

**Board Meeting Minutes
47th Annual Meeting
August 13, 2017**

Board Members Attending: Kevin Van Horn, Pat Wallace, Mark Trautman, Shay Wycoff

Staff Attending: Dom Eymere, Benita Bellamy

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

Kevin called the meeting to order at 4:05 pm

Welcome and Introductions

Kevin introduced the Board Members in attendance along with the Association Manager and P.O.A Staff, and welcomed the Public for joining us today.

Reading of Minutes from 2016 Annual Meeting

It was determined by the Board to decline the reading of the 2016 minutes. Kevin requested any comments and/or corrections from the Board and Public. None were identified. Mark motioned to approve the 2016 Annual Meeting Minutes and Pat seconded. The motion was unanimously approved.

Year-To-Date Financial Report

For the calendar year 2016, Total Income was \$313k and Total Expenses were \$261k resulting in Net Income of \$52k. Additions to Capital Reserves totaled \$25k.

For 2017, we implemented a new zero-based budgeting process where all line items start at zero and all revenue and expense amounts must be individually supported and accounted for, instead of relying on adjustments to prior year figures. Also, as a result of the implementation of the annual ballot item for IRS Revenue Ruling 70-604, prior year retained earnings are incorporated into the following year's budget, offsetting future expenditures which help minimize dues increases.

Total Income for 2017 is currently projected to be \$325k which is \$10k above budget primarily due to higher than anticipated Application Fees from new construction activity. Annual Dues represent \$269k or 83% of Total Income. The Dues increase this year was 2% which equates to \$6 for a single family residence and \$3 for a vacant lot. For comparison, dues increased 2% in 2016, 2% in 2015, 3% in 2014 and 4% in 2013.

Total Expenses are currently projected to be \$297k which is \$3k above budget primarily due to \$11k of budgeted capital items being expensed, rather than capitalized, which was largely offset by net reductions in other expense categories. The capital items being expensed include the

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amounts allocated for the Commercial Area Master Plan consulting work and the Huckeby parcel trail work. The winter bus service, provided by the Mountain Express, was funded this past winter season for the third consecutive year. The Association's contribution was \$16k which represents approximately 1/3 of the cost of the service. The balance of the cost was shared by the towns of Crested Butte and Mount Crested Butte.

Net Income for the year is projected to be \$28k or \$7k above budget. This amount equates to approximately five weeks of operating expenses. Additions to Capital Reserves are budgeted at \$25k for 2017. Major capital improvement items for 2017 include LED lighting for the hockey rink and pedestrian easements into the commercial area.

From a Balance Sheet perspective, as of July 31, 2017, Total Assets were \$951k. Operating checking and money market accounts totaled \$208k, which will be drawn down as expenses are incurred through the balance of the year. Reserve Funds are currently \$263k of which \$206k is 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 at 1-year rates, but allows for ample liquidity if funds are needed. The remaining \$57k of reserve balances are held in a money market account. Refundable Performance Deposits amount to \$72k and are held in a segregated money market account.

The improved dues collection process implemented two years ago has resulted in keeping Accounts Receivable low and has improved cash flow. As of July 31, 2017 Accounts Receivable were \$12k. Fixed Assets net of Depreciation were \$397k.

Total Liabilities were \$121k, consisting of \$78k in Current Liabilities, a majority of which are Refundable Deposits. The balance of Total Liabilities consists of \$43k of Long-Term Liabilities which is the remaining balance of the mortgage on the POA building. In January 2017, we made an extra principal payment of \$13,500 to reduce the mortgage balance which will result in lower mortgage interest expense as well as shorten the repayment period.

Total Assets of \$951k, less Total Liabilities of \$121k, equates to Total Equity of \$830k.

The POA is currently finalizing an updated capital reserve study which was last completed in September 2011.

