



**ANNUAL HOME OWNERS MEETING
MINUTES
13 FEBRUARY 2021
15:00 hours
Zoom Conference Call**

CALL TO ORDER: The meeting was called to order at 15:00 hours by Marty Gilchrist, president.

GROUND RULES FOR THE MEETING: Marty went over the ground rules for the Zoom meeting to help the meeting run as smoothly as possible. It is important for every unit to have at least one up to date, primary email address on file with Tom Curtiss' company, Panhandle Management. When the invitations for the Zoom meeting went out, some owners did not receive an invitation because their invitation had been sent to their old email address that Panhandle Management had on file. If you have a new email address, please make sure you send it to Tom Curtiss.

CONFIRM QUORUM: A quorum of 25 home owners was confirmed by Gavin Young, Host for the Zoom Conference Call. Board members present were Klaus Huschke, Jackie Meredith, Jade Smith (Commercial Board Member and Resort Services Director for Schweitzer), and Linda Sakai. Tom Curtiss, Property Manager, was present. Also present was Schweitzer Mountain Resort CEO, Tom Chasse, who will be giving the commercial update.

SCHWEITZER COMMERCIAL UPDATE: Tom Chasse

1. With the pandemic, this has been a challenging season for the Resort.
 - 1.1. Because the Panhandle Health District (PHD) controls Schweitzer's food and beverage license, Schweitzer (SMR) had to follow PHD's guidelines. Before the season started, SMR had to submit a plan to PHD on how they would operate based on the Covid pandemic. They put protocols in place to reduce their indoor seating by 30%. They brought in additional storage for "grab and go" items. They engaged some food trucks to set up in the Gateway Lot. They asked people to use their car as their locker. Overall, they were successful with their indoor space, and did not have any over capacity days.
 - 1.2. Just before Schweitzer opened in November, PHD put a mandatory mask mandate in place. Schweitzer felt good that PHD supported a mask mandate. However, the day after the PHD implemented the mask mandate, the Bonner County Commissioners came out with a proclamation where they threatened to defund the local health district, a \$250K contribution, because of the mask mandate. The following day, the Bonner County Sheriff said he would not enforce the mask mandate. This pushed all of the mask enforcement onto the Resort Team to make sure everyone was in

compliance. It did not start out well, but Schweitzer is in a much better position today with the mask mandate. People's compliance with the mask mandate seems to be getting stronger every week. Tom Chasse tries to work the Great Escape line every Saturday and Sunday morning, and there is 100% compliance with the masking when people first go up. No one has been defiant to Tom about the masking, and they are probably just forgetting to put their mask back on when they get back in the lift line. SMR is asking all of their Staff to remind people to wear their masks. They have had problems with Covid fatigue. When you have an 18 year old Lifty telling a 45 year old guy to wear a mask, it gets controversial. To eliminate the confrontation, Tom made the decision in the second week of January to shut down night skiing over the MLK weekend. On a normal night, there might be 300 people night skiing. SMR sees night skiing as an amenity for their lodging guests. With SMR limiting day tickets, it was pushing more people to night skiing. On the first few weeks in January, there were about 1000 people per night. They did not have the lift capacity for such a big crowd, and it attracted a different demographic who were uninformed and unprepared for the safety protocols. When the Lifties try to get them to wear a mask, it becomes confrontational. Now they are also limiting night skiing tickets. Shutting down night skiing over the MLK weekend sent a strong message. Since there are fireworks tomorrow night, they decided not to have night skiing to minimize the size of the crowd showing up at the Resort.

