



ANNUAL HOME OWNERS MEETING

MINUTES

16 FEBRUARY 2019

15:00 hours

OWNERS CLUB ROOM

CALL TO ORDER: The meeting was called to order at 15:21 hours by Marty Gilchrist, president

CONFIRM QUORUM: A quorum of the homeowners (35, a record) was confirmed by Marty Gilchrist, President. Board members present were Jade Smith (Commercial Representative and Resort Services Director for Schweitzer) and Linda Sakai. Tom Curtiss, Property Manager, was present. Also present were Schweitzer Mountain Resort representatives, Matt Hofmann (Lodging Director) and Marina Hill (Owner Services Liaison).

OLD BUSINESS:

1. Approval of the 17 February 2018 Annual HOA Meeting Minutes: A motion was made to approve the minutes. The motion was seconded. Discussion - none. The motion to approve the minutes was unanimous.
2. Review of 2018
 - 2.1. President's Report (operations, year in review) - Marty Gilchrist.
 - 2.1.1. Marty thanked the Board members who attend 4-5 board meetings a year to help manage this \$20-25 million lodge; Matt Hofmann (Lodging Director) and Marina Hill (Owner Services Liaison); former Board Members, Mike Stanley and Kevin Glen, who are no longer owners, for volunteering to be Board Members; and Tom Curtiss, our Property Manager, for his knowledge of this building, his years of HOA experience, and insight which are a big help to us. Marty personally thanked Randy Haddock and Roger Bosley, Presidents Emeritus of the HOA Board who still greatly care about this building and provide sage advice.
 - 2.1.2. Positives this year: We purchased new exercise equipment to replace the aging equipment and a new snow melt boiler that controls the snow melt around the perimeter of the building. The hardy plank siding was painted.
 - 2.1.3. Challenges this year:
 - 2.1.3.1. Our Saflok key system is antiquated. Everyone in the industry is moving to RFID. We did form a subcommittee to look at the needs of this building. Former Board Member, Dale Anderson, volunteered to be on this committee, and he has considerable knowledge about these systems. Schweitzer is also looking to replace their Saflok systems in their holdings. We are working directly with Schweitzer. They have laid out the same type of parameters that we are interested in. We can take advantage of Schweitzer's buying power en mass. These RFID door locks are not cheap, \$800-1000 per door. If we go with Schweitzer's

new door lock system, we will be able to replace the Saflok key system without a special assessment.

2.1.3.2. The elevators are excellent machines that are built to last for many decades. There are meters on the elevators, and our elevators are not running at capacity. The elevators have had some failure with the electronics this year. Electronics have changed a lot in 17 years. We spent \$10K on elevator A to get its electronics lined up with its motor and operating controls. We will likely have to do the same to elevator B. We do have reserves with a line item for the elevators. We will continue to put money into our reserves and invest in our building. As HOA President, you only hear about things when they don't work. When you look at the elevators, they work constantly 24/7/365. When the elevators are out of order for a short period of time, it is terrible.

2.1.3.3. Spa Operations: Marty has received numerous complaints.

2.1.3.3.1. The hot tubs are 17 years old. If you talk to any pool technician, our hot tubs are coming to the end of their lifespan. We will need to invest a significant amount of money in the next couple of years. We have added this to our CAPEX plan which we will discuss in the Financial Report.

2.1.3.3.2. Glass & Diapers: are not allowed in the spa area, not even "swimmer diapers." There was extensive and heated discussion about the Board's decision to restrict children under the age of 5 years from using the spas and that this infringed on parental rights. Linda, who is a Board Certified Physician and knows the reputable internet sites, went to the Association of Pool & Spa Professionals (APSP) website and to the Centers for Disease Control and Prevention (CDC) website for their hot tub rules for safe and healthy use. The CDC specifically says that children under the age of 5 years should not use hot tubs. Period. Randy Haddock, HOA President Emeritus and insurance guru, said there is also an HOA risk management liability issue that is huge with regard to children under 5 years being in a hot tub and as well as many other things. Roger Bosley, HOA President Emeritus and physician, said the Board has a responsibility to make rules for the safety of all the owners, collectively. The Board has the authority by the CC&Rs to make rules and regulations regarding the behavior of everyone who uses the building and its amenities. The Board is well within its authority to make rules and regulations within the confines of this building that may affect everyone in a way we may agree or disagree with. Roger travels extensively, and in no place do they allow children under 5 years of age in the hot tub; in many places, the age limit for hot tub use is 16 or 18 years. The Board also debated whether the lower age limit should be 16 or 18 for hot tub use. With Linda's research on this issue, the Board decided that no one under the age of 5 years could be in the hot tubs based on the APSP and CDC recommendations.

