

More's Corner Board of Directors Meeting

September 16, 2015

2039 Indian Summer Dr.

Call to Order

A meeting of the Board of Directors of the More's Corner Homeowners Association was held on Wednesday, September 16, 2015. Bruce Shugart, President, called the meeting to order at 10:07 a.m.

Roll Call

The following Board Members were present in person:

Bruce Shugart – President
Domenick Galluzzo – Secretary/Treasurer
Andrew DeSalvo- Fractional Representative

The following Board Member was present via telephone:

Shane Evans – Vice President

The following Pinnacle Resort Management representative was present in person:

Emilie Crider – General Manager

Review 2014 Meeting Minutes

The Board reviewed the minutes from the two Board Meetings in 2014. Ms. Crider followed up on the items the Board had wanted more information on. Ms. Crider looked into financial institutions that have a higher interest rate for the reserve funds. Presently the highest interest rate for the reserve funds is .4%. Ms. Crider attended several conferences and found Alliance Association Bank which works with many homeowners' associations. Alliance can FDIC insure up to \$50 million rather than the typical \$250,000. If an operating account is set up with them they can provide a higher interest rate of up to .75% however funds must be secured for at least 36 months. The Board agreed that locking in the reserve funds at this rate for 36 months is not in the association's best interest at this time. The minutes were approved as written.

Review 2014 Financials

The Board reviewed the larger budget variances in 2014. Ms. Crider explained that most of these items such as snow removal and landscaping were addressed on the 2015 budget as discussed last year. Mr. Galluzzo was surprised by the savings in the shuttle cost. Ms. Crider explained this is due to less fractional owners using the airport shuttle. Linen replacement and pool towels were removed from the budget, this cost is a capital expenditure rather than an annual expenditure. The cost for regular cleans for the fractional homes came in over budget based on stays in 2014. In 2014 the budget for guest supplies was increased to \$14,500 and was reduced back down to \$10,000 in 2015 based on the previous year's usage. Mr. DeSalvo asked about how many parties are planned a year. Ms. Crider said they are planned around occupancy. There were no further questions about the 2014 financials.

The Board reviewed the items that were proposed to be paid by the reserve funds. Ms. Crider explained that these are items that are not considered regular maintenance and have a longer life span than a few years. Mr. DeSalvo asked if all owners paid an assessment and a reserve assessment, Ms. Crider said they did. Mr. Galluzzo asked what the \$3,700 for

kitchen replacement was for. Ms. Crider explained that after 10 years many items needed to be replaced. Mr. DeSalvo asked if there was a schedule of items for reserve expenditures. Mr. Shugart said he is now working on getting that completed. Mr. Galluzzo moved to approve the capital expenditures as proposed for the end of 2014, Mr. Evans seconded the motion.

2014 HOA Meeting Tasks

A task list was created from the 2014 homeowner's association meeting. The Board reviewed this list and Ms. Crider is to include an update in the annual packet that is sent out to all of the owners. Ms. Crider will also be sending a survey to the owners to get their feedback by the annual meeting.

Mr. DeSalvo stated the Christmas lights are a very important part of the property. He also stated the newspapers are important but suggested we find out what each owner likes then we could offer them that paper so there is not unnecessary waste. Mr. Galluzzo asked that we look into getting the Wall Street Journal as well. Mr. Shugart reminded the Board that Steamboat only received certain newspapers and by purchasing them in bulk we receive a discount.

Further discussion was had on the Structural Associates trailer on the property; it went through an extensive landscaping remodel last fall. Mr. Galluzzo asked about the tree fungus. Ms. Crider has consulted with an arborist and the trees will be healthy next year, they suffered blight from the amount of moisture in the spring this year.

2015 January-June Expenditures

The Board reviewed the January to June 2015 balance sheet. Ms. Crider explained the multiple reserve accounts and their interest rates. Regarding the late fee, the 12% interest rate adjustment appears to have been successful during the past year as only a few owners are delinquent.