- 1.3. In order to implement PHD's social distancing, SMR took some dramatic steps to reduce crowd size by drastically limiting day ticket sales. Typically on a pre-pandemic weekend day, they would sell 2500-3000 lift tickets. During the pandemic, they pre-sold lift tickets and initially limited it to 500 per day. A few weeks ago, they increased lift tickets to 700 per day. They had record season pass sales, 12,000, this year. To facilitate social distancing in the lift lines, SMR redesigned lift mazes. They established social distancing, fore and aft, with the length of equipment. Then they created lateral "ghost lanes" to keep people social distanced laterally. However, the social distancing required by Panhandle Health has created challenges for the Resort. Over the last 4-5 weeks, it has seemed like there were pretty significant crowds, but in reality the Resort is running at 70% of capacity. On a typical, pre-pandemic, Saturday, the Resort can handle about 6000 people. During the pandemic, they have been in the 4200-4500 range. They've reduced their staging capacity by allowing singles and doubles to ride by themselves even on the six pack which is the reason for longer lift lines.
- 1.4. While parking is always at a premium at the Resort, it has been an even greater problem during the pandemic for several reasons despite less people on the mountain. SMR has been discouraging employees from carpooling, because if one person tests positive, they will lose all of the employees in that carpool to quarantine. With the pandemic more people have been driving up to Schweitzer and have not been using SPOT, the public transportation system in Sandpoint, that provides free transportation from town to the Schweitzer Village. With the pandemic, SPOT made changes to accommodate social distancing on the bus, thus reducing its capacity. However, this has not been an issue because no one is riding the bus. On a typical weekend day, the back of the Red Barn parking lot would be filled. With the pandemic, the front part of the Red Barn parking lot is usually not even full. The Selkirk Rec District, which provides transportation for homeowners on the mountain who are not ski-in ski-out, opted not to operate at all this winter, so these homeowners are also having to drive their cars. It appears that there are a lot of people on the mountain, but the reality is that Schweitzer is operating at 70% capacity.

- 1.5. Food and Beverage is the one place where there is a definite deficiency in their revenue because they have intentionally asked people to use the food trucks, bring their own lunch, eat in their cars. They are not having bands at the end of the day because they did not want people to gather, so Taps revenue has veered off significantly.
- 1.6. Retail is doing really well.
- 1.7. Lodging is doing exceptionally well this year because of the limits on lift tickets. Anyone staying in a Schweitzer managed property are guaranteed lift tickets.
- 1.8. From a business standpoint, overall business is okay with some places doing very well and other places are struggling.
2. New Construction: There will be a new arrival area for all hotel guests checking in at the south end of the Selkirk Lodge. It will be a 3 story building with the 1st floor being built out this summer and with the 2nd and 3rd stories being a shell in the beginning. On the first floor there will be a court yard, a foyer with coffee service, small lounge area, a fire place and ski storage with high end lockers for the new hotel. In addition to this, they will be lockers available as seasonal rentals. They are doing a feasibility study to do a high end spa which would be on the third floor and would connect to the pool. The spa is 2-3 years out. The two walkways on the Selkirk Lodge will be indoor hallways. The one on the 3rd floor will take you out to the ski trail. The one on the 4th floor will take you out to the pool deck. The new arrival area for the new hotel will have short term parking. There will be a 50 seat new restaurant with seats at the bar. The hotel is east facing and there are 10 hotel rooms on each level, 30 rooms total, plus one extra room on top of the restaurant. All the rooms will have a lake view. The corridors are on the mountain side. On the left at the end of the building is a common room. It has a back of the house kitchen and a small conference room-great room. On the roof of this structure, there will be an outdoor soaking area, a big hot tub for the new hotel. Under the great room is a back up generator that will power the hotel and the restaurant if the power goes out. There is underground parking. Most of the images that Tom presented at the meeting are on Schweitzer's website. Go to "discover," and there will be a link for the new hotel.
3. White Pine Lodge addition: Schweitzer tried to do this in 2013-2014 with a 20 unit addition. However, they were unable pre-sell 50% of the units, so they never broke ground on it. Schweitzer is dusting off the old plans and taking a look at them to make sure they are code compliant with today's requirements. This time they plan on building it without pre-selling, since there is no inventory on the mountain. The addition is likely to be a 4 story building with underground parking. They could break ground this summer.
4. This summer will be pretty hectic in the Village area. SMR plans on finishing the new hotel and restaurant with the goal of opening it up for Thanksgiving 2021. There will be new landscaping for the new hotel from the front of the White Pine north to the Lakeview Lodge, to be completed before Schweitzer opens for the summer. The goal is to replace all existing pavers, all new hydronic heat through the Village, and put in the grassy area by June.

