

EDELWEISS HAUS HOMEOWNERS' ASSOCIATION

Annual Meeting Minutes

Friday, October 1, 2021

In Attendance via Zoom:

Greg Guster - E101
David Cushing - E102 & E114
Karl Paulsen – E115
David Alden – E118
Steven Brownell – E204
Chris Timothy – E219
Wayne McKay – E220
Patricia Spross – E222
Orianna Torres – E305
Sage Kotsenburg – E307
Hilary Williams – E308
Carol Silverman – E410
Diana Hagerman – E411
Adam Kallaus – E412
Jeff Shabel – EWA
Susan Norgren – EWE
Travis Moore – EWF
Wayne Best – EWG
Diane Harrell – EWH
Daimon Bushi – EWM
Chris Faris – EWN
Brad & Ellen Carpenter – EWO
Theresa Gage – EWP
Shannon Bartch – EWQ
Chris Goepper – EWU

Proxies Received:

Lynn Butterfield & Bob Merrill – E116 – Designated David Cushing
Bill & Michelle Grant – EWD – Designated Susan Norgren

Staff in Attendance:

Rhonda Sideris, President, Park City Lodging
Jeanne Lehan, HOA Accounting, Park City Lodging
Wade Street, Maintenance Manager, Park City Lodging
Greg Parks, Project Manager, Park City Lodging
Jim Simmons, All Seasons Lodging

A quorum was established.

Rhonda Sideris called the meeting to order at 3:08 pm MST.

REVIEW AND APPROVAL OF THE 2020 MINUTES

Greg Guster made a Motion to approve the 2020 Meeting Minutes. Steven Brownell seconded the Motion. All in favor. Motion carries.

OLD BUSINESS

Maintenance and Capital Project Recap – Greg Parks

1. The roofs of all three buildings were cleaned and inspected. Slight repairs were made as needed to prepare for the winter.
2. The inner corridor black handrails were primed and painted.
3. Seasonal landscaping was done and bark mulch spread on the area between the A & Buildings.
4. The interior entry doors were primed and painted on the A & Buildings and new brush nickel door numbers were attached. The C building north and south entry doors are being primed and painted currently.
5. The south exterior wall of Building C was painted.
6. New storage closets under the stairs in Building C were constructed for the units that lost them when the building stairways were replaced.
7. Touch-up stain will be applied on all wood handrails.
8. The radiant heat and culinary boilers were replaced in the B Building. The mechanical room for the boilers was repaired and painted and some electrical system updates were done.
9. A sewer backup occurred in several units in Building C. A scope was performed, and it was determined the blockage was due to a negative back grade causing an eight foot belly in the pipe, approximately 17 feet from the toilet. Access to replace the line required removing 12 feet of concrete in the back bedroom of unit D. Rhonda thanked everyone for their patience during this repair and noted that PCL cleaned the common area bathrooms daily for the people negatively impacted in the C Building.

An attendee stated he has received many complaints about the effectiveness of the dryers in the common area laundry. Greg stated he will investigate the problem. Rhonda stated they may need to get the chimney sweep to clean the dryer vents.

CC&R Revision and Reinvestment Fee – Jeanne Lehan

Jeanne sent a notice approximately 30 days ago that the CC&R amendment was completed and filed with the County. This amendment combined the original two Edelweiss phases into one

entity. Also filed at that time was the .05% Reinvestment Fee Amendment (aka transfer fee) that will be added to Reserve Savings upon a sale of a Unit. Jeanne will advise the title company of the fee when they request a closing financial statement. It is up to the buyer and the seller to negotiate who pays the fee at closing. The title company pays the fee directly to the HOA. Rhonda stated this will help build up Reserves.

Sale of the Lobby Space, Unit #200 – Hilary Williams

Hilary reported the Board is finalizing the process to sell Unit #200. The intention is to offer to owners before putting on the MLS. The owner offer period will be 15 days. The Board will review the offers and, if there is not an acceptable offer, will proceed with listing with a realtor. Owner offers are exempt from the realtor's fee. The Board would like to get a clean offer at a price that makes sense.

The Board will take a seven-day period to review the offers after closing the owner offer period. Rhonda stated Unit #200 is a two-bedroom, one-bath condo. Hilary reported what is for sale is the condominium unit. Dave Cushing has worked with the city to determine the potential for the lobby office space to be added to Unit #200 to make a larger unit. The city told him they were still consulting internally. The selected owner would be given the right of first refusal if they arrive at a point to sell the lobby office space for a possible merger with Unit #200.

