
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 49th Annual Meeting August 4, 2019

Board Members Attending: Margaret Loperfido, David Neben, Matt McCombs

Staff Attending: Dom Eymere, Benita Bellamy, Sue Wallace

Public in Attendance: Owner Sign in form available upon request at the Crested Butte South P.O.A. office.

Call to Order

Margaret called the meeting to order at 4:08 pm

Welcome and Introductions

Margaret introduced the Board Members in attendance along with the Association Manager and P.O.A Staff and welcomed the Public for joining today. Board Members, Matt Feier and Brett Henderson were unable to attend.

The Annual Meeting Proof of Notice was published in the Crested Butte News on July 18, 2019 and July 25, 2019. Notice was also posted on the CB South website, at the P.O.A. office and in the Annual Newsletter sent by mail to property owners along with the Election Ballots.

Reading of Minutes from 2018 Annual Meeting

The 2018 meeting minutes were reviewed and approved on January 8, 2019. It was determined by the Board to decline the reading of the 2018 minutes.

Year-To-Date Financial Report

Dom presented the Year-To-Date Financial Report. For the calendar year 2018, Total Income was \$395,000 and Total Expenses were \$323,000 resulting in Net Income of \$72,000. Additions to Capital Reserves totaled \$29,000.

As a result of the implementation of the annual ballot item for IRS Revenue Ruling 70-604, the \$72,000 of retained earnings for 2018, net of the \$29,000 capital contribution, equating to a total carry-over amount of \$43,000, was incorporated into the current year's budget. This figure went toward offsetting current year budgeted expenditures and lessened the required dues increase to balance the budget.

2019 Dues per single-family property were set at a rate of \$362.50, an increase of 5% over 2018. All other dues were set as a factor of the single-family figure – for example, a vacant lot is ½ of that, or \$185, and commercial property is set at a factor of 2, or \$725. For comparison purposes, dues increased 2% in 2018, 2% in 2017, 2% in 2016, 2% in 2015 and 3% in 2014.

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Total Income for 2019 is currently projected to be \$371,000 which is \$4000 above budget, a 1% difference. Annual Dues represent \$305,000 or 89% of Total Income.

Total Expenses are currently projected to be \$359,000 which is \$4k above budget, also a 1% difference. The winter bus service, provided by the Mountain Express, was funded this past winter season for the 5th consecutive year. The Association's contribution was \$16,500. The cost of the service is shared with the towns of Crested Butte and Mount Crested Butte.

Net Income for the year is projected to be right on target with the budget of \$12,000. Additions to Capital Reserves are projected to be \$30,000 for 2019. Major capital improvement items budgeted for 2019 include paving the bus loop, mailbox additions, installing a sidewalk along Elcho Avenue to connect Teocalli pathway and additional access easements.

From a Balance Sheet perspective, as of June 30, 2019, Total Assets were \$1,165k. Operating checking and money market accounts totaled \$219,000, which will be drawn down as expenses are incurred through the balance of the year. Reserve Funds are currently \$331,000 of which \$208,000 are invested in a laddered portfolio of four CDs with one maturing every 3 months, each of which is rolled forward one year upon maturity. This keeps the reserve funds invested in CDs earning 1-year rates, around 2-1/2% currently, and allows for ample liquidity if funds are needed. The remaining \$123,000 of reserve balances are held in a money market account. Refundable Performance Deposits amount to \$170,000 and are held in segregated accounts.

The improved dues collection process implemented four years ago has resulted in keeping Accounts Receivable low and has improved cash flow. As of June 30, 2019, Accounts Receivable were \$17,000. Fixed Assets net of Depreciation were \$427,000.

Total Liabilities were \$195,000, consisting of \$176,000 in Current Liabilities, a majority of which are Refundable Deposits. The balance of Total Liabilities consists of \$19,000 of Long-Term Liabilities which is the remaining balance of the mortgage on the POA building.

Total Assets of \$1,165,000, less Total Liabilities of \$195,000, equates to Total Equity of \$970,000.

An independent audit was conducted last year and is performed every other year. A Reserve Study was completed for the year ending 2017 and is performed every three years. Copies of the reports are available for review at the P.O.A. office during regular business hours.

In summary, the CB South Property Owners Association remains in very good financial condition.