OLD BUSINESS:

1. Approval of the 15 February 2020 Annual HOA Meeting Minutes: A motion was made to approve the minutes. The motion was seconded. There was no discussion or corrections to the minutes. The motion was approved by general consensus.
2. Review of 2020
 - 2.1. President's report - Marty Gilchrist: He thanked the Board members who put in a tremendous amount of time with 6 meeting this past year. He thanked Linda who will be stepping away from the

Board this year after 8 years as secretary. The White Pine is in great shape physically as a building and in great shape financially. We have had a challenging year like everyone else in regards to the pandemic. We have had labor shortages. It's been difficult to get things done and work has been delayed because our service suppliers are so busy with their own businesses. It has been very difficult to get them to come up to Schweitzer. There have been increases in labor costs, snow removal costs. Maintenance and repair costs have gone up slightly. There has been a tremendous increase in building insurance. We will talk about these more in depth when we get into the financial report. The HOA has assumed the cost for the Onity bluetooth capability for your smart phones. If you go to the front desk, you can get the link for Onity bluetooth key without having to pay \$25. We have been talking about simplifying the website to make it more user friendly.

2.2. Financial Report - Tom Curtiss

- 2.2.1. Profit and Loss: We came in on budget on most of our line items. What Tom will highlight is some of the variances we had. When he does presentations to the Board, they get into some of the finite details of these line items. If anybody wants the general ledger, a 45 page document, they may email Tom. We are looking pretty good versus our Budget. We did come in at a net loss of \$7,000. There are a couple of reasons for this. Our insurance went up significantly, \$3K to \$4K variance. We had carpet replacement that cost \$2,600. Instead of taking this out of the Reserves, we expensed it. We had some unexpected vent repair on Garage Level A on our spa vent system. We changed out the 18 year old emergency lights in the building along with the back up batteries which cost \$2,500. We stained the hand rails on the decks which is something that needs to be done about every 4 years. This accounts for the \$6,000 over on our R&M. We also had to replace some washers and dryers. This all adds up to our loss of \$7000. Operationally we did well with our energy usage (gas and electricity), contracted service items, vendor management. Our income was billed per the Budget. Overall, the P&L looks good as we come into the new year.
- 2.2.2. Balance Sheet: We really made up some ground versus prior year in our cash position which improved from 2019 to 2020. Our total cash on hand is \$234K. We had a low AR. We are fortunate that the WPL owners pay their HOA dues on time. Our accounts payable, \$34K, in transit to a total equity of \$259K. We are tracking ahead of a reserve schedule that was done about 3 years ago by about \$30K. We have some work to do in our conservation of electricity. We are going to partner with Nat and the custodial and housekeeping teams to really focus on electricity conservation again this year. We are going to also work with a Spokane company, Energy Resources, and Schweitzer to come up with some ideas to save electricity. It comes down to changing behaviors regarding what we do inside our units and what we do in the common areas to conserve electricity. They feel the natural gas costs are in line with the fireplaces and boilers.

NEW BUSINESS:

1. 2021 Budget Review including Reserve Discussion

- 1.1. The Board has approved the 2021 Budget, and also a 2.5% increase in HOA dues. The Board did this because of the increasing costs of insurance, labor, snow removal, janitorial, R&M, and electricity. We did shop our insurance for this year, but no one could beat our existing agency's numbers. We may be able to increase our deductible to \$25K which is a Board decision. It is \$10K now. This will be presented to the Board in Q1. It will probably save us some on the premium. The rest of the expenses were labor from cost of living increases. We did not bill owners in Q1 for this increase. We

wanted to make sure the reasons for the increase were explained to the owners at this meeting. In your Q2 dues, you will see a catch up for Q1.

