

Ponderosa Condominiums Association, Inc.
Annual Meeting
July 15, 2017 – 10:00 a.m.
Mountain Edge Condominiums Conference Room

Call to Order

President Beverly Ross called the meeting to order at 10:01 a.m.

Proof of Notice

Notice of Annual Meeting was emailed June 15, 2017.

Roll Call/Establish Quorum

Members Present in Person:

Sylvain & Pam Hayoun	1A
Frances Boatright 2000 Trust (Bart Boatright)	1B
Richard T. O'Kell Trust (Beverly Ross & Dick O'Kell)	2A
LeAnn Key	2B
Richard T. O'Kell Trust (Beverly Ross & Dick O'Kell)	2E
James Colorado Properties (David & Jeanne James)	2F
Kay Hutchings	3A
Joan Heinz	3E

Members Present by Proxy:

Beverly Ross proxy for:	
Leuszler Joint Revocable Trust (Dick & CC Leuszler)	1E
Bud Tasch	3B
Michael Brogdon, Diane S. Brogdon Trust, Jacqueline Brogdon	3C

Joan Heinz proxy for:	
Little Hoss LLC (Rob & Ann Hanson)	1F
Stephan & Jen Ammon	2D

Kay Hutchings proxy for:	
Jim & Terrie Peay	1C
ADM Properties (Todd Cadwell, Eric Swanstrom)	3D

Bart Boatright proxy for:	
Susan K Johnston Revocable Trust (Jay & Susan Johnston)	1D

A quorum was established with 16 of 18 (89%) of the members present.

Reading and Approval of Past Minutes

Kay Hutchings made the following:

Motion:	To waive the reading of the minutes of the July 9, 2016 annual meeting and approve them as submitted.
Second:	Dick O'Kell
Vote:	Unanimous approval

Reports

Officers

The President's Report was included in the Annual Meeting Packet and was posted on www.ponderosacondos.com.

Trash pick-up has been increased to two times per week during peak seasons. The recycling container continues to be used for disposal of paper, plastic bags, and other items that Waste Management will not accept.

The plastic parking tags are working well to control parking at the complex. Owners were reminded that only two vehicles per unit are allowed at the property.

Alpha Mechanical completed the installation of backflow preventers on the main water line of each building as required by the State of Colorado. The devices must be tested annually, and a report showing compliance will be sent to regulating parties.

Joan Heinz, Secretary/Treasurer, reported that the unit that has been in arrears in payment of association dues and special assessments has come current. She told those in attendance that in 2012, the Board of Directors approved a \$500 per unit per year special assessment (for a five year limit) designated to capital reserves. This year was the last approved year of that assessment, but the Board will discuss continuing the practice and possibly increasing the amount of the annual special assessment.

Managers

The new internet and television service that was installed last fall seems to be meeting the needs of the occupants, and management has received very few phone calls for assistance.

The only capital project slated for completion in 2017 is to have the parking lot sealcoated and striped. Donna has recommended that the sealcoat not be completed at the quoted cost of \$6,450, as the asphalt is tentatively scheduled to be replaced in 2019 after the front retaining wall replacement.

Financial

The financial report was included in the Annual Meeting Packet, and there were no questions on the report. It was pointed out that snow removal was over budget in the first half of 2017, and the allowance for bad debt recorded (because of a large receivable) in 2016 and 2017 was reversed July 1, 2017 when the association received payment of the receivable. The association is now in a better financial condition with the collection of the debt.

Election of Directors

The terms of Bart Boatright and Kay Hutchings expire this year.

Dick O'Kell made the following

Nomination: Bart Boatright and Kay Hutchings to another term on the Board.

Sylvain Hayoun made the following

Nomination: Sylvain Hayoun to a term on the Board

A written vote was taken for the position held by Bart Boatright. Bart was elected to the Board of Directors.

A written vote was taken for the position held by Kay Hutchings. Kay was elected to the Board of Directors.

