

Shock Hill Property Owners Association Annual Meeting Minutes

Attendance

Shock Hill Board of Directors: Tom Begley and Patricia Harding-Walker

Alpine Edge Management Staff Present: Chris Lange, Mary Kay Perrotti, and Steven Frumess

Owners Present: Ryan Bennett, Carol McDermott, ...

Introduction

Meeting commenced at 8:40am, Saturday, March 5, 2016,

2015 Annual meeting minutes

Alpine Edge presented the 2015 Annual Property Owners Meeting Minutes. Motion was made by the Membership to accept the 2015 Shock Hill POA Minutes as presented - Motion Passed. Alpine Edge will post the 2015 Minutes to the Shock Hill POA Website.

New HOA Business

Chris Lange from Alpine Edge explained that there are nine policies that Shock Hill Covenants, Conditions and Restrictions ("CC&Rs") must now comply with to be consistent with the Colorado Common Interest Ownership Act or "CCIOA". Alpine Edge plans to work with their attorney to ensure compliance with CCIOA Regulations but Shock Hill's CC&Rs generally comply with current CCIOA Rules and Regulations. Some additional 'clean up' of the Shock Hill CC&Rs may be needed to fully comply with the most recent changes to CCIOA Rules and Regulations for 2016.

Election of Directors

Chris Lange tallied up the votes for this year's nominees and it was determined that the new board would be Patricia Walker, John Mack and Tom Begley. It was then discussed that the directors would do staggered term lengths of two and three years. President will be a three year term while Secretary and Treasurer will be two year terms. It was explained that staggered terms would allow for continuity of governance, since one previous member will remain on the board, when two new members join.

2016 Annual Budget

Chris Lange from Alpine Edge stands in for John Mack to discuss the 2016 budget assumptions and 2015 actuals. Membership questions and discussion follow:

Irrigation Expenses

The increased cost of irrigation water was questioned by the Membership and Alpine Edge explained the Town of Breckenridge notified the Shock Hill POA in 2015 that their water meters for common area

irrigation are not in compliance with the Town water use rules and metering. The Town required the POA to install water meters in 2015 and has started invoicing the POA for water used for irrigation.

Legal expenses

A question was raised by the Membership with regard to the increase in Legal expenses in 2015. The Shock Hill Board of Directors (“BOD”) and Alpine Edge explained that legal expenses were greater than the 2015 Budget due to the change in use and subsequent development of Tract D, Shock Hill (The former Lodge Site). A question is then asked why this was charged to the HOA. The BOD with support from Alpine Edge explained that many members of the POA challenged the change of use of Tract D (from Lodge Use to Duplex Use) and clarification from legal counsel was required to ensure the POA acted in a manner consistent with the Shock Hill as well as Town of Breckenridge Land Use Documents and Regulations.

A follow up question is asked if the POA was expecting any continuing legal issues in 2016? The BOD and Alpine Edge responded that the POA may incur additional legal fees to comply with the new CCIOA Regulations, however, the BOD and Alpine Edge will need to explore the CCIOA Rules and Regulations with the POA Attorney before commenting on additional legal expenses.

Tree spraying

The Membership asked if the BOD and Alpine Edge were recommending continued preventative spraying for the Mountain Pine Beetle. Alpine Edge has discussed this issue and approach with the Colorado State Forest Service and they have said that they cannot guarantee the Mountain Pine Beetle infestation was ‘over’ as there will always be pockets of Beetle that still remain in the County. The Colorado State Forest recommendation is to continue preventative tree spraying if owners want to limit possible loss of trees on their properties. The BOD has taken the stance that it would be unfortunate if we were to stop spraying after so many years of spraying and have another infestation therefore the BOD has committed to spraying all Shock Hill Common Space in 2016.

A member asks - how many owners are spraying? Alpine Edge responds that many Shock Hill members spray their trees, however, Alpine Edge does not track these numbers. The BOD encourages Individual property owners to spray their trees to keep the Mountain Pine Beetle under control. If anyone is interested in spraying they should contact Alpine Edge for reduced pricing from our preferred arborist / tree contractor.

