



**ANNUAL HOME OWNERS MEETING
15 FEBRUARY 2014
OWNERS CLUB ROOM**

CALL TO ORDER: The meeting was called to order at 15:12 by Randy Haddock, president.

CONFIRM QUORUM: A quorum of the home owners was confirmed by Randy Haddock, president.

REGISTRATION AND INTRODUCTIONS: Registration and introductions were made

OLD BUSINESS:

- a. Approval of the February 2013 Annual Meeting Minutes was unanimous.
- b. President's report - Randy Haddock: A moment of silence was observed for Kyle Garrett and Chip Kamin who both passed away since the last Annual Home Owner's Meeting. Randy introduced each of the members of the board of directors for the White Pine Lodge, our property manager, Tom Curtiss, and Schweitzer Mountain Resort CEO, Tom Chasse. This year will be a challenging year. The water leak was discussed. We may need to hire a geo tech engineer to help us evaluate the water leak. Depending on this evaluation, we may have to take preventive measures to ensure the integrity of the building and foundation. We have a good reserve which may be needed for unforeseen projects in the future as the building ages. The board will do its due diligence for the owners.

NEW BUSINESS:

- a. 2013 Financial Review - Randy Haddock & Tom Curtiss: Our balance is growing by about \$50K per year. We had a total of \$184K at the end of 2013. The budget remains the same at just under \$304K. The BOD made a decision not to increase the budget. We had no capital projects in 2013. We had favorable maintenance expenses over the previous year.
- b. 2014 Budget - Randy Haddock & Tom Curtiss: For 2014, the gas and electric rates will increase, Avista by 8% and Northern Lights by 13%. We put aside \$27K in the CAPEX to stain the lake facing side of the building in May or June of 2014. Our Reserve is expected to grow to \$197K by the end of 2014. We will have more expenses this year compared with 2013. We have the reserve for unforeseen expenses that may occur, such as the water leak this year. With the budget, we came in about \$4K better than what had been projected for 2013. The vast majority of WPL owners pay their dues on time, but there are a few owners who are delinquent. The BOD has instituted a program whereby interest is charged to owners who are delinquent on their HOA payments. We have listed capital improvements that need to be done in the next 20 years, we estimate a useful life for each item, and the cost to replace each item. Overtime, the costs will

change. The BOD decided we would reevaluate this list of capital improvements every 2 years and update the projected costs of replacement or repair. This allows us to have a more updated CAPEX. We will look at getting a formal reserve study. Tom Curtiss and Paul have done a great job with our Reserve, but it is the Board's due diligence to entertain having a professional reserve study. Randy did not believe having a professional reserve study would be worth the money, but the Board will consider it this spring. In other states, like Washington, a reserve study is required. Tom Curtiss will obtain a couple of bids for the reserve study and bring it to the board for a final decision. There was a question from an owner about how the Reserve would be built up after a major expenditure, like the water leak. Randy said that we would build the Reserve back up over time. Past Association President, Roger Bosley, said about 4 years ago our reserve went down to around \$47K because we had the roof repaired and then a pipe broke which caused water damage to the building. Roger said that when the Reserve got that low, the Board instituted cost cutting measures and over time we have been able to build the Reserve to where it is today. There was discussion about the HOA dues and whether the dues should be lowered because we have such a large Reserve or remain the same in case we have another unexpected expense. There is no formula for the "right" amount of money to have in a reserve. The BOD did have a discussion about lowering the HOA dues recently, but we decided not to lower the dues.

- c. Property/Building Updates - President, Committee Reports: There was an overview of the pipe break from Randy Haddock, Tom Chasse, and Tom Curtiss. When the water leak first happened, we did not know where it was. With the use of cameras, the leak was found under Pucci's Pub, under our building. The theory is that water erosion over time washed away the bedding and the support. A rock punctured an 1-1.5 inch hole in a 6 inch water pipe. There is a reservoir that supplies water to the building. In the middle of the night the alarm went off because there was a low level in the reservoir. SMR employees responded to the alarm and found water running out of the south end of the White Pine Lodge, so they shut the water off to the building. When it was day light, a large hole was dug 15 feet down in front of Pucci's Pub. The pipe was taken apart and a camera was sent in. The leak was found about 8 feet from the foundation under Pucci's Pub. They were unable to excavate underneath Pucci's Pub to repair the leak because they would not be able to compact the soil underneath it when they were done, so the best solution was to run a new water line into the building. A temporary back up water line was tapped off the Lakeview Lodge to supply the White Pine during the busy President's Day Holiday Weekend. Owners commended the quick restoration of water to the building due to the efforts of SMR, Tom Curtiss, and the Board. The plan is to pump in some slurry under Pucci's to fill in the voids when it warms up in the spring. Theories about how the water erosion occurred were discussed. The Board will investigate this further and will remediate the problem. The cost of the work already done to remedy the water leak is around \$50K but costs will most likely rise. We have made an insurance claim on the water leak, but we do not know how much insurance will cover. We have a letter from the contractor and the engineer saying it would be far more costly to repair the broken pipe, than it would be to run a new water pipe to the building. There was discussion of what could be done to prevent another problem like this one from occurring again. We may need Allwest who did the original geotech for the White Pine evaluate the building. The Board, SMR, and Mountain Utility will need to discuss this. The Board will keep the owners informed of what happens with the water leak. We doubled the security during the high occupancy times. Security also monitored the building when we did not have a working fire suppression system due to the water pipe failure. SMR's security team allowed the White Pine to save money during the water pipe leak crisis. During the recent cold spell, SMR checks every unit in the building to make sure that there were no frozen pipes and does other preventative maintenance to support the building. We had a problem with the spas being out of order, but we have taken measures, such as having spare parts on hand, to help decrease the down time if it should happen again. We have one major project scheduled for this year. We will be staining the lakeside of the