It was suggested that there be a limit to the number of terms a person can serve. A term limit for Board Members would take an amendment to the By-Laws of the association. The Board will take the suggestion into consideration.

Old Business

Natural Gas/Fireplace Update

Resource Engineering Group provided the association with a plan to bring natural gas to all three building and to each fireplace in the buildings; this plan was approved by the fire department and the utility provider. A quote of \$96,000 was received to run the gas lines, and an additional \$3,000 would be charged to install the meter sets. The estimate does not include repairs to the lawn, asphalt, or sprinkler system or does it include the purchase or installation of a gas appliance in the unit. To proceed with installation of a gas appliance, the existing chimney chases would need a level 2 or 3 inspection and any deficiencies would need to be repaired. Discussion took place on the progress made in appearance and efficiency of electric logs and electric fireplaces. There is some question if unit owners that shared a chimney chase could have different use methods in their fireplaces. Evaluation will take place to try to give flexibility to owners if some wished to continue burning artificial logs while others who share the same chase choose to install an electric appliance.

Bart Boatright made the following

- Motion:** To remove natural gas from future agendas as the cost of a gas installation project is cost prohibitive and not worthy of future consideration.
- Second:** Pam Hayoun
- Vote:** Unanimous approval

Building 3 Sauna Update

A sauna heater unit that can easily be installed and operational has not been found. New standards on saunas have venting requirements which is not simple to retrofit into the current sauna location. It was decided that because of the difficulties encountered, saunas at the property will be phased out as they expire.

New Business

Excess Membership Income Resolution

Kay Hutchings made the following

- Motion:** To adopt the resolution that any excess membership income over membership expenses as defined in IRS Reg 1.277-1 shall be applied against the subsequent tax year operating expenses and/or reserve fund as provided by IRS Revenue Ruling 70-604.
- Second:** Bart Boatright
- Vote:** Unanimous approval

Insurance Safety Assessment

The safety assessment letter was included in the packet, and there was no discussion.

Electrical Panels

Resource Engineering Group is working on specifications to replace electrical equipment in the main meter panels. Engineered specifications would be needed in the event of a failure of the electrical equipment that feeds the buildings. A near failure of electric service in building 3 last winter necessitated the plan of action in the event the outdated electrical equipment will need to be replaced in the future.

Retaining Wall

The front railroad tie retaining wall is leaning and is rotting. Replacement of the wall is on the 10-Year Capital Plan for replacement in 2018. The project is expected to cost \$60,000 to \$80,000 and will require a special assessment to complete the project.

Parking Lots

The parking lot asphalt has deteriorated rapidly the past several years; life expectancy of asphalt in Crested Butte is 20 years, and the parking lot asphalt has reached that age. Milling and top coating the parking lot is slated for 2019, the year after the replacement of the retaining wall. This project will also require a special assessment of the membership to complete.

Establish Next Meeting Date

It was agreed to hold the next annual meeting on **Saturday, June 23, 2018** at 10:00 a.m.

Adjournment

Kay Hutching made the following

Motion:	To adjourn the meeting
Second:	David James
Vote:	Unanimous approval

The meeting adjourned at 11:19 a.m.

President's Report

July 15, 2017

Ponderosa WiFi

Surprisingly, there were no problems through the winter season! We were very fortunate to have signed up for "bulk internet" when we did because Spectrum no longer offers this package.

Please be aware that if a modem/router has no activity for about 30 days it will go offline and need to be rebooted (unplugged for a minute, then plugged in again). This should restore internet service.

Trash and Recycling

During July, August, Christmas/New Year, and March the dumpster is emptied twice each week, on Tuesdays and Fridays. Please break down boxes before depositing them in the dumpster!

We contract for recycling only during the summer months. There is now a larger container for glass, metal, and plastic, which is picked up on Wednesdays. Paper and cardboard recycling was discontinued because too many unacceptable items were being deposited.