The Board reviewed the 2015 profit and loss statement. Ms. Crider will be including the standard memorandum with the annual packet to explain the variances to all the owners. Mr. Shugart pointed out that some line items vary due to the time of the year and having a wet spring did hold off some projects until the fall.

A refund of \$20,841 was granted from the county for the Barn taxes from 2013 and 2014 and the status of the Barn has been changed back to "common area" from "commercial" classification. As requested by homeowners in the 2014 meeting Ms. Crider has kept the developer deficit on the profit and loss statement to show the developer subsidy.

The Board reviewed the capital expenditures for the first half of 2015, Mr. Evans made a motion to approve the capital reserve expenditures as proposed, Mr. Galluzzo seconded the motion.

PRC Alterations

Pinnacle is proposing to update some furnishings and modify some flooring in three of the PRC homes for a contemporary rustic mountain look. Two of the whole ownership homes on the property have already been furnished this way and have been favorably reviewed by owners and guests. By doing these remodels Pinnacle will perform the work resulting in substantial cost savings as opposed to paying a designer fee and overhead cost. Mr. Shugart stated each home will be approximately \$40,000. This includes furniture, art, TV's, and mattresses and fixtures as needed. Removed pieces from these 3 homes will be used in the other 3 fractional homes where needed and the rest will be consigned to reimburse the fractional reserve funds. This fall all accent walls will be painted the primary room color and homes will be de-cluttered. In the three homes that are being remodeled we will be looking at putting wood flooring in similar to 1329 and 1331. Mr. DeSalvo asked what three homes we had selected. At this time we are doing 1303, 1315,

and 1317. Ms. Crider hopes to be able to show those homes to the owners when they are in house this winter so they can give her feedback on the new interiors. Mr. DeSalvo stated having a schedule for replacement is very important to potential owners. Mr. Galluzzo made a motion to approve the capital expenditures and Mr. Shugart seconded the motion. Pinnacle will get started immediately to have these changes made by the ski season.

Reserve Study Analysis

The reserve study analysis was done by a highly experienced firm out of California that works with homeowner's associations around the country. Mr. Shugart is working with a third party accountant to make sure the right items are in the reserve study and that the right timing for the materials is being considered. Mr. Shugart is sorry for the delay, he wants to make sure we have an accurate reserve study to base our budgeting on. Mr. DeSalvo wanted clarity for what was included in the Townhome reserve and what was included in the Fractional reserve. Everything in the fractional homes is included. For the Townhome it is for exterior items, such as siding, landscaping, etc. This analysis will hopefully be completed before the homeowner's association meeting, if not it will be completed by the holidays.

2016 Budget Overview

Ms. Crider led the Board through a thorough review of the 2016 budget. Ms. Crider to date has kept the reserve funding at the 10% of the Annual Budget as suggested by an outside expert. Payroll expenses increased due to the economy picking up and having to be competitive in the market to get and retain the best employees for The Porches. Payroll expenses have not increased in 3 years.

Pinnacle hired a new HOA attorney as our previous lawyer went to work for the city. Based on recommendations from other companies and several interviews Ms. Crider thinks we have found an ideal candidate, she has a background in fractional ownership as well as HOA law. Ms. Crider still anticipates the Professional Fees budget line item reducing in 2016.

The savings on the shuttle line item are due to the removal of the private fractional airport transfers (fractional members only, this does not affect the Porches shuttles). It is being proposed that this be removed from the budget and become a cost for each owner as they use the service. There will be approximately a \$30,000 savings if the fractional airport shuttle service is removed from the budget, this is not billed at full usage but on a historical trend. If each fractional owner were to use the airport transfer at full capacity it would increase the fractional budget closer to \$240,000. This topic was discussed extensively and Ms. Crider will send out further information with the three options; continuing with private airport shuttles, offering a shared airport shuttle or making this a cost incurred by the owners when they use the service.