2.1.3.4. CC&R Parking compliance: Marty highly encouraged everyone to read CC&R section 6.7.1. Your parking space is legally attached to your unit. You cannot separate the two. When it is not a restricted parking time (i.e. ski season weekends, Christmas break, MLK & President's Weekend, etc), you can park another car in the garage, but this gets abused when owners or renters have more than 1 car in the garage during the restricted times. Today, Marty pulled into the garage at 11 am, parking level B had only 1 open parking space, and A was at 100% capacity. This means there are 6 vehicles in the garage that shouldn't be in there. There are 48 residential units, 50 parking spaces, and 4 handicapped

spaces. The 2 extra parking spaces belong to the declarant, Schweitzer. If the declarant adds the White Pine 2 onto our building, they would count the 2 spaces in the parking allocation for the White Pine 2. Schweitzer is a declarant in the legal sense only, not in a usage sense. There is no commercial (Schweitzer) parking in the garages. The Board sees longterm solutions to the parking problem with our new RFID door management system because we will also need to replace the parking garage readers with a new RFID door system. With the RFID system, there will be a sticker that will go inside your vehicle, and as you pull up to the garage door, it will automatically open the door. The system will only allow one car per unit at one time no matter how many of your other cars have a sticker. CC&R Section 6.7.1 clearly states that parking is first come first served, and there are good reasons for this. All of the parking spaces are not equal in size. If you have a large 4 door SUV, there are parking spots you can't get into. Ninety-nine point nine percent of the time, parking is not an issue. The system will be user centric so that as the owner, you will have control over your lock. If an owner wants Schweitzer Management to operate his/her unit, that owner can allocate them administrative access to the door. If an owner has a friend coming over, he/she could text them access information on their smart phone to get into the parking garage and the unit by using blue tooth or RFID. For liability reasons we are not going to boot parking violators. We are trying to do a hard enforcement. If Marty or the Board finds that you have more than 1 car in the garage during a restricted time, you will be fined \$250 for the first offense, \$500 for the second, then \$1000 per day thereafter.

- 2.1.3.4.1. There is an owner who keeps his car in the parking garage year round, and also rents his unit through the Schweitzer renal pool. Earlier this week the Board had an enforcement hearing with that owner on the telephone. We went over in detail with the owner what the codes are. Other than not having the parking tag in the car, that vehicle will be in compliance by Tuesday morning. For clarification, you cannot simultaneously rent your unit, and keep your car in the garage, CC&R section 6.7.1 prohibits that.
- 2.1.3.4.2. An owner noticed that a lot of the cars parked in the handicap spaces do not have the handicap parking tag. When there's no other parking spaces available, people can park in the handicapped space.
- 2.1.3.4.3. An owner wanted to know how the parking fine would show up on their HOA assessment. If the owner did not want to pay their fine and only paid their HOA dues, would the fine be taken out first and then they'd be delinquent on their dues? Tom said if you do not pay your dues plus your parking fine, the Board could decide to put a lien on title if you did not pay. This is in the assessment provisions in the CC&Rs which gives the Board the option to put a lien on title or take lesser action because it could be a collection issue.
- 2.1.3.4.4. An owner in the rental pool would like to recommend that instead of Friday noon until Sunday for the parking restriction during the ski season, it should start when renters check in at 3 pm. She felt as an owner, she should be able to use that parking space on Friday until 3 pm. When we use the RFID keys, the one car, one unit policy should start on Friday at 3 pm rather than noon. To complicate the problem, some renters come up well before check in and want to ski before their room is ready, or want to ski on the day of check out which creates a problem on a very busy weekend like President's Day or MLK for the front desk.

2.2 Financial Report: Profit and Loss, Balance Sheet by Tom Curtiss.

2.2.1. Profit and Loss: We came in on budget for the most part.

2.2.1.1. Utilities: Kilowatt usage was up so our electricity was over budget by quite a bit, and that was the primary overage.