Parking and Parking Permits

CBMR's front range marketing has been very successful, so much so that we have more visitors driving to Crested Butte than ever before, even during the winter. As a result, **the two-vehicle per unit limit must be strictly enforced.**

Please make sure your renters and guests (or rental manager) are aware of this and understand that there can be **no exceptions!** During the summer months overnight parking has been available in the "rasta" lot, immediately west of Ponderosa for \$20 per night per vehicle. A permit must be obtained from Mt. CB Town Hall during office

hours (Monday – Friday 8 a.m. to 5 p.m.). However, this summer that lot is closed. It is being used by the contractor working on the rec path extension.

Green ribbons were attached to the parking permits to make them more visible and less likely to be inadvertently left in vehicles upon departure. Donna tells me only one permit went missing last winter, and it was returned by mail!

Insurance Loss Control Survey

Last December a loss control survey was performed for Farmers Insurance. To comply with their recommendations, metal mesh was added to the hot tub gate to make the latch inaccessible to small children.

Backflow Preventers

Mt. CB Water & Sanitation required us to install backflow preventers in each building. Alpha Mechanical performed the work last October at a cost of \$5,038. A certified technician must test these devices annually.

Electrical Panels

On March 7 all the lights in Building 3 began flickering. CB Electrical was able to resolve the problem, but discovered that much of the equipment will need to be replaced in the near future. REG Engineering is in the process of determining what will be required.

Natural Gas and Fireplaces

August Hasz of REG Engineering developed a plan for providing natural gas to each fireplace that was acceptable to the Town of Mt. Crested Butte, the Crested Butte Fire Inspector and Atmos Energy.

President's Report

July 15, 2017

Page 2

Atmos Energy quoted \$3,000 to hook up service and set a meter or meters, which would be located below the hot tub deck on the hillside.

Alpha Mechanical Solutions provided a rough cost estimate of \$96,000 for the plumbing portion of the project (running gas lines from meters to each fireplace). This does not include repairs to irrigation system, lawn, parking lot or sidewalks.

The cost just to have natural gas available to each fireplace would be approximately \$6,000 per unit. The cost of the fireplace itself and modifications to the fireplace surround would be in addition to the above, making the total cost for each owner at the very least \$10,000.

A major concern is that alterations and inspections required to install gas fireplaces could mean that **all** chimney flues and chases would have to be brought up to current codes. REG cautioned that we should assume that these structures may need to be completely rebuilt, including all new venting for the fireplace units whether or not an owner chooses to install a gas fireplace.

With that in mind, I am investigating electric options. There are some very realistic electric log sets and fireplaces on the market now, thanks to LED technology. I have a Dimplex demonstration unit in the fireplace in 2E. You are welcome to come see it.

Mt. Crested Butte Performing Arts Center (MCBPAC)

On June 16 the Board of Directors of MCBPAC announced that it had terminated the project for the construction of The Biery-Witt Center and is formulating a windup plan for MCBPAC. In 2014 MCBPAC applied for a USDA Rural Development Loan, which, after a lengthy process, and a request for reconsideration, was denied. The Board determined that without this loan the project could not proceed in a fiscally responsible manner.

Happy Hour on the Patio

Owners are invited to get together at the Ponderosa patio the afternoon of the annual meeting around 4 p.m. (weather permitting). Bring your own refreshments and enjoy visiting with your neighbors!

Managers Report

Welcome to the Ponderosa Condominium Association's Annual Homeowners Meeting. Overall the property is in good condition. This report will identify completed, ongoing, anticipated, and unanticipated projects in the last year.

Ponderosa was fortunate to see very little damage from the magnitude of snow Crested Butte saw in a short period of time last winter. The hillside building identification sign was pushed forward a bit from the weight of snow, and the garage man entry doors needed minor adjustment. Professional Contractor made these repairs at a cost of \$233. Minor stucco damage in the alleyway will be repaired based upon contractor availability. Crested Butte saw snow through May causing the stucco repair to be completed later than in prior years.