The owner website line item was put back on the budget in 2016 as Pinnacle has invested in new software that will allow owner interaction. This new software will have owner website access where owners can track all bills with Pinnacle, see reservations, and will act as a hub for owners. Mr. DeSalvo asked if this new software will show all reservations in each fractional home. Ms. Crider responded that she was not certain at this point. Mr. DeSalvo feels it may benefit the communication amongst the fractional owners. Ms. Crider stated that many of the fractional owners prefer the anonymity of the rotation.

Over the last three years Pinnacle has contributed to the shuttle needs by supplying a third shuttle vehicle, the Yukon Denali, as needed during a 6 to 8 week period. Pinnacle is looking for a vehicle that can accommodate more than 4 passengers to better service the community's transportation needs. In the future as The Porches grows and the shuttle demands increase it will become an HOA expense. Ms. Crider had budgeted for a new computer in the Barn business

center to keep the hardware up to date. The landscaping budget increased since there are some spring landscaping projects that are needed on the property. The snow removal budget increased slightly in preparation for a larger snow year. Ms. Crider continued to explain the few remaining small variances. Mr. DeSalvo asked if the unit cleaning was a fractional expense, Ms. Crider said that all the items under housekeeping are fractional. Mr. Galluzzo motioned to ratify the budget, Mr. Shugart seconded the motion.

In 2014 a 5 year plan to reach a balanced budget was implemented. The Board discussed keeping the 4.25% net increase to ensure this plan stays on track. With the 1.4% increase in the budget the dues will increase by 5.65%.

The budget that was ratified represented the fractional airport transfer service savings of \$29,037. In the event the fractional owners want to keep the existing service the budget will be adjusted accordingly. Ms. Crider was asked to send out appropriate information in the annual packet for fractional owners to comment on.

New Business

Last year a pet-friendly unit was added to the fractional homes. A stricter dog policy was added at this time for the entire property and all the owners. After some discussion the Board decided that the long-term rental in one of the whole owner homes will be grandfathered in for the term on the current lease but not past that. Any damage caused to the common area will be paid for by the owner. The owner of this home will be notified of the Board's decision.

Mr. Howell asked that the Board review the tree growth and placement in front of the barn. Some trees on the property that are blocking views will be marked this fall (for a review by the Board) to look at removal.

Mr. Morrison asked Mr. DeSalvo to bring before the Board the fact that he would like the owners of the Grand 5 bedroom home to be able to use unlike club units. Mr. Morrison says he was told when he purchased that he could stay in any of the smaller homes if he purchased the larger one. Mr. Shugart stated that today he would not feel comfortable making that change to the documents as that would take time away from the other owner's use of those floor plans. Mr. DeSalvo asked that it be looked at for an interim basis until another Grand 5 bedroom could be built. Mr. Shugart is concerned that if he were to start making interim changes today it would be represented to the next owner and cause larger problems in the future. Mr. DeSalvo agreed.

Mr. Shugart proposed to add a new fractional ratio to the fractional program. The fractional shares would consist of one half shares (2 shares per home). Mr. Shugart will continue working on the details and then meet with the Board to review.

Mr. DeSalvo asked about putting up street lights around the property, in his experience there are many places that have dealt with the environmental impacts and can help to get these items passed. Mr. Shugart has approached the city about streetlights on the property several times and they were not receptive to the idea. Mr. Shugart is happy to revisit this with the city.

After many years of service Mr. Galluzzo will be stepping down from his position as secretary/treasurer, Ms. Crider and Mr. Shugart will reach out to other whole owners to serve on the Board in Mr. Galluzzo's place. Mr. DeSalvo will consider staying on another year as the fractional advisor and give his decision before the homeowner's association meeting. Mr. Galluzzo moved to adjourn.

Bruce Shugart adjourned the meeting at 1:22 p.m.

DIRECTORS:

Bruce Shugart, President

Shane Evans, Vice President

Domenick Galluzzo, Secretary/Treasurer

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