not make the newspaper publication cut-off date. A Sign for Appropriateness was posted on the property to identify the Board Meeting date, time and description. Owners' legal counsel challenged the accuracy of this public notice since this sign is typically used for Design Review Committee (DRC). The Board of Directors rarely review construction projects so the DRC sign was used as notification.

Brian Morelan asked what the objections were regarding the proposed residential project. He shared with those in attendance the issues that lead to the proposed boundary adjustment. Gunnison County denied access to Lot 8 off of Cement Creek Road therefore, in order to get access to Lot 8 and meet the required setbacks within the Residential Design Guidelines, a boundary adjustment is being requested to allow access from Blackstock Drive. Norm Whitehead, contractor, provided more input regarding the design impacts without the boundary adjustment.

David thanked the Brian Morelan and Norm Whitehead for the background information. Margaret asked if there is some compromise that can be reviewed outside of a regular Board of Directors meeting. Three neighbors were present to contest the discussion. These owners requested more

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time to prepare their response to the project and requested the topic to be tabled until proper public notice is followed. The Board agreed to the requests of the members in attendance. South Butte LLC was asked to provide a narrative for the project for the next meeting discussion. The Board also requested that those in opposition also share information with the board. Matt M. pointed out that in a show of good faith, it would be most beneficial if both interested parties share the information and/or response prior to the next meeting to enable an informed meeting conversation at the October meeting along with a resolution. Andy Tyzzer was in the affirmative to the request. Margaret will recuse herself from any discussion due to a business relationship with South Butte LLC.

Oath of Office, Election of Officers and Committee Appointments

Officer elections for the 2019-2020 Board of Directors were voted on. No committee appointments were made. Matt McCombs nominated Matt Feier as President, Margaret seconded the Motion and the Motion carried. Matt Feier nominated Matt McCombs for the Vice President and Treasurer positions, Margaret seconded the Motion and the Motion carried.

David re-introduced the idea of expanding the Board of Directors to a seven-member board as approved in our Bylaws. The Board raised questions regarding the administrative steps to incorporate this change and questioned, if approved, would a seven-member remain from this point forward or would a conversion back to a five-member board be permissible. Margaret suggested diving into the specifics of the proposal and determine if it is something the Board would like to include for the next election cycle. Matt F. requested the topic be included on the October meeting agenda in order to discuss specifics in greater detail.

Consideration of a Cluster Declaration on Lots 2 and 3, Block 21, Filing 3

The Board discussed the proposed request and also noted several cluster requests have been submitted recently. The Board asked if there was a way to identify a maximum number of properties eligible for such requests. The P.O.A. will look into a Cluster Potential Analysis and report back at the next meeting. Dom noted that the right to cluster is in the current covenants. Matt M. motioned to approve the Cluster Declaration as read and David N. seconded the motion. The Motion passed.

Update and Discussion to financially contribute to the Late-Night Taxi Service

The Board thoroughly discussed the benefits and counter points to the request. David and Mary raised the question of how many people in CB South would use the service. The Board would like more information on how other residential communities are contributing along with a description of the service before voting to be a contributor. The discussion was tabled until October meeting.

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Continued Business

Review of 2020 Proposed Budget

Dom presented the most recent updates to the proposed 2020 Budget. Dues assessments includes a 4% increase on developed properties and a 9% increase on vacant land. In 2018, the Board agreed to increase vacant land dues each year until the assessment for one vacant land equals one home unit. The 9% proposed increase for vacant land will raise the \$185.00 annual assessment to \$202.00, a \$17/year difference. Dues may not exceed 10% in any given year.

The majority of the income comes from annual dues assessments. The total proposed dues assessments for residential units is \$287,823, and the total proposed for commercial units is \$40,125 for a total of \$328,000 from annual assessments. Areas such as application fees and property transfer fees can be difficult to predict and therefore conservative amounts have been budgeted. Additional income from post office box rents, office rents, application fees, property transfer fees, etc. comes to \$58,000 for a total proposed income budget of \$385,345.

