

**SNOWFALL POINT CONDOMINIUMS ASSOCIATION
SPECIAL OWNERS MEETING
THURSDAY, MARCH 31, 2022 4:00 P.M.
VIA ZOOM**

Board Members by Zoom: Sonja Wendt
Jody Gunsolus
Phillip McPherson

Owners by Zoom: Roy Gunsolus, Unit 4
Kristin McGill, Unit 9
Annie Robertson, Unit 10
Matt Gutter, Unit 11
Bill Wendt, Unit 8
Raymond Sprague & Kathie Turner, Units 2&3
Julie Williams, Unit 1
Betsy Cooney, Unit 12
Mike Goldstrom, Unit 6
Heather & Russ Reycraft, Unit 13
Frances Soechting, Unit 5

Association Manager: Joe Robinson, Toad Property Management
Rob Harper, Toad Property Management

Contractors by Zoom: Jerry Burgess, SGM
Jimmy Curry, SGM

Joe Robinson called the meeting to order at 4:05 p.m. and confirmed there was a quorum.

Joe explained that the Paving Project had been identified as a priority for the Association at the most recent Annual Meeting, and a Paving Committee had subsequently been formed, consisting of Roy Gonsolus, Bill Wendt, and Matt Gutter.

Joe said that the Paving Committee had obtained bids for the Paving Project through the engineering firm SGM, and those bids had been circulated to owners prior to the meeting. Joe said that the bids had proven to be significantly higher than anticipated. SGM explained that high labor costs, inflation, and related high materials costs were contributing to high bid prices. An article about the impact of these economic factors had been shared with owners prior to the meeting.

Joe said that the goal of the current meeting was for owners to provide feedback to the Board on the timing of the Paving Project and the pending Special Assessment to fund the Project. Jerry Burgess and Jimmy Curry from SGM were also present to answer questions about the bids.

Jerry Burgess said that SGM had sent out 5 bid requests and had received 2 responses. Several of the contractors who had been requested to bid had not had time in their schedule to take on additional work. Per the contract documents, the bids would remain in effect for 60 days. Jerry said contractors would not be willing to negotiate on price. Jerry did not anticipate that the cost of materials or labor for

the project would decrease significantly in the next several years, but agreed that postponing the project by a year might help the Association to obtain more bids and therefore find a more competitive price.

There was some discussion of whether opening bids to contractors outside of the Gunnison Valley would result in more competitive bids. Jimmy Curry said that contractors in Montrose and Grand Junction also had packed schedules, and Jerry said that contractors from outside of the Valley were reluctant to travel to Crested Butte for work because of the work being done on Highway 50.

Jimmy Curry confirmed that, in addition to the paving, the bids included the cost of completing some culvert work, as well as repairing the sewer services to 4 of the units. Jerry said that the predicted project duration would be about 6-8 weeks, and a construction schedule would be provided after a contract was signed. Jerry said that the new asphalt would require maintenance, and if well-maintained would last about 30 years.

There was a long discussion among owners about the best course of action regarding the timing of the Paving Project. There was general agreement among owners that the Paving Project would ultimately be necessary to complete. However, there was a difference of opinion regarding whether the Association should pursue the Paving Project in the current year or wait another year or two in hopes of the costs falling and in order to allow owners to financially prepare for a potential special assessment.

Arguments in favor of pursuing the Paving Project in the current year included:

- The Association had been discussing the paving project for over a decade and had put the project off in past years in hopes of a decrease in the overall cost of the project. The project was now more expensive than in past years, which meant that postponing in hopes of a cost decrease had not proven fruitful in the past.
- There was no guarantee that prices would fall over the next couple years, and there was some chance that they might continue to increase. The price of oil was a contributing factor to the high price of the paving project, and current geopolitical events, such as the war in Ukraine, made one owner pessimistic about the likelihood of an imminent fall in oil prices.
- The pavement had deteriorated significantly and two owners spoke in favor of addressing the deterioration expeditiously to mitigate the risk of slipping and falling in the parking lot.
- The roof would need to be replaced at some point in the future, and several owners were concerned that delaying the Paving Project might mean the Association could face the cost of paving the parking lot and replacing the roof at the same time.
- One owner noted that the cost of the Paving Project was low compared to the overall value of Snowfall Point, and would have a very positive impact on curb appeal.

Arguments in favor of delaying the Paving Project included:

- Multiple owners expressed the concern that, when the Association had chosen to prioritize the Paving Project, it had been with the understanding that the entire cost of the project could be covered by the Association's reserves. Several owners were struggling with the idea of pursuing a project that would require an additional \$14,000 assessment per unit.
- Several owners spoke in favor of delaying the Paving Project by at least a year to allow owners to prepare financially for the cost, and other owners expressed that they were not opposed to waiting a year if it would help cushion some owners financially.
- Multiple owners expressed the belief that oil prices and the general level of inflation were currently near their peak, and while labor costs were unlikely to go down, the cost of materials was likely to decrease over the next couple of years.

- Two owners agreed that the Association would likely be able to replace the roof in sections rather than incurring the cost of a full roof replacement at one time. Additionally, owners noted that the Reserve Fund would be significantly depleted by the Paving Project, and whether the roof needed to be replaced in the same year as the Paving Project or several years afterwards, the costs of the two projects would still be competing for the same pool of funds.
- It was suggested that there were other, less costly ways to improve the curb appeal of Snowfall Point, and one owner added that they felt they could add more value to their property value using the proposed \$14,000 for internal improvements in the unit, as opposed to contributing to the Paving Project.

Board members noted that the Board had committed to maintaining \$50,000 in the Reserve Fund, and that there was now a signed contract with Pella to replace the damaged windows this year, which could be seen as a cost savings for owners who had been anticipating paying for window replacement. Board members explained that there had been a comprehensive inspection of the sewer system, and SGM was confident that they had identified all of the units that required sewer-related repairs that needed to be completed as part of the paving project.

Jerry Burgess explained that contractors mark bids up based on the amount of work they have and how badly they need a project. Jerry said that, while he doubted that labor or materials costs would decrease significantly, it was possible that the markups might be more competitive in future. Jerry said that SGM and the Association could be strategic about when they opened the project for bids on the next round, and could also remove the lump sum pricing and use unit pricing instead. Jerry said that the Association would be gambling and taking a risk by waiting, but offered that, if he were an owner in Snowfall Point, he would also lean towards waiting another year.

After hearing this point from SGM, several owners who had been unsure of whether to proceed immediately or postpone the project weighed in that they were now in favor of postponing for a year.

Sonja Wendt said that the Board was scheduled to meet and vote on a course of action the following week and would communicate the results with the owners.

There was some discussion of how the Board and owners could best plan financially for a postponement, including the possibility of splitting a special assessment into multiple payments.

It was agreed that further planning would occur after the Board had taken a vote on whether to immediately proceed with or temporarily postpone the Paving Project.

Mike Goldstrom made a motion to adjourn the meeting at 5:50 p.m. Sonja Wendt seconded the motion, and it was unanimously approved.