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

	2015 Actual	2016 Actual	2017 Budget	2017 Projected	Projected vs Budget
Total Income	313,222	313,692	315,768	325,383	+ 9,615
Total Expenses	261,017	261,448	293,975	297,079	+ 3,104
Net Income	52,205	52,244	21,793	28,304	+ 6,511

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Committee Reports

Kevin provided an update on the committees formed over the last year as a result of the Strategic Plan approved in 2016. They include the Trails, Amenities and Parks (TAP) Committee as well as the Commercial Area Master Plan (CAMP) Advisory Group. Kevin introduced Pat Wallace, co-chair of the TAP Committee.

Pat introduced the TAP Committee members, including co-chair Matt Frier, Margaret Loperfido, Bill Niemi, Brian Dale, Sonda Donovan and Rebecca Cerio. The committee's focus is parks and trails amenities which includes the Red Mountain Park Master Plan. A survey was issued earlier in the year asking what you, as residents, enjoy most about our parks, trails and amenities. Your responses identified the bus service as ranking the highest, along with the playground, soccer, picnic as well as skate and Pump Park. Feedback was also requested for the idea of a future covered pavilion. Responses ranked fairly high in favor as long as it did not require a significant dues increase. The committee is in the very early stages of gathering cost estimates and looking into feasibility. The pavilion is a long range, two to three years, project that will include a Cost-benefit analysis. Such an endeavor would likely require grant funding opportunities for financial support.

Several other projects under discussion and/or underway include reducing the amount of traffic through Red Mountain Park but being mindful of winter parking needs as well as snow storage, the continuation of connecting our parks and amenities by creating new easements leading to the commercial core and partnering with the Land Trust on the Huckleby Conservation Easement. This project permits a pathway and boardwalk for access along the banks of the East River through the parcel. The project has been a good collaboration between several entities, including the Land Trust, River Rim HOA and Western State Colorado University. An announcement will be issued when it officially opens. It will be available for seasonal access only and there is a no dog policy as strictly enforced by the Land Trust. Additional TAP initiatives include green space planning and the composting pilot with Mountain Roots within the Community Garden. Pat asked if there were any additional questions of the group and turned the meeting over to Kevin.

Kevin highlighted the overall goals and benefits for revisiting the Special Area Regulations (SAR) as well as the Advisory Group representation including homeowners, business owners and key stakeholders. Our consultant, Chris Hawkins of Alpine Planning, LLC, was introduced. Chris briefly shared the outcome of the seven meetings held to date and mentioned the survey that was issued asking for ownership feedback on what they would like to see in terms of land use and business categories.

The revisions to the current SAR are well underway. The changes will be redlined for clarity of updates. Chris walked through the current plan identifying the platted area as Pioneer Plaza. Current regulations have prohibited Pioneer Plaza to move forward with development and this review of the regulations will provide the appropriate massing, parking and pedestrian interaction needed to develop the parcel.

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In the survey, responses supported the mixed use of shared commercial and residential. Results also supported the premise that CB South could not support a commercial area of the current size with the current requirements. It is currently being reviewed as to where the commercial buildout should focus versus where to incorporate the public areas.

Discussion included how to allow for a change from the current plan to one that has residential uses and public meeting spaces. A charrette process provides one option to develop a workable concept plan while including the input of the commercial ownership, the POA, the DRC and the community.

Chris also mentioned favorable survey responses regarding craft industry business opportunities and unfavorable responses regarding any category of business focused around the use of heavy equipment.

In summary, we will likely have a few more CAMP meetings with the hopes of wrapping up the SAR revisions in early October and presenting to the Board of Directors that same month. Once Board approval has been received, the final SAR amendment will go in front of the Board of County Commissioners for approval.

Chris asked if the group had any additional questions.

Question: Is there a big push to add residential within the area?

Answer: Yes, both from property owners and the residents because there is not enough demand to support the existing parcels with all commercial.

Question: Are there any businesses in the works at this time?

Answer: Dom responded to this inquiry, Yes, there has been business interest within the Commercial core but no formalized proposals submitted at this time. A new commercial project was recently approved by the DRC which is located within the Commercial perimeter.

