

Shock Hill Property Association
Annual Meeting Summary
March 7, 2015 10am
Colorado Mountain College
Breckenridge Campus

Meeting began at 10:10 AM.

Attendance

Board Members – John Mack, Tom Begley, Hugh Horne (called into the meeting)

Alpine Edge Association Manager – Erik Chapin

Alpine Edge Property Management - Director of Finance. Mary Kay Perrotti

Homeowners – John Goebel, Ed Means, Kent Brown, Melanie Brown, Ryan Bennett, Patricia Walker, Ned Walley (representing the owners of Tract Ed), Carol McDermott, Dirk McDermott, Beth McBride, Barry McBride, Steve Edelman, Dan Burns, Linda Burns, Suzanne Allen.

Guests – Jenn Cram, Representation of the Breckenridge Arts District, to present an update on new buildings, programs and upcoming events.

Summary of Jenn Cram Presentation

Arts Campus, Tin Shop-has artists from around the country and internationally, live upstairs and work in lower level. Fuqua Livery Stable 1880s rehabbed into arts studio, \$3.5M investment by Town to Arts Campus. Randall Barn print making and textiles, local artists can rent space. Robert White house rehabbed, furnished studio apt upstairs, reclaimed dance floor from Harris St Community Center. Print maker from Boulder there now. Burro Barn-Public Rest Room, Special Events possible, new hot shop silver smithing, caustic painting, lamp working, glass blowing, ceramics studio shared w/ CMC. Arts District puts Breck on map as creative destination, “Breck Creative Arts”, manages all of the town’s cultural assets, www.breckcreate.org, including the Speakeasy Movie Theatre. Click create and view calendar. June “Late night in the arts districts”, July 4th, Street Arts Festival chalk artists, Graffiti art, 1st Int’l Festival Aug 14-23, Fall-Dia de Los Muertos, speaker series.

Welcome & Introductions

Erik Chapin is leading the meeting.

Website Update

Erik Chapin reminded owners that www.shockhillpoa.com is where the Master HOA documents are. Alpine Edge manages the Shock Hill Landing Association, The Cottages HOA and the Shock Hill HOA Master Association. Cucumber Patch (The Managers) and Shock Hill Homes (Ford Hill Mgmt) are managed by different companies. Owner Directory is on the website, is password protected, and is only accessible by SH HOA Owners.

2014 Minutes Approval

Erik Chapin confirmed the 2014 Minutes were sent out to the address on record for all Shock Hill owners. Tom Begley motioned to approve the 2014 Minutes unless there were proposed changes, there were none. John Mack seconded the motion to approve. Minutes were approved. Erik mentioned the approved 2014 Minutes would be posted on the website.

2014 Association Project Status

Alpine Edge completed the following projects in 2014.

Painted all black street posts, stained fences that surround the nordic tunnels, replaced all broken Carsonite posts and delineators. Last year we had leftover posts from previous order but will need to order 100 additional carsonite posts in 2015.

Lot owner Suzanne Allen asked if replacement of the twisting guardrail timbers was on the maintenance schedule for 2015. These guardrails are the responsibility of the Town of Breckenridge, however, Alpine Edge will inspect these posts during its weekly drives through neighborhood and report any damage to the Town.

The trees within the Shock Hill Preserve (13 acres of Private Open Space within Shock Hill and responsibility of the Shock Hill HOA) have been sprayed and will continue to be sprayed for Pine Beetle and, more recently, Spruce Beetle. Tree inventory is completed each fall by Alpine Edge, which identifies dead trees and are in need of removal. Sprayed all Engelmann Spruce this past fall to protect from the spruce beetle. Mitigation needed this summer. Erik Chapin of Alpine Edge is the Firewise liaison, and they have certain criteria to follow to retain Firewise membership. Firewise requires some level of mitigation including a fuel reduction clean up day put on by the HOA each year and in some instances tree spaying. Other Breckenridge subdivisions continue spraying efforts including Spruce Valley Ranch, which continues to spray for pine and spruce beetle. Question posed: When is the right time to pull the plug on spraying? Consensus was to seek independent, unbiased recommendations for spraying effort (Colorado State Forest Service was suggested by Erik Chapin) and make a more informed decision on future spraying within Shock Hill. Erik will share information on tree spraying/beetle epidemic once he researches this issue.