	2017 Actual	2018 Actual	2019 Budget	2019 Projected	Projected vs Budget
Total Income	340,463	395,231	366,278	370,517	+4,238
Total Expenses	290,423	323,344	354,650	358,980	+ 4,330
Net Income	50,040	71,887	11,628	11,536	- 92

Update on CAMP by Dom Eymere

Dom shared the updates and timeline of the ongoing Commercial Area Master Plan (CAMP) document. We are in the later stages of the plan and continuing negotiations with the Block 6 stakeholders to secure easements for main street and public dedications. Dom referenced the CAMP plan map and recapped the zones identified within Block 6. We are asking for two pocket parks on each end of the approximately 350 to 400 feet of Main Street. A red outline represents area where the style of architecture will be commercial building form versus mandating a commercial building use. The specific building requirements are outlined in the CAMP document which is available online. The Main Street easement varies from a 35-foot to 45-foot width over the length of the entire street. The area along Haverly Street is being looked at for the residential area within Block 6 in following with the existing residential area. An easement from the end of Elcho Avenue to Cement Creek Road has been approved. We are still working with Gunnison County regarding snow storage and parking plans. Estimates for the buildout are very difficult to predict at this time; guesses would be between 170 to 260 residential units which would include different levels of housing such as studios and townhomes. The potential number of commercial units is estimated around 86; the existing CAMP document identifies much more commercial. How we pay for the maintenance of the main street will be addressed through dues and a development plan. The Board still needs to review the final outstanding issues prior to voting on adoption and then it will go on to the County for final approval.

The first comment was regarding deed restrictions. What is the current standing on deed restriction-work force housing and is it advantageous to pursue? Dom responded that currently there is not any deed restricted properties identified but we have received some inquiries. The P.O.A. has not written any policies as of yet but stated that we should look into it.

Margaret clarified the areas of Block 6 that are required to have 100% commercial use (which is the Main Street) versus the areas that are identified as the Main Street Building Zone related to a commercial building form requirement but not use. Margaret also noted that the current open building permits within Block 6 have two structures which are both building with 100% commercial on the first level and residential above.

Several folks asked for clarifications on why change from the past 33% commercial requirement to the combined residential and commercial? Also, since residential is in higher demand, CB South should benefit from this favorable change with the development community. The reason for the change is complicated by the inconsistency in the previously approved CAMP document. That document permitted 3-stories however our covenant is in conflict with the document and we have seen very slow growth or development since its adoption. The proposed change allows for investment in the community for folks who are interested in developing their property within Block 6.

Has the document not been adopted by the Board because we have not come to agreement with the Adiago and Pioneer Plaza? Dom and Matt M. answered that the negotiations are still in process and we have preliminary commitments with one of the parties. Matt M. shared there are

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conversations in play and yes, we are trying to secure agreements however, if we need to proceed, we will abandon negotiations and move forward without agreements in place.

Introduction of the CASC by Sue Wallace

Sue introduced her role as the Community Compliance Coordinator and as a committee member of the Covenant Amendment Steering Committee (CASC). Sue presented the goals of the CASC and she gave an overview as to why a covenant update is being reviewed and vetted. The existing covenants, adopted in 1970, have various examples of the obsolete or incorrect terminology, conflicting information and lack of updated rules and regulations to how the community has evolved and built out over the past fifty years. The committee members are volunteers who will review and simplify the areas identified by the committee, work with legal counsel and focus on engaging the community's input along the way. Our most recent ballot fell short of obtaining the required number of votes to pass. This committee will engage the community along the way to encourage engagement as well as clarity of the changes when it comes time to vote. The timeline is estimated at a 2-year period, so the hope is to have a draft ready next year's annual meeting with the goal of having a completed document ready for vote by August 2021. Sue explained the various categories of governing documents in addition to the covenants. There are Board issued resolutions and amendments to the covenants that have overlapped categories over the years. One such example is there are currently nine amendments to the covenant regarding animals which includes dogs, horses, etc. The committee will review each and consolidate into one new rule. Sue asked for anyone interested in joining the committee to let us know; the committee meets on the first Thursday of the month at 5pm.

Sue addressed several questions from members.

Question 1 – What is the requirement for passing a covenant change? We are bound to operate under the Colorado Common Interest Ownership Act (CCIOA) which requires a fifty percent plus one vote of the total membership in order to pass and be adopted. It was pointed out that the fifty percent plus one is not of the total votes received but of the total number of membership units.

Question 2 – What do you mean when you say become more nimble? Sue used the example of the current camper debate. For example, a sprinter van is accepted as a vehicle, but a camper is not permitted. We are operating under the 1970 covenant which was approved for different reasons. However, the Board is unable to change this covenant without a vote leaving the Board unable to address any changes. We are working with Beth Appleton as local counsel and she has provided a template to use as a guideline.

Question 3 – How do we make CAMP coincide with the timeline of an August 2021 covenant approval? The CAMP and the covenant rewrite are on two separate timelines and at this time they are not aligned with the covenant rewrite.

Question 4 – What covenants are stopping approval of the CAMP document? David addressed this response identifying that the main outstanding issues remain to be parking along with a snow storage plan and the issue of 3-stories.