Crested Butte South Metro District – Ronnie Benson

Kevin introduced Ronnie Benson as the new District Manager replacing Jack Detrich. Kevin also thanked Jack for his many years of service to our community. Ronnie shared some general information with the group.

- Suggested using Express Bill Pay for paying your bill. The office is also able to take credit card payments as well.
- Be mindful of what you flush down the drain and put in the garbage disposal. Various products marketed as ‘flushable’ are not. They have had more and more issues and will be sharing some information in the near future.
- Goren Street will be paved from the Floyd Avenue intersection to the Cascadilla Street intersection by end of summer.

Question: How do you determine where to pave?

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Answer: The roads with the most build out of homes are the preferred streets to pave in order to eliminate cutting a newly paved road for new house services.

Question: Blackstock Drive is fairly well developed and continues to be a main thoroughfare for those residents living in the higher part of the subdivision. Is that on the list for paving?

Answer: We are very aware that Blackstock is a main artery and it is discussed regularly so it is not completely off the table. The cost of blacktopping is very expensive so the budget does impact what can be paved. Ronnie noted the request.

Ronnie addressed the recent letter to homeowners sharing the reasons for the minimal increase of fees beginning in 2018. Tap fees currently provide the revenue for funding Metro's improvement projects. Tap fees are not guaranteed to be received at a regular rate and if they do not grow, the dues need to increase to be sure that you have water and sewer services when you need them. The letter outlines the reasoning for the minimal increase and the overall District costs.

Question: What is the current relationship with the downstream landowners regarding fishing and boating rights?

Answer: The Metro likes having that space for the community use. However, the Metro District fields many calls from those landowners. Metro has been collaborating with folks to identify guidelines for use, based on flow, and posting signage to educate the public on what is safe flow rates for use.

Shay complemented the Metro District and thanked them for the great job handling snow removal and maintaining subdivision roads this winter. Ronnie ended with a brief explanation about how snow storage and removal is a challenge and reminded ownership to keep road easements free and open during heavy snow periods so the Metro District can clear and move the snow freely. He welcomed all to contact the district with any questions.

Unscheduled presentation by the Fire Protection District

Fire Protection District Board Member, Ken Ludovico and Fire Chief, Rick Ems, gave an impromptu presentation to educate us on the Fire Protection tax increase being proposed in the fall election. Volunteer bases are shrinking therefore the need to hire folks has increased. Cash reserves have been used to fund this increase to date. The Fire Protection District is considered a Special District and Special Districts do not receive any sales tax revenue therefore, they have not benefitted from the increase in sales tax revenue with the county's growing tourism. However, the shared challenges of covering a large regional area and the increase of tourism are resulting in the rising number of all types of calls (EMS and Fire). This proposed tax increase will help fund the Fire Protection District.

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Manager's Annual Report

Dom presented the highlights of the past year. The Strategic Plan included four major initiatives and all active and planning projects are associated with these initiatives. We continue to work on improvements to internet access with the addition of Wi-Fi at the bus stop. The Board and Committees are doing a great job moving forward on all the Strategic Plan goals. We have some committee sign-up sheets if anyone is interested in signing up for one of our committees.

Some Capital Improvement Projects this year included the replacement of the hockey rink lighting with LED lights. The new lighting was eligible for a rebate from the electric company while improving overall costs, minimizing light spillage and being able to turn the lights on and off to reduce the length of operating time. Other subdivision improvements included the playground resurfacing, fence repair and replacement along the entrance at County Road 740 and the 2016 Sunset Hall flooring replacement.

Pat previously mentioned the Pedestrian Easement project and the Huckeby trail development. Both projects continue the goal of connecting our parks, residential and commercial area. As we prepare for the 2018 budget, some future Capital Improvements and Expenditures include looking into resurfacing the tennis courts, some deferred maintenance needs and updating the Red Mountain Park Master Plan. We post all our monthly meeting agendas on the website to keep the community informed and welcome your attendance so please reference the website regularly for the updates.