John Goebel-Requested the Firewise information for owner personal knowledge and guidance about how to handle trees on their personal property. Erik will research and communicate to the ownership. Informed group that Dan Schroder, the Colorado State Forest Service Extension liaison located in Frisco

Owner-Asked which Spruce varieties are susceptible? Erik will reconfirm.

Erik reminded owners to contact him if there are items within the subdivision that need further attention and reminded owners that certain areas are Town responsibility. Alpine Edge oversees the irrigation system, weed removal, general trash pick-up and grass cutting/tree removal as needed in the common areas of the subdivision. Irrigation needs constant attention, entrance needs to be weed whipped, and weeded. Erik has regular contact with the Town, Scott Jackman and Mark Johnson, on Town responsibilities.

2014 Budget

John Mack reviewed each line item of the 2014 and 2015 Homeowner Budgets. The HOA is budgeting additional revenue as the Cottages and Shock Hill Landing build out Dues will remain unchanged for 2015. Dues reduced several years ago to the current level of \$265 per unit and the HOA continues to match expenses to revenues, running at break-even budget. Therefore no reason to change dues in 2015.

Maintenance and Landscaping are reduced from 2014 levels, however, there may be a budget increase for tree replacements and spraying if insect research deems spraying necessary. Legal fees higher in 2014 because of Declarant transitioned the responsibility of the HOA to the Shock Hill property owners. This legal fee was a one time event and will not repeat in the future. Management fees have not increased in last 3 yrs since Alpine Edge assumed HOA management duties and were significantly lower than what was paid prior to rebidding the contract in 2012. John Quigley, the former President of the Shock Hill HOA, was a great contributor of time to the HOA and unfortunately since John's retirement, more responsibility has been transferred to the management company, Alpine Edge.

Ed Means: Why did the Management Fee increase of 15%? John Mack, Erik Chapin and Tom Begley all addressed the management fee increase of \$950. Primary reasons for management fee increase beyond inflation are: 1. State of Colorado passed legislation in 2015 requiring all HOAs to have a Certified Property Manager designation by July 1, 2015, which will add time and cost to Alpine Edge's operating budget. Certification costs will be partially shared by all associations managed by Alpine Edge but there are additional costs to Alpine Edge to secure and maintain this designation. 2. The management fee has been \$6,300 per year for the last three years and like any business, expenses to Alpine Edge increase over time. 3. The 'Quigley Factor.' As mentioned, John Quigley was the president of the Shock Hill HOA until end of the year 2013. John did a lot of work of the HOA as a volunteer and in 2014, Alpine Edge had to assume these responsibilities.

John Goebel asked why such a large reserve if there are no structures and no assets? 150% of the annual budget for Reserves seems like a lot. The Shock Hill board had agreed to this number to be prudent to ensure that if there was some type of natural crisis or lawsuit against the HOA there would be resources to address the problem. Several other owners agreed that in previous experiences with HOA's, having a healthy reserve had proved useful and eliminated undo stress of asking for money when it is needed. Ed Means noted that with the additional homes/units added the HOA should be thinking about what the reserve should be. Within 5 years can reduce dues since the reserve will continue to be healthy.

Ed Means requested an explanation on why there is an extra \$2,100 budgeted for trees, why? Erik Chapin: Not all Spruce were sprayed in 2014 and 2014 Budget did not consider Spruce, the \$2100 additional in 2015 is for spruce beetle spraying. Whatever the professionals say the HOA should do, should be done.

Real Estate Update

Erik Chapin gave an overview of the Shock Hill Real Estate Market Analysis handed out at the meeting. Discusses Summit County and Breckenridge, and Shock Hill specific data. Pg 5 current listings, range of values, current vacant lots. Erik will send this to owners after the meeting. Not mailed to owners. Jill Begley, an agent with Coldwell Banker Rounds & Porter, provided this.

