

Sun Vail Condominium Association
2023 Annual Meeting Minutes
Saturday, August 26, 2023, at 1:00PM MT
Via Zoom.us

ATTENDANCE: The following Directors were present via Zoom:

- Bruce Johnson
- Michael Block
- Charles Croney
- Brian Wilson

The following Directors were represented by proxy:

- Sharie Grant

Homeowners in attendance were:

- See attached list

Homeowners represented by proxy were:

- See attached list

ALSO PRESENT: Dan McNeill, Managing Agent, Dave Zippie, CPA and Sara Thurston McNeill, Secretary to the Meeting

- I. Roll Call. With 23 of 60 units (or 38.33% of the membership) represented either by video conference call or by proxy, a quorum was established (accordingly to the by-laws, a quorum constitutes 30% of the membership represented either in person or by proxy). Dan McNeill welcomed all to the Annual Meeting and called the meeting to order shortly after 1:00PM. Each owner was given a chance to introduce themselves to the membership, indicating the unit which they own and how long they have owned it. Dan McNeill certified the proxies.
- II. Review and Approval of the Minutes of 2022 Annual Meeting. These minutes were previously distributed to all owners for review and posted on the website: mcneillproperties.com. With one suggested change, there was a MOTION: TO APPROVE THE MINUTES OF THE 2022 ANNUAL MEETING OF THE SUN VAIL CONDOMINIUM ASSOCIATION AS DISCUSSED. The motion was seconded and carried unanimously.

- III. Financial Review. Dave Zippie, CPA prepared and presented the 2022-23 fiscal year-end financials (as of June 30, 2023). According to the Balance Sheet, the association ended the fiscal year (which was a shortened fiscal year of only 9 months) with \$290,300 in total assets, liabilities and equity, including \$210,989 cash in the bank, \$16,382 in accounts receivable, \$37,185 in fixed assets (Sun Vail Garage Unit 1) and \$22,322 in prepaid insurance premiums.

The Income Statement reveals that the association ended the fiscal year with a net deficit of \$8168 in the operating account. Overages were experienced in Electricity, Natural Gas, Snow Shoveling, Snow Loader, Roof Shoveling, Trash and Water & Sewer. Savings were achieved in the line items of Landscaping / Grounds, Maintenance Buildings, Fire Alarm System, Building Janitorial, Office Expense and Snow Plowing.

The 2022-23 fiscal year beginning balance in the Maintenance Capital Reserve Account was \$251,094. Funding through regular assessments totaled \$40,500, \$31,776 was added from the 2021-22 fiscal year-end operating surplus, \$77,000 was added from the gain on the sale of garage units and \$30 in interest was earned. 2022-23 capital expenses totaled \$175,966 and included \$93,716 for the walkway project, \$64,639 for the landscape lighting replacement project, \$10,442 for various expenses related to a leak in Building E, \$4820 for the purchase and installation of three new doors for the pool mechanical room and the pool chemical room, \$87 for some new heat tapes, \$1950 for tree removal and \$315 for a professional update to the Reserve Study. The fiscal year-ending balance in the Maintenance Capital Reserve Account was \$224,434.

It was duly noted that the new fiscal year began on July 1. In order to cover the 2022-23 fiscal year operating deficit (primarily due to the spike in natural gas prices last winter and the overages related to snow shoveling) and to cover the expected incremental increases in the line items of insurance, accounting, electricity, natural gas, trash removal, snow removal and water & sewer, the Board approved a 10% dues increase in May.

Total income for the 2023-24 fiscal year from dues will be \$594,000 with \$496,572 going to operating expenses and \$97,428 being contributed to reserves. 2023-24 fiscal year dues will be \$2475 per unit per quarter.

A Budget Explanation Sheet detailing the components of each line item in the operating budget was distributed to all along with a Dues Comparison that compares the regular assessments at Sun Vail to other, similar associations.

- IV. Manager's Report. Dan McNeill, Managing Agent then addressed the membership and referred to the Projects List that was compiled during the Spring Walk Through. The List was circulated to all owners for comments and additions. The items on the List are completed during the summer and fall months according to priority and budget constraints. Items on the List can be tied to the Building Maintenance and Landscaping line items in the operating budget.