Alpha Mechanical completed replacement of the unit and common area hot water heaters (as needed by the HOA mandate of 15 years) last fall. They were also hired to install backflow preventers on the main water lines of each building to come in compliance with State of Colorado requirements. The installation of the three devices cost \$4,588, and they will require an inspection and state reporting at a cost of \$150 each annually.

The Association has retained Resource Engineering Group (REG) over the past year to consult on two different matters. First, they were hired to provide natural gas line routing options to the chimney stacks of each building. A copy of their report is included in the Annual Meeting Packet.

REG was also asked to devise specifications to replace the main electrical components feeding the individual buildings. The request was in response to an electrical event in building 3 which occurred in March. The lights in the units were flickering and the electrical service was sputtering. Crested Butte Electric (in coordination with Gunnison County Electric) diagnosed the problem to the main electrical panel in the cabinet on the side of the building where connections and nuts were tightened. It was learned from the electricians that had there been a total failure of the equipment, the equipment could not be immediately replaced as the repair would need to be engineered by a professional; REG has begun preliminary work to produce needed specifications.

The installation of enhanced TV service and bulk internet in each unit was completed in the fall. Beverly spent many hours with the Time Warner Cable technicians assisting with the installation and setting up individual accounts and services. I have received minimal calls concerning service, and what I have received was an easy fix (i.e. the equipment got plugged into a switched plug, and the switch was off.)

The hot tub saw several repairs this year: The upper control panel was replaced and valves were leaking causing the hot tub to lose water. Diamond Blue made both these repairs. The hot tub cover has become waterlogged and is on order to be delivered in the

near future. Plus, the building 3 sauna is not operational. Duane Johnson of Summit Construction was approached to come up with a solution for replacement of the heating unit. He has instructed, however, that it is not worth the legwork to find a workable unit; we need to provide the appliance. What exists cannot just be replaced, as new units have certain venting requirements to function properly, and the solution for an operational sauna is not a simple one.

Routine maintenance such as carpet cleans, fire extinguisher inspections, weed mitigation, snow shoveling, and lawn maintenance happened as well as a few extra projects: Most of the hallway/garage emergency light fixture batteries saw their useful life of 5 years, and new fixtures were installed in November. A few old fixtures are not operating correctly since that time and will be replaced soon.

In November, the front steps of building 3 were repainted with a neutral color. Once the wood on the front of the buildings was stained and became a bit darker (as it does with age,) the copper color seemed out of place. We believe the stairs now blend into the surroundings.

As mentioned above, the exterior wood was stained last fall. Upon inspection, the sliding door trim, the upper soffits, and the chimney chases below the roof were added to the project and stained. These areas are omitted in the routine rotation since they are in a more shaded area.

The one capital project approved for 2017 is to seal and stripe the parking lot asphalt. The quote received to complete the project came in at \$6,450. It is my opinion that the cost of seal coating would be better spent on replacement of the asphalt, which is in the Capital Plan for 2019 (after replacement of the front retaining wall that is slated for completion in 2018.)

I look forward to a productive meeting and to seeing you on July 15th.

Financial Report

Fiscal Year-End Recap – December 31, 2016

Total Net Income for the fiscal year ending December 31, 2016 was \$1,161 while a \$6,351 loss was budgeted. The operating section of the Profit and Loss Statement reflected a \$6,825 profit while a \$9,506 loss was budgeted. The following line items were significantly under budget at yearend: Hot Tub Supplies and Repair, Legal Fees, Management Fees, and Trash Removal. Internet Expense and Staining of Exterior Wood were significantly over budget. The December 31, 2016 fiscal yearend audited Balance Sheet and Statement of Revenues, Expenses and Changes in Fund Balance are included in the meeting packet for your review.

At fiscal yearend, the association had a \$19,402 Operating Fund Balance and a \$40,800 Capital Fund Balance totaling \$60,202 in Equity.