Mark mentioned that we did a Reserve Study with a Reserve specialist which included a review of our assets that will need replacing over the next few years. Results are pending as of the meeting and will be very helpful for the upcoming budget planning session.

As for Rules and Regulations, we received Board approval to hire a Compliance Coordinator Position to help document and enforce the subdivision rules and regs. As of the meeting, we had several applicants come forward. The position will be part-time and assist Dom with the day to day subdivision regulations. Continuing coordination with the County and/or Police includes speed limit safety as well as barking dogs and dogs at large.

Noxious weed eradication has been a strong focus of the POA within the subdivision. We continued our Weed Assistance Program received a grant from the State again this year to help with the costs of spraying, equipment, materials and labor needed to mitigate the latest round of invasive weeds such as Yellow Toadflax, Thistle and Hounds Tongue. We do need the help of homeowners to maintain their yards and are happy to share any resources we have available for assistance.

As far as building within CB South, we have approved to date, 1 Multi Family that includes 4 units, 1 Commercial Building with 3 units, 3 Duplex Residences, 6 Single Family and many minor impact projects particularly from the snow shed this winter. The building activity remains

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consistent with the previous year.

We have a planning grant opportunity for the East River Community Trail in November. This is one of our goals for the community which will be expensive. We also would like to have a traffic study completed in the near future to address the intersection of Highway 135 and County Road 740 (Cement Creek Road).

Property Owner Comments/Questions

Question: Will the fencing surrounding the subdivision be repaired and maintaining it for next year's budget?

Answer: Yes, bids will be sourced for repair and/or replacement of the fencing. It will be part of the 2018 Budget.

Question: Due to increased traffic on Blackstock, speeding has also increased and is quite common. Can speed limits be posted, speed bumps added or signage added?

Answer: Dom responded that he will work with Metro district to review a plan to see what can be done, possibly adding a stop sign or yield sign.

Question: Speeding out of the Highlands onto Gloria Place remains a concern. What can we do about slowing traffic?

Answer: Dom responded that we will consider additional signage in that area as well to reduce speeds.

Question: What are we doing about Prairie Dog issue in the park?

Answer: Dom stated it is a growing concern. He would like to discuss it with the Board to see what options are available to organize for owners, such as having traps that can be checked out similar to our Weed Management Program.

Question: Weed abatement has failed with the chamomile daisy and what is the POA doing to notify the owners.

Answer: We send out letters to remind people that they have a problem and try to spray where we are not trespassing on property.

Question: Do we still have a lease agreement with the ranch to the north for cross country skiing and how long is the agreement term?

Answer: Yes, we currently have a signed agreement which renews every three years. We have a couple years left on the current lease. We are in good standing with them as long as we keep the dogs out of the area.

Question: Can we get the County to restripe the road at Highway 135 and Cement Creek Road? All the lines are gone.

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Answer: Dom stated that the County is a bit backlogged with the Cottonwood Pass resurfacing but he will reach out to the County for a response. Ronnie has been working with them currently about the road conditions along Cement Creek Road.

Question: Hockey lights were on last year during periods of extreme cold and no one playing. Also the bus stop lights remain on.

Answer: The light replacement was not complete until February. The new lights have the function to be turned on and off. We have posted signage requesting users to turn off lights after use. The bus stop lights should be on a motion detector system. We will look into the complaint.

Question: There is a mangled park bench and buckling asphalt along the Teocalli path. Are there plans to fix these items?

Answer: We are working with Cement Creek Condos on this. An agreement has been worked out with who is responsible for various fixes. The bench should be replaced and we will work to grind down the asphalt bump and crack sealing it.

Kevin thanked those in attendance today as well as acknowledging retiring Board Members, Shay Wyckoff and Matt Frier, for their time and service to the POA over the last two years. New Board Members, Margaret Loperfido and Brett Henderson, were voted in and Brett was introduced at the meeting.

Adjourned at 5:18 pm.