REAL ESTATE NEWS:

January was off to a positive start in 2015 with \$66,536,300 in monetary volume and 127 transactions. Transaction monetary volume is up 28% from January 2014 and transaction volume is up 25% from January 2014. January 2015 shows the best improvement in a January with both monetary volume and transaction numbers since 2008!

- Single-family average is \$891,931;
- Multi-family is \$419,224; and
- Vacant land is \$434,482.

Summit County saw a 7% increase in real estate transactions in 2014 over 2013 and is up 41% from its 2011 transactions counts.

In 2014, our Buyer Profile was as follows:

- 44.84% local, 23.89% Front Range, 30.25% Out-Of-State, 1.02% international.

COUNTY ECONOMIC NEWS:

High-profile international ski and snowboard events this winter are keeping confidence in the indicators for the season, with strong hotel bookings as we go into Spring and Easter.

- **Pending Sales in Summit County as of March 3:** 70 Single Family Homes, 104 Condominiums, 34 Townhomes, 16 Duplexes, and 16 parcels of land are presently under contract in Summit County.
- **Pending Sales In Breckenridge as of March 3:** 41 Single Family Homes, 40 Condominiums, 11 Townhomes, 5 Duplexes, and 10 parcels of land are presently under contract in Breckenridge.
- **Pending Sales in Park County as of March 3:** 35 Single Family Homes and 18 parcels of land are presently under contract in Park County.
- There were 423 loans in January, 60% (77) of the loans were related to sales, 110 were REFI's and 236 were timeshare-related. 39% of the real estate closings were cash transactions.

Please note that all information is deemed reliable, but not guaranteed. Source: Data Provided by Summit County MLS, Bankrate.com, Land Title Guarantee Company, Case-Shiller Home Prices Indices, NAR statistics, Town of Breckenridge statistics.

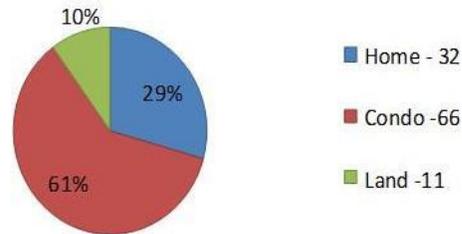
~BY THE NUMBERS~

		<u>Full Year 2013</u>	<u>Full Year 2014</u>	
	<u># Transactions</u>	1908	2042	+7%
	<u>\$ Volume</u>	\$888,858,406	\$962,569,581	+8%

		<u>Jan 2014</u>	<u>Jan 2015</u>	
	<u># Transactions</u>	102	127	+25%
	<u>\$ Volume</u>	\$52,155,100	\$66,536,300	+28%

Average Price Index		<u>Full Year 2013</u>	<u>Full Year 2014</u>	<u>YTD 2015</u>	
	<u>Home</u>	\$751,240	 \$784,779	 \$891,931	+14%
	<u>Condo</u>	\$344,578	 \$357,612	 \$419,224	+17%
	<u>Land</u>	\$324,137	 \$318,230	 \$434,482	+37%

Summit County Residential Sold Property Units January 2015



The two highest single family residential sales in Breckenridge year- to-date, 93 Brooks Snider Road, which sold for \$3,640,595, and 67 Brooks Snider, which sold for \$3,590,000, are both located in the Shock Hill Neighborhood. These market indicators reinforce the fact that Shock Hill continues to be a highly desirable location for buyers.

Specific Shock Hill Market information follows.