2.2.1.2. Other Expenses:

2.2.1.2.1. New fitness equipment was purchased.

2.2.1.2.2. For the Aerco Boiler replacement we had 3 bids (\$52-58K). We decided to separate out the cost of the boiler from the installation. We bought the 1 million BTU boiler directly from Proctor Sales in Spokane, and we hired pipe fitters from Spokane to install the boiler which saved us about \$20K. We expect to save some money on natural gas with the new boiler because of its better efficiency.

2.2.1.2.3 Hardy Plank Siding Painting: We had recommendations from a couple of paint companies to address the hardy plank siding. While the hardy plank should be good for 30-35 years, we get a lot of sun which has caused quite a bit of oxidation on the siding. Siding was painted and looks great.

2.2.1.2.4. Every 7 years we alternate painting the mountain and the lake sides of the building which is a normal painting schedule for the harsh weather conditions on the mountain.

2.2.1.3. We report a net loss on our reserves for the above expenses, the new glycol, Saflok Garage A entry encoder, reserve allocation for a net loss of \$78K.

2.2.2. Balance Sheet:

2.2.2.1. Cash at the end of the year was almost \$205K, in 2017 it was \$242K, but we have to take into account our net loss.

2.2.2.2. Accounts receivable was better than 2017. Most of the owners pay on time. For some owners, it is a timing issue. We do not see anyone having bad debt potential at this time.

2.2.2.3. Total Equity is \$188K.

NEW BUSINESS:

1. 2019 Budget Review and Reserve Discussion

1.1. Capital Overview: This spread sheet shows where Tom thinks we will be in the next 5-10 years in our reserve allocation. We plug the total equity, \$188K, into our reserve line. The \$43K per year is in our budget for the annual reserve allocation. The estimated reserve usage line is the estimated amount we will spend. In 2018 we spent \$77K on painting, new fitness equipment, a new Aerco boiler, etc. When you look at this spreadsheet, we are ahead of schedule of the 30 year CAPEX plan that Tom and Paul Pimentel, former board treasurer, put together about 5 years ago. We are currently \$25K in the black despite addressing some of our bigger expenses. The bad news is that we anticipate spending \$50K in 2019, most of it being in the back area. If you look at the last column, it keeps us at a level, 59-60% of reserve, that lenders like to see. We do not foresee any special assessments in the near future.

1.2. The 3% increase in HOA dues: Marty had some questions from owners as to why the board approved the increase when we look to be in good financial shape. This is the first increase in HOA dues in 4 years. We will be spending more money in the next 5 years. Our energy usage as well as other costs

are increasing, and we do not want to see our reserves decreasing knowing all the the expenses that are coming down the road. We want to avoid having a special assessment.

1.3. Operations Update:

- 1.3.1. Spa Deck Hydronic Leaks: After the ski season, we will hand dig down to find a couple of small hydronic leaks, get a hydronic technician to put down hydronic flex lines for our hydronic heat tubing which was not done with the initial construction. Because of settling over time, the hydronic tubes have broken and are leaking, so they must be replaced.
- 1.3.2. The upper spa needs evaluation to find out why the jets and the chlorinator cannot run at the same time. We need to remedy the situation.
- 1.3.3. The entire spa deck needs evaluation from a settling and topical perspective. We may get AllWest Engineering back here to determine the type of settling we have. This is done about every 5 years.
- 1.3.4. The York PTAC unit in the lobby level needs replacement.
- 1.3.5. Interior woodwork needs repair throughout the entire building, especially in the elevator vestibules.
- 1.3.6. We need to replace several elevator vestibule carpets in heavy traffic areas. We have this on an every 5 year schedule.
- 1.3.7. In 2020, we have \$40K set aside for a new RFID lock system program. According to Matt and Marina, each lock will cost between \$500-600; in addition, external readers will also need to be purchased. It is in the reserve allocation. We feel we can fund it.
- 1.3.8. There is about \$2,000 allocated for a year from now for the roof and the heat tape to undergo a major inspection and some repairs.
- 1.3.9. Tom included some graphs in our packet. Kilowatt (KW) usage is high in the winter, low in the summer. A question was asked whether the use of LED lighting in the common areas could decrease our KW usage. If it's not the right the ballast, the LED light will flicker. Tom will get with maintenance to see about the feasibility to switch over from CFLs to LEDs.
- 1.3.10. Matt put together a graph on the room-nights sold which shows a steady increase from 2015 to 2018.
- 1.3.11. An owner voiced a concern with his patio door leaking cold air into his unit, and last Saturday his fireplace was running constantly, so why don't we replace those doors to reduce KW usage? We can look at re-gasketing and re-adjusting the patio doors. If this is not effective, then we need to look for a replacement and source it. These doors are not cheap. Air Line patio doors are great doors but are not user friendly for the rentals. You think they are closed, and they are not. Furthermore, Air Line Door parts are difficult to get because they come from Germany. The Selkirk's patio doors were spec'd out for replacement. A great replacement door was found that looks the same on the outside as the Air Line, but is easier to operate for the renter. However, it costs \$1,800 per balcony. They will salvage what parts they can from the Selkirk's Air Line doors but the White Pine Doors are a little different.
- 1.3.12. Another owner said that the new replacement blinds are much more energy efficient than the old blinds. It can get too hot in their unit during the winter if the blinds are down.
- 1.3.13. The hypoline liner on some decks is starting to crack and is probably causing water to leak onto the deck below or somewhere else. One owner has noticed water stains on their walls above the window. We need to identify the decks are cracking and remedy the problem.