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A comment was made to keep ownership informed with being diligent in communications in order not to fail in this endeavor. Sue asked the group what the best media was to do get this information out such as email, newspaper, newsletter or other. Another comment was that communications to reach out to absentee owners is key in order to engage them and vote. One suggestion was to form a phone calling committee to reach out to the absentee ownership. Dom added that information will be shared to all when topical discussions occur in conjunction with Town Hall meetings. The group offered suggestions and input on ways to gather a more thorough vote. Matt M. added that we will need everyone's help as ambassadors to spread the word to get out and vote. The committee will check with legal counsel to understand if there are other ways to orchestrate a ballot vote other than by mail and still be in compliance with the CCIOA process.

Association Manager's Annual Report by Dom Eymere

Dom presented his Association Manager's report. A Board Retreat occurred on May 20th as a mid-term review of the current 2016 – 2021 Strategic Plan. The Board's outcomes resulted in three priorities, 1. Pursuing a Covenant Amendment, 2. Creating a Walkable Community, 3. Establishing Cell Service.

The Capital Improvement Projects were outlined. A new pedestrian easement has been secured and will be developed from northeast corner of the commercial area at the intersection of Elcho Avenue-Haverly Street to Cement Creek Road. The RTA Bus loop will be paved mid to late August and RTA has granted a matching contribution for the work. Completion of Phase 2 along the playground will be complete this summer, limiting vehicular access through Red Mountain Park during the summer months. Funding for an expansion of the Basketball Court has been received through a Met Rec. grant. Other highlights include a new website for improved user experience and providing more up-to-date information as we will be able to bring the updates and edits in-house. A grant from the Upper Gunnison River Water Conservancy District provided funding for an irrigation audit along with upgrades for water efficiency within Red Mountain Park. Sue noted the grant also provided for a certified arborist to conduct an audit of our established trees which also provided ongoing health tips. Additional parcel lockers and twenty-nine mailboxes are being added to the mail room this fall and the addition of a Wi-Fi hotspot to Red Mountain Park. The STOR committee has been discussing a recreation path to town including improvements to the Cement Creek Trails access. Projects identified from the Capital Reserves funds include new fencing along Spann Ranch perimeter and paving replacement on the pedestrian pathway.

On the Regulations side of things, exterior lighting, RV's and construction impacts are the top issues.

Building continues throughout the subdivision with 41 open building permits at this time. New construction includes two Multi-family structures, two Commercial buildings, three Duplex residences and ten Single family residences. These permits include extensions from the past few years.

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Alpenglow will be here on August 19th in Red Mountain Park. We are thankful for our sponsors and always looking for additional sponsors.

A new state statute was implemented this year requiring a 90-day review period of the proposed Fiscal Year Budget by membership leading up to a November approval by the Board. Dom noted the 2020 Budget will be posted on the CB South P.O.A. website on Monday and encouraged everyone to take a look at the budget. Some of the line items discussed included increases in insurance premiums, staff payroll and the annual RTA contribution of \$16,000 for service by Mountain Express, which covers the open time slots not serviced by RTA. Dom also noted the budget includes zero contributions to the Capital Reserve funds outside of depreciation funds in order to balance out the proposed budget.

Question 1 – Why does the P.O.A. pay the RTA in order to provide service to our community? Dom responded that the P.O.A. will be working with RTA in October to discuss the annual contribution. As taxpayers within Gunnison County, CB South residents are contributing to the funding of the RTA through county and emissions taxes. Matt M. and David both shared the Board's concerns regarding the annual contribution. Dom also shared that a discussion on contributing to the Late-Night Taxi Service, sponsored in part by the Bartenders' Association. Dom has met with Rob Zillioux recently to gather specifics in order to understand if this would be of interest to our community and the Board. Dom welcomed any comments from folks regarding their thoughts on such a service. The Gunnison County Sheriff has also inquired to see if the members would be interested in a substation in CB South.

Property Owners Comment/Question Time

The meeting was opened up for any additional questions from the property owners. Margaret mentioned that a comment box has been provided in the back for folks that wish to submit comments.

Question 1 – What is the proposed 2020 Dues increase percentage? Dom shared the proposed increases are 4% for a Single-Family Home and 9% for Vacant Land.

A public acknowledgment and thank you was made by a member to the Board of Directors for their service. Dom thanked the membership in attendance for their questions and participation in today's meeting as well as acknowledging retiring Board Member, Brett Henderson, for his time and service over the past two years. Margaret Loperfido and Mary Haskell were voted in as the new 2019-2021 Board Members. Dom introduced Mary Haskell to the audience and thanked all the members who ran for the election. The IRS Revenue Ruling 70-604 for 2019 was passed 231 votes in favor to 5 votes not in favor.

The meeting was adjourned at 5:32 pm and everyone was invited to attend for the Annual Picnic.