Residential Sales at Shock Hill since January 1, 2014:

<u>Location</u>	<u>Beds/Baths</u>	<u>Sale Price</u>	<u>Square Footage</u>	<u>Price per SF</u>
35 Regent Drive (Cottage) \$718.21	4 Bed/5.5 Bath	\$2,485,000	3,460	
21 Regent (Cottage)	5 Bed/4.5 Bath	\$2,799,000	3,457	\$809.66
67 Brooks Snider	5 Bed/5.5 Bath	\$3,590,000	5,081	\$706.55
93 Brooks Snider	5 Bed/5.5 Bath	\$3,640,593	5,124	\$710.50

Land Sales in Shock Hill since January 1, 2014:

<u>Location</u>	<u>Sale Price</u>	<u>Acreage</u>
85 Brooks Snider	\$ 725,000	.45 Acre
156 Peerless Drive	\$ 925,000	.79 Acre
38 Wild Cat Road	\$1,000,000	1.2 Acre
104 Penn Lode Drive	\$1,000,000	.97 Acre
93 Penn Lode Drive	\$1,050,000	.66 Acre

61 Iron Mask Road	\$1,200,000	.76 Acre
38 Wildcat	\$1,000,000	1.20 Ac

Current Active Listings within Shock Hill:.

There are currently five single family homes in Shock Hill that are ‘active’ or ‘For Sale.’ Prices range from \$2,695,000 to \$5,800,000, with a median price-per-square-foot of \$738.

<u>Location</u>	<u>Beds/Baths</u>	<u>Asking Price</u>	<u>Approx. Finished SF</u>
24 Regent Drive	5 Bed/5.5 Bath	\$2,695,000	3,450
101 Regent Drive	5 Bed/5.5 Bath	\$3,095,000	3,585
111 Brooks Snider Dr.	5 Bed/5.5 Bath	\$3,750,000	5,323
65 Penn Lode Drive	5 Bed/6 Bath	\$5,800,000	6,614
145 Penn Lode Dr.	5 Bed/5.5 Bath	\$5,435,000	7,360

Current Active Land Listings within the Shock Hill Neighborhood:

<u>Location</u>	<u>Asking Price</u>	<u>Days on Market</u>
Lot 16	\$899,000	1,418
Lot 45	\$1,300,00	267
Lot 46	\$1,399,000	57
Lot 24	\$1,700,000	2,138
Lot 19	\$1,950,000	48
Tract E	\$10,500,000	370 (Currently Pending)

If you have any questions with regard to the information provided herein, or would like a free market analysis for your home or land, please contact Jill Begley at Coldwell Banker Rounds and Porter - 970.389.1760, or email Jill at jillb@breckrealestate.com.

Design Review Update

Tom Begley currently serves as the Shock Hill Design Review Administrator, providing assistance to the Shock Hill Design Review Board Members: John Mack , Patricia Harding Walker and Virginia Doleshek. The Shock Hill Design Guidelines promote and protect property values and allow for consistency of construction throughout the neighborhood.

Currently the terms for the Design Review Boards as well as the Shock Hill Board are 1 year. Since elections are lengthy and collective design review knowledge and experience potentially could be lost each year, Tom Begley posed the idea and requested input for changing terms for the Shock Hill Board of Directors and Shock Hill Design Review Board Members from one year to two or three year terms. This change would require a change to the Declaration of Land Use Restrictions for the Shock Hill Subdivision and such a change would require a two-thirds majority vote from all property owners within the Shock Hill Subdivision. It was noted that a major reason behind changing the term length is these Boards require a period of time to get familiar the guidelines and understand the process. Erik will have more follow up info on this; they will need to solicit another round of candidates. Existing applicants need to reapply, at that point a vote would be requested to the HOA.

There was input by several owners that 1-2 year terms were too short and a 3 year term seemed to be appropriate. If moving to a 3 year term length Ed Means noted that to ensure there is ample experience on the board at all times that you should stagger the start dates so that 1 new member is exiting and 1 new entering a board with experience.

Ed Means: 2 should be on the board with experience at all times. Stagger terms. Provided the terms were changed to 3 year terms with a 3 person board than 1 seat would be up each year allowing 1 member to have 2 years of experience.

Patricia Walker commented that even though Tom is not a voting member of the DRB he offers valuable experience as a developer and design review administrator, which provides a high level of experience to the board. Tom's experience has been greatly appreciated.