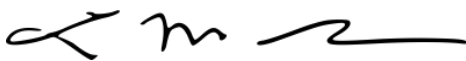
2. Election of Board of Directors:

- 2.1. The slate of candidates put forth by the Board: Marty Gilchrist and Linda Sakai are up for re-election. We also have an open seat on the Board because Mike Stanley sold his unit, and he still had

1 more year left to serve. Jackie Meredith has volunteered to fill the seat on the Board vacated by Mike Stanley.

- 2.2. There were no nominations from the floor.
- 2.3. A motion was made to accept the slate of candidates put forth by the Board. The motion was affirmed by acclamation.
3. Additional items before the membership:
 - 3.1. There was a request that when we change the locks that we get readers for the stairwell, so people can get into the stairwell from outside on the ground floor.
 - 3.2. Matt said that there may be a lag between the time White Pine makes the decision for new RFID locks and when Schweitzer has the software upgrade at the Selkirk Front Desk. Schweitzer is trying to get this into their CAPEX now because their fiscal year starts May 1st. Schweitzer is aiming to get the new RFID locks done in the Fall of 2019. Marty said we are going to approach the vendor as a group to get the best price.
 - 3.3. Roger Bosley said when he was HOA President (and secretary and treasurer), he got a call from an owner who was dissatisfied with his performance as HOA President. Roger told him that he spent a good 20 hours a week doing his job for the HOA, and he received no compensation for his efforts. When Roger offered the disgruntled owner the HOA President's job, the owner quickly changed his attitude. The owners owe a great debt of appreciation to the Board members, especially Marty, for doing such a great job. Marty said he takes this job very seriously as he holds \$250K of our money to spend on our building. He wants to be sure that if anything needs repair-maintenance-replacement, we have the money to do it. He has been involved in other organizations that do not have any money, and it is a huge pain to constantly call people to ask for money.
 - 3.4. Randy Haddock gave kudos to the Board, especially Linda, who is starting her 4th term on the Board and she does a phenomenal job as secretary. Her husband, Gavin Young, is the Webmaster for our White Pine Lodge website. If you want the parking policy, it is on the Website. You can give the Board feedback on the Website, and they will take it into consideration. When Roger took on the job of HOA President, we had less than \$20K in our reserve. At that time, the building wasn't very old so we weren't spending a lot of money. Roger, Kyle Garrett, and Paul Pimentel took it from that tiny reserve to consistently \$200K with 6 years of no HOA dues increases. If things increase in the future, it is not the fault of the Board, but rather our 17 year old building which is on a mountain with severe weather and a river running under it.
 - 3.5. A new owner said that when he purchased his unit, he did not know about any of this, so perhaps there should be a new owner packet regarding the Website, etc, especially if there is more turnover of owners.
4. A motion to adjourn was made. This was seconded. Discussion - none. The vote to adjourn was unanimously passed at 16:15 hours.

Respectfully submitted by,



Linda M. Sakai

White Pine Lodge Board Secretary