Balance Sheet – June 30, 2017

The Balance Sheet for the Ponderosa Condominiums is in good condition with the association holding \$57,537 in cash as of June 30, 2017.

Accounts Receivable-Owners totaled \$12,725. Three owners were 30 days past due. One owner, whose unit was tied up in legal issues, owed almost \$12,000. Four owners were prepaid, amounting to \$4,538, which nets out to the \$8,187 as reflected on the June 30th Balance Sheet. As of the writing of this report, one owner 30 days delinquent is now current, and the unit that was severely past due has paid and is current.

Accounts Payable reflected a balance of \$3,855. As of June 30, 2017, the association has a fund balance of \$60,203 with a current year loss of \$6,148 totaling equity of \$54,055; the Operating Fund Balance is \$8,916 while the Capital Fund Balance is \$45,139.

The good news for the association is that the current year-to-date operating loss will be offset by the reversal of a 2016 audit adjustment that recorded \$6,000 as Bad Debt Expense. An additional \$2,850 that was recorded as Bad Debt Expense in the first six months of 2017 will be reversed. The reversal entries were made on July 1, 2017, as that was the date the delinquency was paid.

Profit and Loss Statement

The Operating Portion of the Profit and Loss Statement after six months of the fiscal year has a net loss of \$10,247. The net loss budgeted for January-June is \$6,767 thus reflecting a negative variance of \$3,480. The following will identify significant variances within the first six months of the fiscal year:

- **Late Fees**

One unit was significantly delinquent and a handful of other units were periodically past due in payment of monthly assessments over the first six months of this year. The delinquent accounts accrued monthly finance charges at a rate of 1.5% causing Late Fee Income to be over budget by \$900 (1000%).

- **Miscellaneous Income**

This account is \$100 (100%) over budget. The association renewed the trash removal contract with Waste Management and received a \$100 contract-signing bonus.

- **Appraisals**

Appraisals is \$750 (100%) under budget, as the Estimate of Insurable Value for the property is not yet complete. The finished report should be received from the appraiser by the end of July.

- **Chimney Cleaning**

This account is \$900 (100%) under budget, as the chimney inspections and sweeps have not been performed; they are scheduled for completion in late August or September.

- **Contract Labor**

Contract Labor is over budget \$1,393 (93%) from January to June, 2017. In March, building 3 had flickering lights. Crested Butte Electric (in coordination with Gunnison County Electric) diagnosed the problem to the main electrical panel in the cabinet on the side of the building. Connections and nuts were tightened, and CB Electric returned in June to tune-up the electrical equipment feeding buildings 1 and 2. Total electrical costs were \$559. Had there been a total failure of equipment, the building could have been without power for an extended period of time. The electricians informed me that equipment replacement would need to be engineered by a professional. Resource Engineering Group was hired to produce specifications for replacement equipment that will comply with current code. \$375 has been paid to REG for initial work. In addition, \$544 was spent to repair three garage doors and replace an opener, and to clear a clogged main drain line in building 1 at a cost of \$450.

- **Hot Tub Supplies and Repair**

Two major repairs were completed during the first six months of 2017: The upper control panel and high limit sensor were replaced at a cost of \$436, and a leaking valve cost \$328 to replace. These repairs cause this account to be \$313 (45%) over budget.

- **Maintenance Supplies**

Maintenance Supplies is \$212 (118%) over budget. The overage is due to the purchase of permanent parking passes at a cost of \$245. Since we started using the plastic permits, \$200 has been collected for lost permits.

- **Snow Plowing and Snow Removal-Roof**

Snow Plowing and Snow Removal-Roof are over budget by \$2,815 (125%) and \$528 (53%) respectively. The beginning of the year saw much heavy, wet snow causing removal efforts to be increased and take longer.

Capital Expenses

The one capital project approved for 2017 is to seal and stripe the parking lot asphalt. The project is budgeted at \$4,595, while the quote from Sealco came in at \$6,450. It is the manager's opinion that the cost of seal coating would be better spent on replacement of the asphalt, which is in the Capital Plan for 2019.