Rhonda asked David if he was working with the PC planning department. David reported he is working with Alliance Engineering, Marshall King. Marshall believes the issue with the City will be parking. Edelweiss is currently several spaces shy of current parking requirements. A replat would be needed for the lobby to be combined with #200 into one condominium. PC planning requires that every condominium less than 1,000 sq. ft. requires one parking space. A condominium between 1,000 and 2,000 sq. ft. requires 1 ½ space. If there is only one condo being added, the requirement is rounded up to two spaces. Two additional parking spaces would be required if the 850 sq. ft. lobby is combined with the 850 sq. ft. condominium. He feels the most timely way for a sale is to sell Unit #200 first. He thought the lobby would not be feasible to sell by itself as it lacks plumbing. If the two spaces are combined, the current kitchen and bathroom could be used in #200 with some bedrooms and possibly another bathroom in the lobby.

Rhonda stated anytime someone wants to look at the space please contact Park City Lodging. Greg Parks can arrange to show the space. Rhonda stated there may also be a possibility to sell the space as an office. She asked if the ski storage room is part of the lobby. UPDATE: The ski room is part of the lobby parcel. David stated probably not as the ski storage room is convenient for guests. She thanked the Board for their hard work on this issue.

Dave suggested the HOA could review clearing the grassy area on the Northeast side of the building for parking. The city told him some of the HOAs who need parking have partnered with nearby condominiums that have a surplus of parking spaces. Rhonda stated they could reach out to Powder Point because their dumpster is adjacent to Edelweiss Haus. She thought the space where the Edelweiss dumpster currently sits could be utilized as parking.

Wayne asked if there is a way to get an email to everyone with the dimensions of Unit #200. Rhonda stated they would send the information to everyone through email.

David Alden asked if there was Board discussion giving owner offers the right of first refusal after listing on the MLS to see if there is a better offer. Hilary stated they haven't talked about that yet, but the Board can discuss that option. David thought with the current real estate market, significant money could be on the table.

NEW BUSINESS

HOA Management – Hilary Williams and Rhonda Sideris

Hilary stated Park City Lodging will no longer be the HOA management company, effective November 1. The Board developed an RFP and received several proposals from local HOA management companies. The Board awarded the contract to All Seasons. Hilary stated that Jim Simmons from All Seasons is on the call today. She felt they are off to a really good start with Jim and his team. She stated a few things may change in terms of how dues are paid, and how portals are used to distribute information to the Board and homeowners.

Jim reported they had a really good walk through, and he had the opportunity to meet some of the Board members and Greg. They are excited for the opportunity and look forward to a smooth transition. He stated if there are any questions, he will be the lead contact for the property. Their corporate office is in Kimball Junction, but they manage Silver King across the street and have people and resources there also.

Rhonda reported that PCL is not getting out of the rental business, but they decided to narrow down some of their HOAs. She will continue to have a relationship with many owners. She reported it has been a great 14 years. Rhonda stated she has enjoyed seeing the HOA grow into what it is today. She believes the Reinvestment Fee will help the HOA. She reported Park City Lodging will still be around for questions or historical information. They will work closely with All Seasons for a smooth transition.

Daimon asked for clarification on how the Board selected All Seasons. Hilary stated the RFP included the important issues to the HOA. She contacted numerous local management companies about submitting a proposal. The management companies that were interested met with Greg to walk the property. The Board received multiple proposals and interviewed representatives from each company. The All Seasons contract is a three-year initial term with one-year renewals. Dave reported that All Seasons expense is right in line with what the HOA is paying now.

2021 Financials and 2022 Budget – Jeanne Lehan

Balance Sheet Comparison. The December 2021 forecast for total Cash in Bank is \$96,108, including \$73K in the Reserve Account.

2021 Operating Statement. Revenue forecast for 2021 is above budget because there were several months of unbudgeted rental income from Unit #200. The lease expired on August 31st and the unit is now vacant. There is one storage closet in the garage that is available due to someone selling their unit. She will send an email that one closet is available for \$50 per month.

The forecast for 2021 operating loss is \$4,700 more than budget. Utilities are all over budget and there legal expense for the CC&Rs amendment is \$2,000 more than budgeted.