John Goebel asked why are there 2 design review boards? He also inquired whether there will be 1 DRB when everything in Shock Hill is built out. Tom Begley responded It can be one, however, two-thirds majority vote of the property owners would be required to combine the DRBs into one DRB. DRB- B includes the Cottages and Shock Hill Landing and Tract E. When Breckenridge Lands developed Shock Hill they were concerned there might be conflict of interest between the single family homeowners and the multi-family sites (Tracts C, E and F) and a DRB that held a majority of one type of property owner (single family v. multi-family) could potentially use the subjectivity of design to stifle development. John Goebel asked what it would take to change to one Design Review Board before Tract E is built. Tom Begley responded that Tract E currently holds 66 votes out of the 182 possible votes in Shock Hill. Any change to the Declaration of Land Use Restrictions for Shock Hill including a change to combine the Design Review Boards into one Review Board, would require a two-thirds majority. Since Tract E holds more than one-third of the votes, any change to the Declaration would require their consent.

2014 Annual Shock Hill Overview

Tom Begley: Shock Hill is now a homeowner controlled HOA. Design guidelines were cleaned up in 2014, building height always an issue, put in a standard 33' height limit. Style language enhanced, reinforcing the old lodges of West vs contemporary style, standardized address marker, cleaned up process and steps that architects and owners need to go through when application is submitted. These are welcome changes since they are more straightforward. Reviewed 5 homes in last 12 months, 4 approved for construction, 2 in design review process. Current average home size in Shock Hill dropped by 200 SF. Closing in on completing the Cottages, 3 available. 3 Landing Duplexes under construction in

2015, ideally these will close out over the summer and Cottages will complete over the next 2 yrs. All of the Cottages pre-sold and of the Landings 12 of 16 are under contract.

Ned Walley: Introduced himself as the Rep for the owners of Tract E. Helping owners market this property for 1.5 yrs. and apologized for the lack of communication of potential changes up to this point. Duplex property is likely and Suzanne Allen will design. They moved down a path with the prior developer to continue talks of a lodge but the economics of it didn't work, only 1 potential buyer had any serious interest in pursuing a Lodge. Suzanne Allen designed the old Lodge and looked at the construction costs and feasibility was a concern.

Patricia Walker is concerned about the ease of changing the Master Plan. Little notification but this impacts all of Shock Hill, impacts the town and the people in the town.

Chris Canfield: Introduced as the Tract C Buyer/Applicant. The highest and best use appears to be duplex use rather than a lodge.. Chris has developed three homes in the Highlands. Chris wishes all owners were at this meeting and has been surprised there is so much polarization. Chris heard people loud and clear at the first Planning Commission Hearing for his duplex application and is in the process of revising the original submittal based on these comments and resubmitting the plan for Town review.

Original Master Plan for Shock Hill called for either multi-family OR a Lodge. Master Plan amended twice and throughout each iteration it has retained 66 SFEs, and the land use of multi-family OR Lodge. Last Master Plan amendment called for a lodge which never happened.

The current plan has 31 SFEs of density, reducing density from 66 SFEs and the first application to do so. Less traffic, fewer people and fewer hot beds. There will be open space dedication, permanent easement between gondola and Cucumber Gulch with ample landscaping. The development group is fully funded internally and currently has the support of the Town Staff behind the project. Double Diamond will be the builder for the project. Chris noted there is no date for the next meeting with the town on the current application but will keep Shock Hill Homeowners abreast of future Planning Commission meetings and refinements to the plan.

Chris opened it up for questions and relayed they are not relying on banking or financing.

John Goebel stated that he is in support of the new duplex development and looks forward to the start of construction.

Carolyn McDermott: What is the price point, similar to Cottages? Chris Canfield: private and very nice no road front access and expecting to be in \$900/SF range. He feels it will push up average price per foot in Shock Hill.

Chris Canfield: In the previous version people didn't like the look of the twin driveways and buffer. The entrance has now been moved to the North, broader area to buffer, modified ends to be single family structures. Doubled landscaping from last submission. Reduction in visual impact vs lodge.