2. 2021 Property/Building Update: We will review some capitol expenditures for this year.
 - 2.1. There were challenges this year with Covid. The Resort had some starts and stops with Covid. Jade and Matt were really good about coming to the Board to explain their challenges. We did not have any major capital projects this past year because it wasn't in our plan.
 - 2.2. For this year, we are evaluating the lakeside staining of the wood which is planned for this year, \$35K. The Board will evaluate this very seriously in the next couple of months with our painter. If there is an opportunity for us to have a collaborative with the White Pine 2 (WP2), our cost will be decreased since it will require a crane. Every 7-8 years we flip flop from the front side to the back side. We have had it looked at and the wood looks really good on the lakeside right now, but they are going to reevaluate it this summer.
 - 2.3. The spa deck: We may have to replace a 500K BTU spa boiler. We will get 3 bids on the boiler replacement, and present it to the Board. However, the discussion about the spas is based on what happens with WP2. We want to collaborate with Schweitzer, as the developer, with regards to the east end of the building. For the last 4 years, we have said the spas are reaching the end of their service life, and at some point we will have to redo the spa deck. What we are really pushing for now is to collaborate with Schweitzer to dovetail some funds for the WP2 construction and funds the WP1 would generate to redo the spa deck. With an additional 20 units added to our building, two hot tubs will not be enough. If there are 3 hot tubs, then the 500K BTU spa boiler will need to be upgraded to a 1 million BTU spa boiler. These are the things we really need to think through. WP2 is not a done deal, but it will probably move forward. It proposes benefits and burdens for WP1. The benefit is increased value. The Board wants to keep WP1 up to the level of WP2 in regards to aesthetics, so there may be some expenses with that. The burden of construction will be tremendous, and it will be extremely disruptive. But once it is completed, it will be awesome. SMR is looking to complete the entire project in 15 to 18 months. Marty has had some preliminary discussions with Lance Badger who is the new director of development at Schweitzer. Lance has 30 years of ski resort expansion and construction experience. Marty feels very positive about the discussions he has had with Lance. Marty has also had detailed discussions with multiple, long time owners at the White Pine, and he has been able to generate a list of potential concerns that owners have in regards to the expansion. Lance was very open to these items. Marty feels we truly have a seat at the table and the discussion in regards to WP2. The biggest piece of this will be the expansion and upgrade of the spa deck. Part of this has to do with raising the funds in order to do this. Over the few years at the Annual meetings, Marty has laid out the plan that at some point we are going to need to do a special assessment to generate the cash we would need to participate with the builder to completely redo the east end of the building. Don't be surprised if you hear from the Board this year about building a new spa deck. If they pull the trigger on WP2 this spring, that is the time we want to collaborate with the builder and take advantage of the reduced cost of having all that construction equipment here and doing it all in one shot.
 - 2.4. Questions from the membership:
 - 2.4.1. Will WP2 have their own HOA? Answer: No. The 20 units from the WP2 will join our HOA.
 - 2.4.2. Will WP1 receive mitigating compensation from the builder for the disruption that might deter people from renting units in the rental pool? Answer: We are not sure about individual units being compensated for construction disruption because we have not had that discussion, but Marty will make a note of this. The Board is asking for an impact fee from the new

construction which would go into our Reserves to help defer any costs seen on a building-wide basis.

- 2.4.3. Will the WP2 have the benefit of our Reserve because they should be charged a fee to supplement the Reserve funds because the owners of WP1 have put money in it for 20+ years? Answer: We are looking at that with the impact fee so that WP2 will put money into our Reserves at a reasonable rate. For example, say we have \$250K in our reserves and divide it by the current number of units. This comes out to \$5000 per unit. Hypothetically, the WP2 would need to put \$5000 per unit into our Reserve. Marty has had this discussion with Lance, and he did not freak out.