Dan explained that the landscaping lighting replacement project is currently underway (and ahead of schedule). 2023-24 fiscal year capital projects under consideration include the replacement of the railings on the exterior walkways, asphalt repairs, entry sign upgrades and the installation of security cameras.

Dan reviewed the capital spending plan with the membership. This spreadsheet, compiled by management with the assistance of the Board, is a "working document" and subject to change during the course of any year, based upon site inspections and the comparable bidding process. All of the common elements that the association is responsible to repair and replace are identified in the plan, along with an estimated useful remaining life and its cost for replacement. Dan specifically noted that the current plan DOES NOT take an exterior facelift project into consideration. It can be modified to do so at some point if that is the direction that the membership decides to take. A facelift project would need to be funded via a significant special assessment.

Future capital projects include repainting of the buildings (2024 and 2025), breezeway carpet replacement (2025), the replacement of the asphalt (with related drainage work) in 2026, re-plastering of the pool (2027) and fire alarm system work.

The Board is currently working with a fire / life / safety consultant to come up with a proposal to update the fire alarm system at Sun Vail. The consultant's fee is \$15,000. The scope of work will include the replacement of the alarm panels at Buildings D and E and the replacement of all smoke detectors in each unit with state-of-the-art heat and carbon monoxide detectors. It is anticipated that these upgrades will cost approximately \$30,000 per building, plus the cost of the devices.

It was duly noted that the association was able to cash flow capital projects in recent years by transferring any year-end operating surplus into reserves and also using proceeds from the sale of five garage condominiums to fund capital projects, such as the roof replacement project, without the need for special

assessments. Now that the annual operating expenses have increased (so much so that there was a 2022-23 fiscal year-end deficit instead of surplus in the operating account) and there are no more garages to be sold, the association will be facing the need for special assessments in the future.

The Declarations at Sun Vail require any special assessments (totaling between \$300,000 and \$900,000) to be approved by a majority of all owners either at a meeting or by mail in ballot.

The floor was then opened to all attendees for questions and comments. One owner asked if management had a cost for the asphalt replacement project yet. Dan responded that he did not. Once the Board decides to move forward with this large-scale capital project, a consultant / engineer will be hired to design the specifications and take the project out to bid.

Another owner asked about the scope of painting project planned for 2024 and 2025. Dan explained that he has a specification sheet that includes: a light power wash with a cleaning agent and rinse of all surfaces, replacement of damaged siding and trim (as needed), extensive caulking, two coats of solid body stain on all siding, trim, decks, rails and caps. There was a request to look at the undersides of decks to see if they can be effectively treated or stained.

Dan distributed an Insurance Information Sheet. All insurance claims must go through management. The association's insurance policy is with American Family, Monica Goldstein Agency. Each owner should have their condo owner's insurance agent contact the association's carrier to ensure that there are no gaps in coverage. He noted that the Amended & Restated Declaration shifted more of the burden for insurance coverage to individual owners with its adoption in 2017. The association's insurance coverage is referred to as "bare walls." Therefore, owners' HO-6 policies must cover wall coverings (drywall texture and paint, wallpaper, faux painting), floor coverings, all fixtures, cabinetry, lighting and all contents and personal possessions. Owners that have upgraded over the years from developer-conveyed levels of finish to higher end items (such as granite counters, stainless appliances, wood floors) need to make sure this difference in conditions is covered. Dan noted that reconstruction costs in the area have spiked in recent years; owners should insure the replacement value of the interior of their condo for at least \$400 to \$500 per square foot (and more if the finishes and contents are very "high end").

Finally, **Dan recommended that every owner add loss assessment coverage to their condo owner's policy** to cover the cost of a deductible payment if the owner is determined to be responsible to pay it (\$5000 per insurable event), along with loss of use coverage if their condo is uninhabitable due to damage. Any owner that rents their unit on a short-term basis must have a short term rental rider on their policy per Town of Vail ordinance.