Beverly Ross
Ponderosa Condominium Association
pca.mtcb.co@gmail.com

November 28, 2016

Regarding: Ponderosa Condominium Gas Line Options

Beverly:

Per your request, I have evaluated options for providing the existing Ponderosa Condominiums with natural gas service. During this process I have met on site at various times with yourself, representatives of the local gas utility, and the fire department. Through this process we have identified and evaluated three possible configurations of meter locations, and for most of those a number of potential gas line route options.

This particular site is quite challenging for providing natural gas service due to the configuration of the buildings themselves. There are a host of codes and guidelines concerning gas meter location and and gas line routing. As currently constructed, there is no straightforward option for providing gas service to the existing condominiums. However, I have been able to work with the utility supplier and fire department to identify an option that meets the goals of the Association. While this option has challenges, it is clearly the most cost effective of the options that met all criteria for feasibility. If any of the board members would like to discuss the other options and understand the implications, I am available to attend a board meeting to answer questions and discuss alternatives. In this memo, I will focus on the selected option.

I have attached a sketch of the proposed routing. The meter location will be on the vertical, southeast facing wall below the spa deck. All meters will be located here, with the utility providing high pressure service to this location. Low pressure gas piping will be routed from this location to each unit individually. This will require some oversizing of the gas lines due to the relatively long low pressure lines. All lines will be routed below grade, then will enter each building at the exterior 'chimney' features. This will allow for all gas line routing to be external to the finished units, yet still be protected from the elements and hidden from view. Gas lines will enter the units at the existing fireplaces.

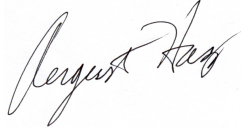
Please review the sketch attached at the end and let me know if you have any questions. I have kept it pretty rough and schematic in nature. If anyone bidding this concept needs more detail, such as more refined estimates of pipe sizing per unit, we can provide that. However, I believe the more significant cost will be in the trenching and the rebuilding of the 'chimney' features.

While talking with the representative of the fire department, Scott Wimmer, he shared that he had seen a similar approach taken at a couple of buildings in the area and cautioned that while these 'chimney' structures are aesthetic and not a traditional brick chimney, they do contain chimney vent.