3. New Business from the Floor:

- 3.1. What was the final vote count on the Parking issue? Answer: The following is what was sent into Tom: 15 units voted "yes" to keep the assigned parking and 3 units voted "no" to assigned parking. On the survey that was sent out on Parking: 26 units voted "yes" to keep assigned parking and 4 units voted "no" to assigned parking.
- 3.2. What caused the change from the old parking policy to assigned parking? Wasn't the old permit parking policy working? Answer: We changed it because of complaints that on busy weekends, owners were unable to find parking. Over the last 6 years, the lack of parking has been the number one complaint the Board has received. We have about 8-12 Owners who consistently and repeatedly have two or more vehicles in the parking garages. On top of that we have 16-18 units in the rental pool. The units are very expensive to rent. We see multiple families renting these overnight, and putting multiple vehicles in the parking garages. On any given busy weekend or holiday, we were seeing less than 50% of the units take 100% of the parking. This leaves 20-25 owners with nowhere to park, and they get very, very irate. We all own one parking space, and you have a right to park, but somebody was taking your right. The Board and Tom would receive 10-12 complaints per weekend with the old parking policy. After we did assigned parking this year, we have gotten 3 complaints, total. Tom Chasse spoke about parking being an issue. Parking is an issue. Your space at the White Pine is golden, and it is worth a large amount of money. Marty thinks about our Selkirk neighbors who do not have parking. We are pretty darn lucky to have what we have.
- 3.3. We should discuss with Schweitzer, as the WP2 is developed, about assigning 10-12 outside spaces that our HOA would pay a fee for, and you would have to have some sort of permit to park there. This could take care a lot of the overflow parking. This might be something we could negotiate as we move forward on with the Resort. The Board is all for that discussion. Marty has seen multiple plans for WP2, and everything he is saying is speculative because Schweitzer just does not know yet. One of the WP2 drawings did show the potential for some parking off of Village Lane on the side of the White Pine building. Kris said from a marketing standpoint, they will be selling 2 and 3 bedroom units in WP2, and they will probably need more than one parking space per unit, and we should piggyback onto that because WP1 needs more parking as well. Marty wants to emphasize we don't own the bus, we're not driving the bus, but we are passengers and they need us.
- 3.4. Betty Wolf: She did not like the change to assigned parking with no input from members. There are always cars in the handicapped spots. She consistently complains to Tom Curtiss and to the front desk, but no one does anything about it. There are big trucks parked in all the handicapped spots because they can't fit in their spot. Is there a possibility of leaving it back to open parking by permit in the non-busy months, April to November? Have you considered this option? Yes. The Board has spent many hours and meetings discussing parking. If you go back in our history and look, you'll see parking is an item on every annual meeting going back 15 years. It is also discussed at every quarterly meeting of the Board going back 20 years. So this has been discussed a ton. The Board did

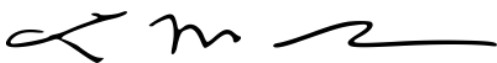
not make the decision to have assigned parking lightly. We spent months looking at it and studying it. We also looked outside of the White Pine. We did some surveys, and we asked some questions on some blogs that are out there for HOAs. The Board could not find another building similar to ours (an owned building that is fee simple, that is multi-storied, with underground parking, in a resort) that did not have assigned parking. The Board kept trying to reinvent the wheel with permit parking and different kinds of enforcement, but none of it works. Betty wanted to know if we in fact did any enforcement, because she was not aware that any parking enforcement was done. We did write tickets, and we talked to people. The problem is no one wants to be the parking police. It wasn't something that could be done through our security organization. The Board did not want to be the parking police. It is a tough role without a doubt. The decision for assigned parking has been made, and it is overwhelmingly positive. The Board realizes that all parking spaces are not created equal; however, all the condos are not created equal either. All the parking spaces in our building, even the ones that are undesignated today because they are smaller or mechanically challenged, still meet code, and they still are of extreme high value. The cost to replace any of the parking spaces in our building is thousands of dollars. The last time Marty calculated it a few years ago, it was over \$12K, and it is probably more than that today. It is not perfect. Maybe there is improvement we can do about it down the road. The Board is actively working on the problem of people parking in the handicap spaces who do not have a handicap permit. This is one our radar, and we going to figure out a way to enforce it. It is very inappropriate for someone to park in a handicapped space without a permit.