building this summer which will cost about \$27K. There are some things we can do to conserve energy in the building, such as the lights. That is one way to save money on utilities since utilities will rise in the future.

- d. Election of Director(s): There was one board of directors position up for election. The Board is nominating Dale Anderson for the open board position, but we can take any nominations from the floor and put it on the ballot. No other nominations were proposed by the floor. Dale Anderson was elected by acclamation.
- e. Additional items before the membership:

SCHWEITZER MOUNTAIN RESORT UPDATES: Tom Chasse. Last ski season was a spectacular year. Summer business was spectacular this past year, with 20K visits this past summer, with the previous high being 17K summer visits. There was wedding and conference business. The weddings fill lodging. Lodging and skier business has been strong. SMR is doing well in food/beverage. SMR has been running a marina, Bottle Bay Resort, on Lake Pend Oreille for the last six summers. It was a long summer (June to September 2013) at the Bottle Bay Resort which added value to SMR's bottom line. It was a record pace this year for season pass sales. Typically SMR sells 8,300. This year SMR sold 9,400 season passes. As an industry, season pass holders generally make up 35% of the ski business, but at Schweitzer, season pass holders are over 60% of their business. Season pass holders at Schweitzer ski a lot and spend money at Schweitzer concessions. The Spring Pass will go on sale March 1, 2014, for \$99. On March 10th the price will go up to \$129. The Spring Pass will be good from March 10th to closing. SMR has not determined its closing date. Worst case scenario the mountain will close on April 6th. If the snow pack continues to improve, they may extend the season longer, but that decision will be made in the next 2 weeks. There was a 24 hour lift ticket sale on Tuesday night, and over a \$100,000 worth of lift tickets were sold. This sale was done over social media. This year has been a roller coaster year for skier visits. But as of this week, SMR is on track financially for the winter. As of right now the phase 2 of the White Pine Lodge is on hold, until the market responds to the pricing. The mountain side project above the Selkirk Lodge has been successful. They have contracts to build 8 homes this summer. Copper Basin Construction will be building these homes, the pricing ranges from \$450K to just over \$600K. These properties were never on the MLS. There is a plan to build more homes over the next four years in that area. If SMR can stay on pace financially, chair 6 could be replaced by two lifts in the summer of 2015.

For the Good of the Order - A question was posed of whether there was a statute of limitations on the builder for liability on the water pipe leak. Tom Curtiss thought it was 7 years in Idaho. There was a question about the poor internet service in the building. The SMR representative said they monitor the internet service daily, and if that owner has an issue, they would be happy to send a technician to evaluate it. However, it may be that during busy weekends, there may not be enough band width for all users. Tom Chasse said internet could be hardwired into individual units by calling Schweitzer Mountain Utility for a fee. Roger Bosley commended the SMR housekeeping staff for being friendly and hard working. The snow guard on the Parking Garage level B lock has been torn off, and the snow guard is on back order. Tom Curtiss said the HOA could buy a few to keep on hand so we do not have this problem. There was a comment on people leaving their skis leaning against the wall across from the White Pine front desk area. Doing this damages the paint and the wall. Perhaps we could get rid of that counter and put in ski racks instead to protect the wall. There are some long term renters in the White Pine who are not going through SMR rental pool, and who may not know the rules of the building. Tom Curtiss will reach out to the realtors and rental agencies to see if he can provide the rules of the building to these renters outside of SMR's rental pool. The late Kyle Garrett built a White Pine Lodge website, but unfortunately no one else can administer the site because we do not have any of the passwords and the website was in his name. The Board is looking into getting a new site.

ADJOURN: The meeting was adjourned at 16:30.

Respectfully submitted by,

Linda M. Sakai
White Pine Lodge Board Secretary