Total Expenses are estimated to be \$377,000 for 2020. The largest expense items come from compensation related line items which make up approximately half of the total proposed expenses. The increases in compensation from 2019 are now included in the 2020 budget. The next largest recurring expense line items are in insurance and bus service. Another large expense item in 2020 is \$9,000 in Consulting line item 238 for a proposed traffic study. Other larger line items include legal and bookkeeping services, utilities, common area maintenance and improvements, depreciation and unanticipated expenses.

Total Net Income is estimated at \$8,000. There is a \$30,000 Capital Reserve contribution is slated for 2019 and will be determined at the end of the year. Previous years' contributions have been in the range of \$25,000. No proposed capital reserve contributions proposed for 2020 outside of depreciation in order to make the proposed but work. Although depreciation amounts are not 'hard' costs, funds are transferred on a quarterly basis out of Operating into Reserves in order to set aside those funds for future repairs and maintenance. Therefore, even if the Association is unable to fund the additional \$30,000 Capital Contribution budgeted, there will still be \$28,000 in depreciation put into reserves from operating funds in 2019.

The Board was asked to consider budget approval this evening in order to meet the 90-day veto period per the state statute. Saving for the future, in the form of a capital reserve contribution for 2020 versus meeting Budget expenses was deliberated. Dom pointed out that Unanticipated Expenses was reduced from 4% to 2% to budget expenses. The Board discussed the best timing to conduct a traffic study and suggested approving CAMP prior to conducting a traffic study. Insurance was discussed and the Board would like to see bids from multiple companies. Dom noted that he did source two proposals this year however only one was returned; multiple proposals will be requested in 2020.

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Another expense item discussed was the annual funding of Mountain Express at \$16,500. Mountain Express provides coverage to CB South during times when RTA is unable to cover the route into the subdivision. The Board would like a better understanding if this funding is a double hit to our community since sales taxes fund their operations. Several action items were tossed about during the discussion and Dom agreed to reach out to RTA to discuss the Board's inquiries regarding the Mountain Express funding. Dom noted that the number of trips and bus service has doubled in the past five years to service our community, which is ahead of where we started.

The Board reviewed the Capital Improvement Planning Worksheet and Common Area Improvement Worksheet. Matt F. asked for a confirmation on the access easements being focused on for 2020. The connector from Teocalli Avenue down Elcho Avenue to Gillaspey is a priority. Access from the commercial core to the bus stop does not have agreements from all parties. The easement from Elcho Avenue to Cement Creek Road has been solidified as of this year.

Matt F. asked about the line item for the Teocalli Pond and Ditch and what responsibility the P.O.A. has regarding the maintenance. Chris Ward, Cement Creek Condo president, was in attendance and provided a brief background. Originally, the pond was fenced; it is believed that at some point, the Metro District and P.O.A. tore down the fence to establish the path. There was a license agreement between Gunnison County and Cement Creek Condos. Since the addition of the recreation path Cement Creek Condos believes the agreement with the county was negated as the sidewalk was built without approval from the County. Dom added that we have been working through Legal and County to get all parties in agreement and the goal of all three parties today is to make the area safe and aesthetically pleasing. The estimated costs of \$13,000 is one third of the cost estimates to infill the pond and create the natural drainage ditch; to date the P.O.A. has committed \$2000 as our portion of the engineering documents. The three parties, Cement Creek Condos, JRJ Holdings LLC and P.O.A. are working together to keep costs economical such as using the infill from local construction projects. A new license agreement will be developed with the County and the project will go through normal county permitting processes.

Matt M. suggests that if we do not have success in solidifying access easements in 2020, look at re-allocating easement funds for improvements to Red Mountain Park. The Met Rec grant funding for the basketball court expansion will be pushed to the 2020 Capital Improvement Planning. Savings of \$4,320.00 for Teocalli Path patching has been recouped due to our in-house staff completion of this work. Matt F. asked about the condition of the snowmobile for Nordic trail grooming through the winter season. The overheating thermostat has been discontinued. Staff continues to look for a used replacement. The Board also noted that if the traffic study or easement funds are not utilized, we may also look at applying these funds toward a replacement snowmobile.

Cell towers within the subdivision was briefly discussed. Matt M. and David both shared ideas and the Board was interested in continuing the discussion at October's Board meeting.

David N. made a Motion to approve the 2020 Budget and Capital Improvements as presented; Margaret seconded the Motion, the Motion carried.