Motion to Notify Board of Directors if a Budget Line Item is expected to exceed the budgeted cost by more than 15%.

Due to the significant overrun in legal expenses in 2015, the Membership asked if Alpine Edge would notify the Board of Directors before a budget line item exceeded the budgeted expense by more than 15%. One owner suggested if any single expenditure is more than 15% of the budget, the Board will be notified to approve and or reject?

Patricia Walker made a motion for management to notify the Board of Directors prior to any one line item exceeding the Annual Budget line item by more than 15% Motion seconded and carried unanimously.

Reserve Funds

An owner asked a question about the current Reserve Policy. Specifically what it is and how large the funds should be? Alpine Edge explained Shock Hill BOD adopted a Reserve Policy seven or eight years ago that requires the BOD to return any excess funds and/or reduce due for the current year so the POA reserve funds do not exceed 150% of the Annual Budget.

Another owner commented on how significant the reserve fund is for this HOA and he doesn't see a need for the 150% held in reserves. Tom Begley responds that there is nothing magic about the 150% and after studying the policies of other POAs in Breckenridge, the BOD thought the 150% was appropriate for Shock Hill. The reserves would be used if there was a unexpected expenditure or natural disaster, such as a fire, that affected the Shock Hill common areas. Most Members thought a reserve was a good idea to cover the unexpected but as the BOD and Alpine Edge explained, ultimately the Membership can decide on an appropriate level for reserves.

Alpine Edge explained that the subdivision and POA is becoming more mature and expenses are more stable/predictable. Alpine Edge says that expenses in 2015 have represented the greatest discrepancy between the Project Budget and Actual Expense incurred. The irrigation water meters and legal expenses were the two expenses that skewed the budget, however, these two items are considered one-time and isolated expenses. A questions by the Membership was asked if there are any other potential large expenses on the horizon? Alpine Edge responds that nothing is expected.

Patricia Walker suggested that the POA reduce the reserves to 100% of the Annual Budgeted expenses rather than 150%. If there is a catastrophic event, there can be an assessment.

Chris Canfield says – if you reduce the reserve and a catastrophic event occurred you would have to vote to use the reserves, which could be a problem if there are differing views within the Membership.

Patricia Walker responds – Advantages to maintaining the reserve is that it might take 5-10 years to rebuild, but at least the money would be there, when it's needed.

Reserve is now a max of 150% of budget and in 2017 the Reserves would be reduced to 100% of the Annual Budget. A Motion was made by the Membership to reduce the reserve policy from 150% of the Annual Budget Expenses to 100%. Motion Seconded with one Member opposing; Ryan Bennett would rather plan for the unknown event.

To comply with the new Reserve Policy, Alpine Edge will reduce dues in 2017 based on the majority's decision to reduce the reserves.

Motion and 2nd to approve the 2016 budget – Budget passes unanimously.

Design review update

Three members who were elected this year to serve on the Design Review Board (DRB) were the following: Jeremy Fischer, John Mack, and Gene Sosville. Tom Begley was elected to be the Design review administrator. It was determined that these members of DRB would serve staggered terms of two and three years. Jeremy Fischer will serve a three year term while Gene Sosville and John Mack will serve two year terms.

There were five new home submittals over the past year, three homes under construction, four homes approved and three in the design review process. Currently there are 40 single family homes built, currently under construction or under design review.

Alpine Edge explains that there is lots of activity in multi-family homes within Shock Hill with Shock Hill Landing, Shock Hill Overlook and The Cottages at Shock Hill all in various stages of construction. Shock Hill Landing will have 16 duplexes and is expected to be completed by the end of the summer 2016. Shock Hill Overlook has two duplex buildings (four units) currently under construction. There will be ten buildings and 20 Units when the Overlook is built out. The Cottages at Shock Hill have fourteen homes total with nine constructed, four under construction and one still available for sale.

The DRB wants to remind the Membership that any exterior improvements need the Design Review Board's approval prior to construction. This includes additions, remodels, landscaping, yard art, re-staining a home a different color or modifying the exterior in any way.

Jill Begley prepared a sales update for everyone to pick up on the way out.

Patricia Walker called for adjournment at 10:46AM.

Meeting is adjourned