- 3.5. Jody Azevedo: The light in the lower parking lot shines right into her condo. She shared a photo of this problem to illustrate. At 9 pm, their condo is lit up like Vegas. She was wondering if there could be a timer on that light or does it even need to be on without the RVs in the Gateway parking lot. Last year it was conveyed to Tom Curtiss that the light was a safety measure for Schweitzer employees. The solution probably is to have a downward facing light that illuminates the trail. Tom Trulock and Rob, the director of maintenance, are aware of it. We need to put a full court press on that. And maybe Tom and Marty can draft a letter on behalf of the HOA. Jade and Marty apologized to Jody because they thought it was taken care of last year. Kris said there is a very inexpensive fix. It's called a parking light shield. It is a very inexpensive shield, about \$200, so you don't have to replace the light. Jade wrote it down. Mike Thayer said Schweitzer did put something on it last year, about 1 month before last year's huge wind storm, and it blew off. So it was fixed for a handful of weeks, but it was not replaced again because he has the same issue in his unit.
- 3.6. Roger Bosley mentioned he had the privilege of going to the last Board of Directors meeting. The Board very politely listened to him. He made the same suggestion that Betty made. The Board said they would consider that suggestion. We, as owners, owe a great deal of gratitude to this Board. He has been Board President and knows the amount of work that it takes. The Board has worked diligently for many, many hours. He especially wanted to thank Marty who did not express as much to the owners today that he did with Roger at the Board meeting and to Roger, personally, the tremendous effort Marty is putting in to make sure that this transition to the WP2, which is probably the biggest thing that has ever happened to WP1 since it was built, goes smoothly. Marty has done a tremendous job and put in a lot of time to be the point man to make sure we get the best deal, the best cooperation when WP2 is completed.
- 3.7. A member commented that we should do a Zoom meeting every year for the Annual HOA meeting since rental owners have difficulty making it to the meeting on the President's Day weekend.
4. Board of Directors Elections:
 - 4.1. Every year 2 of 4 residential positions on the Board turn over. There is one commercial Board position that does not turn over that Schweitzer appoints, and Jade Smith is the commercial Board

member. Marty wanted to personally thank Jade for his efforts over the last several years. The communication channels between the HOA and the largest property owner in our building, as well as, our major service suppliers, has been open. It has been excellent.

- 4.2. The slots that are open are Marty's and Linda's slots. Linda has opted out this year, and decided not to run. The nominating committee is made up of the current Board of Directors, past Board members, and past HOA Presidents. There were 6 people who are interested in the 2 open Board slots. The nominating committee has nominated Marty Gilchrist and Kris Pereira. Kris has been a longtime owner. He is a business owner of a construction company in Coeur d'Alene and would bring a tremendous amount of knowledge and depth in regards to new construction. Considering we are moving into a new construction phase, he is someone who should be on the Board.
- 4.3. Brad Epker nominated Mark White. Patty Gable seconded the nomination. Mark wanted to run because he wants to make some changes. He has been a homeowner since 2018. He has been a member on a couple of other Boards. He wants to cut our property management costs which are up to \$16K by implementing a better service called Buildium, a software program. On Buildium, everyone would be able to see the dashboard. We would not need the website or emails. You would have the ability to pay your bills on line which would save on accounting costs, and have a portal on your electronic device which allows you to see every single receipt and every single thing the Board does at anytime, day or night, without making any type of request. Through Buildium, you can make a maintenance request on your electronic device that will be sent to Matt, and the Board will be notified. You will be able to track the status of your maintenance request. At the end of the year, we can look at every single maintenance request to get an idea about preventative maintenance. He also wants to open the trash chutes on each floor. He also wants to install post office boxes and parcel boxes for everyone. He has already talked to the Post Office about it, and it has been pre-approved.
- 4.4. There are 3 candidates for 2 spots. A Google link for voting will be available in the Zoom meeting Chat section by scrolling to the very bottom. Each unit will vote for 2 candidates. The reason you must put in your email and unit number is so we can identify who you are to assign the square footage of your unit to your vote, and you will be emailed a receipt of who you voted for.
- 4.5. Results of the voting by square footage: Marty Gilchrist and Kris Pereira had the most votes and are elected to the Board of Directors for 2 years.
 - 4.5.1. Marty Gilchrist had 24,933 square foot votes.
 - 4.5.2. Kris Pereira had 26,171 square foot votes.
 - 4.5.3. Mark White had 7,710 square foot votes.
5. Mailbox Expansion - Tom Curtiss. The mailboxes at the Lakeview Lodge will stay there. The mailbox expansion will go to the Fire Station. There will be four community boxes to add for the growth on the mountain. This is a collaborative effort between Schweitzer Mountain Resort and the master community association. It has already been funded and is a done deal.
6. Adjournment: There was a motion to adjourn the meeting and a second. The meeting was adjourned at 16:36 hours.

Respectfully submitted by,



Linda M. Sakai
White Pine Lodge Board Secretary