Barry McBride: He lives within 300' of the Tract C project but got notification 2 weeks after the meeting. Town said the applicant failed to include Barry in the adjacent property owners list. Barry was surprised the Town did not notify prior to the meeting. The McBrides were disappointed with the communication from the town and applicant. Would have thought the Board would have notified as well. He is for

open communication and transparency of process. The Lodge went through a large process and felt this new plan should have as well.

Patricia Walker: Process feels this was a back door approach. Sellers should have told entire ownership. Her neighbor, John Quigley told everyone that changes were coming to Tract E and she feels the sellers/new buyers should have been more forthcoming with the potential changes.

Tom Begley: The current scenario is an unusual situation for the Shock Hill Board as the Board has not faced this situation before. Like the property owners, the Board are relying on the Town and its process to notify all surrounding property owners. In hindsight, due to the size and controversial nature of this application the Board should have been more proactive. Given the

Steve Edelman was the first property owner to build a home in Shock Hill. I would like a place to put my shoes and change into ski boots, locker possible with the new design? Little building? Unfortunately the previous developer made promises with no follow through. Willing to pay an annual membership fee to have a locker or changing area.

Ryan Bennett agreed with Steve but conveyed that he believes the new development being proposed is a viable development for Shock Hill.

Patricia Walker: We bought in 1999. There has always been a comparison to Timber Trail and the amenities with Blue Sky or One Ski Hill. This was part of the appeal of Shock Hill and 20 duplexes isn't the same as a lodge with amenities. No benefit to this plan to any of the owners. Ryan Bennett relayed there was never a guarantee of these amenities.

Patricia Walker: This is one of the last large tracts of land next to the ski area. It's the last opportunity to put these amenities in.

Dirk McDermott pointed out there should be a neighborhood/HOA rep. It would make sense to have a rep who is involved from the HOA side, not just work with the Town. There are expectations in the neighborhood and the owners should have clear lines of communication

It was agreed upon by Chris Canfield and Ned Walley that from here moving forward there will be communication sent to the board which will be forwarded on to each Shock Hill owner via email. Suzanne Allen has offered to forward the planning docs, once they are posted and become public. Board should then disseminate to ownership. Chris Canfield relayed the moment they have a final submission, they will submit through the HOA for dissemination.

Ed Means - Applauds changes and believes this is the right fit for Tract E. Chris has explained changes well. Send, through the Board, when there are final changes. Who is the Builder?

Barry McBride: Is there any risk the Town or Vail Resorts won't continue to man the mid-station. Tom Begley: No, whatever happens at Tract E will not affect the operation of the gondola. Shock Hill Development dedicated an easement for the gondola through Shock Hill in perpetuity. John Mack responded that every time you have a gondola turn, you need a sub-station. There is a part of the easement agreement if there is a person waiting for more than 10 minutes, they have to send up a cart, which they don't do! If someone has waited 10 minutes the gondola attendant is supposed to call to the bottom to have an empty car sent up.

Several owners feel there has been a snowplow issue. Patricia Walker flagged down plow driver and spoke to Scott Jackman. Scott Jackman agreed the Town has been guilty of “aggressive” snowplowing. The Town will replace damaged trees. There are 10-12’ high snow banks on private property, when the open space side of the street has no snow bank. Can the HOA send out an e-mail about this? In general, the spring is when we inspect the neighborhood with the Town and will bring this issue up with them at that time.

The HOA will be soliciting for Shock Hill Board membership and for Design Review Board seats. This information will be distributed in the follow up e-mail to this meeting.

Ed Means: Can DRB notify adjacent owners to a new approval before trees are cut and foundation is poured?

Suzanne Allen: She submitted to review board for lot 1 and it was denied. Will send adjacent owners updates.

Tom Begley: We should be more proactive in notifying the neighborhood. In hindsight we should have handled this differently. Question is where do we stop notifying people? How do we draw the line? Becomes difficult how to determine who should be notified and when.

Meeting adjourned at 12:10pm.