Another variance is Property Taxes which are \$2,228 more than last year. Park City in general is experiencing lots of real estate sales, increased property values and higher property taxes. The HOA owns three parcels that are taxed: the #200 apartment, the lobby and Building A restrooms/sauna. PCL has approached the County about the tax for the restrooms/sauna and conference room because they have no windows and therefore no egress. Without egress the parcel should not be considered a unit. If the County accepts the appeal, there may be some savings for the HOA, although it is not clear if this will impact the 2021 bill. Rhonda submitted the appeal by the deadline and Greg met with the assessor. In addition, since the conference room was platted as a unit, the HOA may be okay with parking requirements for the sale of the lobby.

The Reserve contribution for 2021 is \$59,010 as budgeted. The last 25% of the \$1000/unit special assessment will be billed in December. The actual boiler replacement was \$64,800. The boiler was expanded to include holding tanks and other things that needed to be replaced. Drainpipes had to be replaced for \$1,600 and the exterior of Building C is being painted.

The budgeted Net Loss was forecast at \$2,000 and the actual forecast is a loss of \$22,000. Savings will be used to cover the loss.

2022 Reserve Study. The Remaining Useful Life of the asset on the reserve study is reviewed each year during the budget process. Rhonda stated the Useful Life may be revised from the original engineering study based on experience at the property. The average cost of each project is updated based on experience with projects at other HOAs and Edelweiss history.

The reserve study does not have a built in inflationary increase for each asset because each item may inflate at different rates. When the Remaining Useful Life arrives at zero or one, bids are obtained to update the project cost.

The only reserve project proposed for 2022 is updating the internet wireless access points. The cost is based on the \$6,600 bid from Blue Rim. Additional cost for replacing wiring as needed was not determined and is not included.

The proposed 2022 Reserve Contribution Account is \$43,741.

Rhonda reported there are several assets with one year Remaining Useful Life. Many of these are cosmetic rather than structural and the Board can prioritize these projects as funds are available. For example, replacement of the exterior entry doors in Building A has been deferred for several years.

2022 Budget. The proposed 2022 budget as presented does not include funds or expenses from the sale of Unit #200. Expenses are based on previous years' operating expense as the fee structure for the new HOA manager was not available during the timeframe of the budget

process. The 2022 proposed budget assumes no dues increase. Projected income is \$309,197 compared to 2021 at \$348,850.

Rhonda stated the budget does not include any Reinvestment Fee income. Jeanne stated the proposed drop in 2022 Building Maintenance & Repair expense is because the Building C sewer backup was not a recurring expense. There is a decrease in Legal and Professional Fees because the CC&R amendment is complete.

Jeanne reported the Net Operating Loss is projected to be (\$30,826). Proceeds from the anticipated sale of #200 are not included in this figure.

An attendee asked where the funds will go from the sale of Unit #200. Hilary reported the Board will review the use of after-tax funds once the sale is complete. In 2019, the HOA tax accountant estimated \$75,000 capital gains from the sale based on \$350,000 sale price. Some funds could be put into the Reserve Account. Rhonda stated the HOA had a Master Plan which outlined some capital improvements that have not been completed such as the common area windows and outdoor kitchen.

Jeff Shabel made a Motion to approve the Operating Budget as presented. The Motion was seconded. All in favor. Motion carries.

Patricia stated she wonders how a budget can be created without taking the sale of Unit #200 into account and if what they are approving is the Operating Budget. Jeanne explained included Reserve Contribution could be done at the end of the year, rather than monthly as has been done in the past. Rhonda stated the \$30,000 loss could be offset by the funds from the sale of the unit. Jeanne stated when the budget was first presented, the options to raise dues or a special assessment were discussed. Patricia would never support a special assessment and feels the owners should be involved in how the funds from the sale will be used.

Rhonda stated once the funds are transferred to the Reserve Account the funds cannot be used to cover operating expenses and asked for any further comments on the use of the funds from the sale. Jeanne stated the proceeds from the sale can be used to cover operating expenses and Rhonda stated there will be tax consequences because it will create a net profit.

Dave suggested forming an owner committee to evaluate use of the sale funds. Rhonda proposed that once there is a sale the Board or a committee would convene and send out the ideas to the owners.

Patricia asked what the governing documents state regarding owner rights to updates on Board business. Rhonda stated it is not addressed in the new CC&Rs and that the Board has been very transparent over the years. Patricia stated some items have not been communicated. Rhonda stated there was no Board meeting regarding the CC&R amendment. Patricia would like to see the Board minutes. Rhonda stated they generally meet via email so there are no minutes.