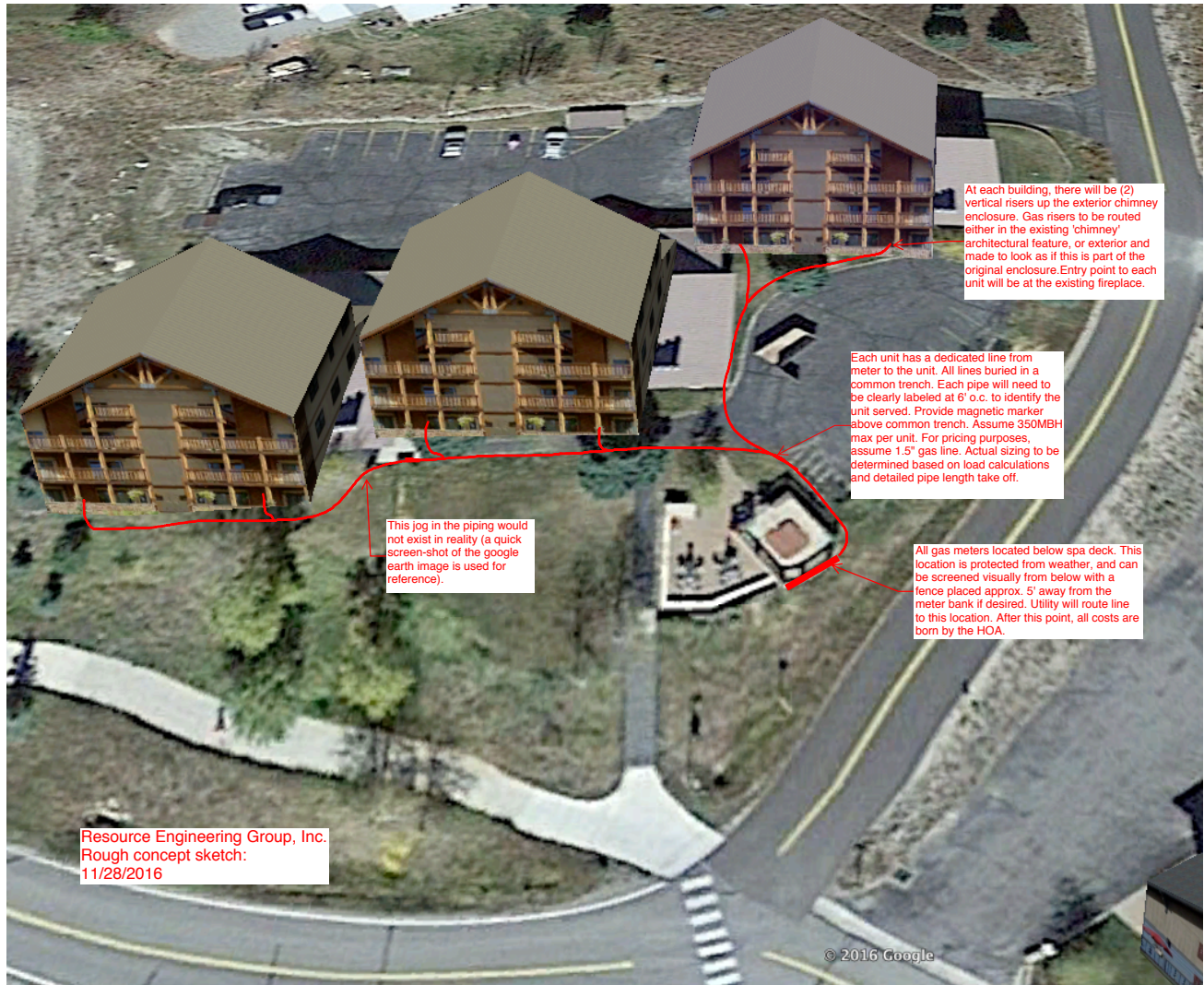
When the Association exposes this venting, the HOA insurance may require a “Level II or Level III inspection” which he has seen trigger issues with chimney venting, fire blocking and current codes. The new installation will need to meet all applicable sections of the IBC, IPC and IMC. His point is that the existing chimney venting is likely to be unacceptable, even for the reduced requirements of a gas fireplace, much less the current wood burning fireplaces. The HOA should assume that these structures may need to be completely rebuilt, including all new venting for the fireplace units. From our conversations I understand that the HOA is aware that these fireplace units are somewhat suspect and in need of repair/replacement, so I do not imagine this is a surprise, but I want the HOA to be aware there could be significant ripple effect to the cost of routing this new gas piping.

Please let me know if you have any questions.

Sincerely,



August Hasz, P.E.



RESOLUTION OF PONDEROSA CONDOMINIUMS ASSOCIATION

July 15, 2017

**RE: EXCESS MEMBERSHIP INCOME APPLIED TO THE FOLLOWING
YEARS' OPERATING EXPENSES AND/OR RESERVE FUND**

WHEREAS, Ponderosa Condominiums Association is a Colorado condominium association duly organized and existing under the laws of the State of Colorado; and

WHEREAS, the members desire that the Association shall act in full accordance with the rulings and regulations of the Internal Revenue Service;

NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of Ponderosa Condominiums Association:

RESOLVED, that any excess of membership income over membership expenses as defined in IRS Reg. 1.277-1 shall be applied against the subsequent tax year operating expenses and/or reserve fund as provided by IRS Revenue Ruling 70-604.

This resolution is adopted and made a part of the minutes of the meeting of Ponderosa Condominiums Association.

BY: _____
President

ATTESTED: _____
Secretary