The Risk Management Checklist was recently updated and given to all present (it is also re-distributed every fall and posted to the website). Owners are asked to follow the guidelines in the checklist in order to avoid costly damage and insurance claims. It also includes suggestions for water and energy conservation, and information about the carbon monoxide detector laws in Colorado. All owners are requested to report any roof leaks as soon as they are detected. Management can provide weekly or bi-weekly interior unit checks for homeowners whose condo sits unoccupied for long periods of time.

Dan noted that there have been many “multi-level” leaks that management has addressed on an emergency basis recently. The majority of these leaks stem from failed owner elements such as a leaky bathtub drain or water fill line. If these leaks occur on the top floor, all of the units underneath are unfortunately affected. He reminded all present to inspect toilet fill valves, washing machine lines and to caulk and seal around tubs and showers regularly. If your unit sits empty for any significant period of time, you should shut off the water where it enters the unit and have someone do a periodic interior inspection.

Hot water heaters should be drained annually to prevent build up and leaks, and should be replaced every ten years.

Management also distributed an updated Contact List to attendees. The List includes contact information for the office, maintenance staff, accounting, code enforcement and website information. Owners who rent their units are advised to post the Contact List in their unit for easy reference.

In 2021, the association approved a Limited Amendment to the Declarations that requires owners that rent on short-term basis to allow only rentals of three consecutive nights or longer. One owner asked if the complaints associated with nightly rentals have now been handled. Dan responded that management has fielded fewer complaints and recommends any owner that rents their unit engage a responsive rental agent.

Occupancy rates have been lower since the pandemic ended, and therefore there are fewer noise and trash complaints. Bruce Johnson recommended that owners keep their nightly rates at higher levels to ensure a higher quality of guest (and fewer complaints by residents).

- V. Board of Director Elections. The current Board consists of Brian Wilson (term expiring), Michael Block (term expiring), Bruce Johnson (term expiring), Charles Croney (term expires in 2024) and Sharie Grant (term expires in 2024). Management sent out a request for self-nomination forms to all the owners with the annual meeting notice. Brian Wilson, Michael Block and Bruce Johnson all returned their forms and survey answers. Nominations were sought from the floor; none were forthcoming.

Brian Wilson, Michael Block and Bruce Johnson were re-elected via acclamation. Terms are two years each. Officers will be elected at the Board Meeting following the Annual Meeting.

- VI. Old / New Business. Chris Rink asked if more tree removal work is planned. Dan responded that he has a Fire Free Five report from the Town of Vail, along with recommendations for tree pruning and removal. He noted that if the association spends \$10,000 on fire mitigation work, then it will be eligible for \$7500 in Town of Vail rebates. Tree work will be underway within the next two to three weeks.

Last year, the Board commissioned a long term landscaping plan from a local landscape architect. It is a comprehensive plan that the Board intends to address in phases. This year, tree removal, walkway work and landscaping lighting were addressed.

One owner asked whether the members prefer to pay special assessments for future capital projects in several, smaller payments or in one or two larger payments. Discussion ensued, and there was a suggestion to send a survey to all owners to gauge their support for the above-noted options.

Mike Block noted that the association incurred several large special assessments about 20 years ago in order to cover the costs associated with drainage, landscaping, pool upgrades and the replacement of the hot tubs. It is the Board's

intention to spend the association's funds carefully to maximize property values and owners' enjoyment of their investment at Sun Vail.

The membership expressed its thanks to management for its oversight and attention to detail during the past year.

VIII. Adjournment. There being no further business to come before the membership, the meeting was adjourned at 2:25PM.

Respectfully submitted,

Secretary to the Meeting

MEMBERS IN ATTENDANCE:

Johnson	12-A
Croney	13-A
Horwitz	14-A
Goode	22-A
Rink	11-B
Block	12-B
Teahan	14-B
Loebig	21-B
Wilson	22-B
Barp	34-B
Levin	11-C
Schneider	14-C
Moltner	22-C
Reece	24-C
Swatik	12-E
Kenyon	21-E
Keaveney	31-E

MEMBERS REPRESENTED BY PROXY:

Cox	23-A
Grant	34-A and 13-E
Radell	22-D
Sullivan	32-D and 33-D