A discussion followed regarding bi-annual or quarterly meetings and Rhonda suggested All Seasons can address this issue. Jim stated some of the larger HOAs have quarterly meetings.

Patricia Spross made a Motion that the majority of owners will be involved in the decision to use the funds from the sale of Unit #200 and will be held in the savings account until a decision is made. Greg Guster seconded the Motion.

Discussion on Motion. A discussion ensued regarding moving the funds into the Reserve Account or a separate account. Rhonda stated the funds could be placed in the savings account, but the funds have to be moved to the Reserve Account prior to December 31st or tax consequences from net income may arise. State and federal tax may be required if the HOA has net income for the year, but if moved into the Reserve Account it is not taxable. A suggestion was made to move the sale closing to the next calendar year so a decision could be made. Rhonda stated they could set the closing to after January 1st.

Dave is concerned about the time frame the Board will take to decide between the offers the owners will make and suggested the unit be placed on the market to determine the value. Rhonda stated the Board got an appraisal and the Board is trying to save on the real estate commission. Park City Lodging was involved when one of the HOAs sold two of the spa rooms and it turned out to be a bidding war, like an auction and the Board made this determination.

Wayne Best is opposed. All other members are in favor. Motion carries.

Rhonda stated if the owners have the first right of refusal realtors may not take on the listing. They should be reimbursed for marketing expenses if an owner ends up purchasing. Dave thought the MLS exposure will bring a higher price. A comment was made that the price would have to be more to cover the commission. Dave stated they will never know what the market value would be without the MLS. A discussion ensued regarding developing a relationship with a realtor who would realize an owner offer would be the priority if the offer is higher than what the realtor receives. Rhonda stated selling the unit will take time and thought the MLS may be a consideration.

Dave Cushing made a Motion that after the 15 day period ends from owners' offers Unit #200 will spend a minimum of 30 days on the MLS before a buyer is selected by the Board. The listing agent will be compensated with proof of marketing expenses incurred not to exceed \$2,500 whether they obtain the sale or not. Susan Norgren seconded the Motion. One opposed. All others approve. Motion carries.

Patricia made a Motion that any Board member who bids on Unit #200 and the lobby will be recused from deciding which is the winning bid. The motion carried, but there was too much cross talk to identify who seconded.

Rhonda reported Jeanne will send the unit information to the owners when the Board approves.

2022 ANNUAL MEETING DATE

A discussion ensued regarding holding meetings twice a year and if the Board should decide the date of the meeting. A suggestion was made to allow more time and talk with All Seasons.

BOARD ELECTION

There are five (5) board seats, each with a one year term. The existing Board is David Cushing, Chris Faris, Greg Guster, Hilary Williams, and Susan Norgren. Susan Norgren did not apply for another term. The ballot consisted of six candidates. Jeanne reported the results of the election. The new Board is Ellen Carpenter, Chris Ferris, Greg Guster, Patricia Spross, and Hilary Williams. Rhonda thanked Dave Cushing and Susan Norgren for their years of service and hard work on behalf of the HOA. Rhonda suggested Chris and Hilary set up an organization meeting.

OTHER BUSINESS

Carol asked if the problem with the windows in the A Building have been addressed. Rhonda stated a lot of the windows have been replaced by the homeowners and for several years the HOA offered 25% reimbursement for materials and installation cost for window replacements. Greg reported new windows made a big improvement and that it was mainly the screens causing the problem.

Patricia asked if the minutes from the meeting will be available for the next meeting and Rhonda stated they could be. Patricia would like to review the motions made.

Diana stated she is concerned about her bedroom window that is very large and when it is opened it may be in a danger of falling. She reported the screen has come off and asked if iron railings could be considered to stop them from falling out. Greg Parks stated he would get together with Diana and discuss the needs and install a stop. Rhonda did not think iron railings would be an option. Diana stated they would contact Greg. Greg Guster suggested putting the stop on the inside and he will send a picture to Jeanne for her to send to Diana.

Carol Silverman made a Motion to adjourn the meeting. Patricia Spross seconded the Motion. All in favor. Motion carries.

Meeting was adjourned at 4:59 pm.

Respectfully submitted,

Beth Kapp
The Village Scribe
435-640-7462