

THE TIMBERS OWNERS ASSOCIATION, INC.
MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, FEBRUARY 16, 2022
318 ELK AVENUE
CRESTED BUTTE, COLORADO
VIA ZOOM

Those participating:

Reggie Park
Mike Arth
Marin Brownell
Chet Boyce, Toad Property Management

Chet called the meeting to order at 5:31 p.m. and confirmed that a quorum was present. Chet said that notice of the meeting had been sent on February 7, 2022.

Reggie made a motion to approve the minutes of the February 3, 2022 meeting. Mike seconded the motion, and it was unanimously approved.

Chet presented the end-of-year financial reporting. Chet clarified that, in 2021, the Board had decided to prepay the entire 12-month insurance premium in order to benefit from a cost savings, so approximately \$20,000-30,000 of the expenditure in the insurance line item for 2021 was actually prepayment for several months of 2022.

There was a discussion of cleaning costs for the building. Chet explained that the variability of cleaning costs month to month was attributable to the variability of the mess made in the building. For example, dirt tracked in on the carpets during mud season, or one renter or resident dripping grease down an entire flight of stairs could lead to longer cleaning times in a particular week and therefore higher costs. Mike said that he would like to have a clearer understanding of the cleaning costs and of Toad's requirement to use the current cleaning company. Chet agreed to send the Board a copy of the management contract.

There was additional discussion of the cleanliness of the storage rooms. Marin pointed out that the bike storage room was packed too tightly to do much cleaning. Chet clarified that the storage rooms were cleaned less frequently than the rest of the building in order to save money on cleaning expenses.

Chet said that there had been some maintenance issues with the elevator in the past year, leading to higher than expected maintenance costs for the elevator.

Mike expressed concern that the amount budgeted for hot tub maintenance in 2022 might not be sufficient, given the costs of maintenance over the previous year, and asked for quarterly updates on expenditures. Chet said that Nick in the Toad office was working to get bids on options for replacing the current hot tub.

Regarding the increase in the budget line item for water, Chet explained that Mt. Crested Butte has seen double digit cost increases annually over each of the last several years.

Mike raised the question of instituting monthly financial reporting, and said he felt that the Board had a fiduciary responsibility to review financials on a monthly basis. Chet agreed to begin sending monthly financial reports to the Board.

Mike gave a demonstration of Homey, a data visualization program. Mike explained that Homey was currently in beta testing and would be free for the next year. Mike said that using the software would require someone to upload monthly financial reports to the website. Mike demonstrated a variety of features, including one that created a graphic to better visualize future Capital Reserves compared to the levels of spending anticipated in the Capital Plan. Chet said that there was currently no capability to do this type of data visualization using Toad's Appfolio software, and the Board generally agreed to continue using Homey while it was free.

Mike noted that Homey made it clear that the Association was not currently collecting sufficient reserve funds to meet its capital spending goals over the next 5-10 years. Mike added that, if the Association did not have sufficient reserve funds to cover foreseen capital expenses, unforeseen expenses could have a significant negative impact on the Association. Mike added that, based on current lending practices, the size of the Association's Reserve Account impacted the down payment required of prospective buyers, which in turn had the potential to shrink the pool of prospective buyers and exert downward pressure on the rate of appreciation of units. Mike suggested it might be necessary to increase dues or approve a special assessment to increase the amount of funds going to the Reserve Account.

Reggie said that the dues had already been increased to help contribute to the Capital Fund in the current year and advocated for balance between planning for future expenses and keeping dues and assessments reasonable. Marin suggested that there could be some opportunities to trim expenses and bring in revenue to help offset expenses before raising dues. Marin suggested charging for bike lockers or instituting a larger annual flat fee for owners who short term rented their units. Chet said that over 50 percent of the building had acquired short term rental licenses

this year. Mike agreed that these ideas for revenue would be beneficial, but said that revenue from such sources would not make up a significant portion of the deficit between planned capital expenditures and reserve funds. Mike added that the rate of inflation was high, and might realistically necessitate another increase in dues even without the need to plan for capital expenses.

Marin suggested that the topic of how best to plan for future capital expenses would be a good item to add to the homeowner survey. Reggie said that he had sent a draft of this survey to the Board prior to the meeting. Mike requested that a question be added to the questionnaire to allow homeowners to opt into a contact list.

There was a long discussion of the hot tub, which received frequent deep cleaning and yet was still often not in an ideal state due to the level of traffic it received. The idea of removing the hot tub altogether was raised, although the majority of the Board agreed that it was a necessary amenity. Ultimately it was agreed that the Board would like to see concrete bids for replacement options before continuing the conversation.

There was a brief discussion of the homeowner survey. It was generally agreed that the Board would finalize their comments, suggestions, and additions to Reggie's draft of the homeowner survey by Monday, February 28th, with the goal of Chet sending the survey out on March 1st.

The Board discussed the possibility of sending out quarterly surveys together with a newsletter to improve communication between homeowners and the Board.

Marin presented a document to the Board that she suggested displaying on the cork boards near the entry doors to provide guests and owners with information and best practices for being good neighbors. Chet reminded the Board that owners of STRs should have a local contact, such as a property manager, and short term renters should not be encouraged to call Toad. Chet said that he would get Marin the information on trash pickup days for the sign, and suggested that the sheet also include a reminder about placing trash in the dumpsters. Mike suggested adding a reminder about leaving the rubber duck in the hot tub. It was generally agreed that Board members would review and make edits, and Marin would send the final draft to Chet for printing. Mike suggested making it a requirement that STR owners include this document in their messaging to guests, and agreed to create an edited version for STRs.

There was a long discussion of bike storage issues. It was generally agreed that the Board was facing two separate issues: 1) there were more bikes than hooks and 2) there were a number of improper items in bike storage areas, such as skis, strollers, lumber, and art supplies. It was generally agreed that the latter problem could be solved by sending out a message letting people

know that they were required to remove all improperly stored items within 30 days, or those items would be removed permanently.

Regarding the first issue, there was some discussion of making an overture to the owner of the empty lot adjacent to the Timbers parking lot to buy or rent some of that land to use for outdoor bike lockers. There was also a suggestion of investigating the building's storage closets to determine whether they would be suitable for bike storage. It was generally agreed that, at a minimum, nonfunctional bikes should be removed from the storage area.

Chet said that there were gas meters at the north side of the building that had the potential to be damaged by snowshed from the roof. Toad recommended installing a small shelter to protect the meters from snowshed, which could not happen until spring. Chet said he would bring some more information on the size and cost of the shelter to the Board.

Mike made a motion to adjourn the meeting at 6:32 p.m. Marin seconded the motion, and it was unanimously approved.

Prepared by Rob Harper,
Toad Property Management