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Discussion and Consideration of a Development Agreement with Adagio Properties

At the start of this discussion, David posed concerns regarding a conflict of interest for new Board member, Mary Haskell. Mary is an owner within Pioneer Plaza Commercial Townhomes Association and currently holds a position on their board. The Board responded to David's concerns and discussed Mary's dual role as a member of both boards. Each board member is required to sign a Conflict of Interest agreement and each member is required to recuse themselves from voting when business or personal conflicts arise. It was pointed out that Mary's financial interest will be complete with the final build out of her building, on October 1st. The Board agreed that they are comfortable with her serving on both boards. If a vote or strategic discussion arises where a conflict of interest resides, such as specifics to Pioneer Plaza, the Board will request Mary to recuse herself from the vote and/or discussion.

Commercial Area Master Plan (CAMP) – Next Steps

David provided updates to his conversations with both Adagio Properties and Pioneer Plaza representatives. Adagio Properties has agreed to the 20-foot Right of Way as the final negotiation of the CAMP document. Pioneer Plaza's negotiations have come to a halt. They are not interested in agreeing to any easement agreements with the P.O.A. without approval to build 3-stories. David suggested two possible actions as it pertains to moving forward regarding CAMP approval: 1). Cleaning up the outstanding items such as a snow removal and storage plan and on-street parking or 2). Table approval until a future time. An extensive discussion ensued around the Board's position on a future covenant vote on 3-stories within Block 6. There is no guarantee that another vote will approve a 3-story building however, the previous vote was not conclusive with only 65% of membership voting. With the review of all the covenants underway, this covenant will also be reviewed through the Covenant Amendment Steering Committee as well.

The final draft of the Easement Agreement offering to Pioneer Plaza was reviewed. The points identified within the agreement were debated and opposing views were openly discussed. All members want to see this come to a mutual agreement between the two parties in order to secure Easement 4 (15-foot Right of Way) in order to develop a vibrant Main Street. Matt F. agreed to give Pioneer Plaza until the identified date of September 26, 2019 to sign the agreement. If an agreement is not received by the deadline, CAMP will be voted on and move forward without some of the previously negotiated items within the Easement Agreement.

Matt M. asked the Board if they are in agreement to meet the conditions identified to Adagio Properties that a future vote on a 3-story building will be facilitated in exchange for a vibrant Main Street. David noted he would like it to be stricken from the agreement, the others were in agreement to leave it since it was part of the originally agreed upon negotiations with Adagio Properties. David will share his final perspective in an email to the Board and Matt M. requested Dom to identify the specific areas within the CAMP document that address the outstanding issues discussed this evening.

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Matt M. motioned to approve the Final Agreement between Adagio Properties and the Crested Butte South Property Owners Association. Margaret seconded the Motion and the entire Board agreed. The Motion carried.

Matt M. motioned to approve the Draft Easement Agreement offering to Pioneer Plaza Commercial Townhome Association and Matt F. seconded the Motion. The Board was in full agreement and the Motion carried.

Update on Pond and Ditch Project – Teocalli Avenue at Cement Creek Condos

This discussion took place during the 2020 Budget, Capital Improvement Planning Worksheet review. Chris Ward was in attendance representing the Cement Creek Condominium as the Association President.

Manager's Report

Dom is organizing a Trails, Amenities and Parks (TAP) committee meeting for Thursday, September 26th. The website is close to completion and some final tweaks are being made. Alpenglow in CB South was another success this year. Due to business and vendor sponsorship, the final cost to the P.O.A. was \$923.00 which was the lowest to date. The Center for the Arts has already contacted us to host possibly two Alpenglow concerts next season. The Mountain Express meeting is on September 19th and Dom invited any Board member to attend.

Identify October Board Meeting Agenda Items

1. Present a Cluster Potential Analysis report for discussion.
2. Update on the Mountain Express Strategic Meeting and CB South tax base study.
3. Draft a Board of Director's letter for CB South's position on service.
4. Decision on Late Night Taxi Service based on additional Alpine.
5. Expanding the Board of Directors to a seven-position board.

Next Meeting – Wednesday, October 9th, 6 pm.

Adjourn – 9:44 pm.