



Owners Packet

For the

Annual Snowmass Mountain

2018

Condominium Owners Meeting

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August 24, 2018

Dear Snowmass Mountain Condominium Owners,

The upcoming Annual Homeowners meeting is scheduled for Saturday September 22, 2018 at 1.30pm. If you are not able to attend in person, it is important that you complete the general proxy for General Matters, as described below.

As you may know, this year Chris Madigan will end his position as Board Treasurer. An invitation was sent out for applicants for the open Board position, and Douglas Mercatoris's (A1) was the only application received by the nomination deadline. Therefore, a Board of Directors election, which had originally been planned as a mail-in only ballot, is not required this year. Doug's ("Merc") bio sketch is included in your packet for information.

2018 General Proxy Instructions

To facilitate the conduct of the 2018 Annual Meeting of the Members, the Board of Directors of the Association requests that you return the enclosed General Proxy, designating Association President Mike Mitchell, or a proxy of your choice, to vote on your behalf concerning all matters that may come before the Annual Meeting of the Members to be held on September 22, 2018. Without the return of your General Proxy, there may be insufficient representation of the membership to obtain a quorum. Greater than 50% of the membership must appear in person or by proxy to satisfy the quorum requirements for the meeting.

Background information

Your Snowmass Mountain Board of Directors are distributing three reports to provide background information on Board and Property Manager activities, and budget information to provide a financial picture of the state of the HOA. We would also like to give you, the Owners, an opportunity to send in any questions you may have to the Board of Directors prior to the meeting so that they may address them. Please send any questions you have by e-mail (mighty4@mightymousemanagement.com) or regular mail to Snowmass Mountain Condominium Assoc., PO box 5125, Snowmass Village, Co, 81615, or to a Board member.

As a Board representing you, the Owners, we always welcome your comments, suggestions and questions to help make Snowmass Mountain Condominiums the best possible place to live and visit!

Sincerely,

Your Snowmass Mountain Condominium Association Board of Directors

Douglas Mercatoris Bio

OWNER INTERESTED IN SERVING ON BOARD OF DIRECTORS BIOGRAPHICAL INFORMATION

Name: Douglas Mercatoris

Address: P.O. Box 6416 Snowmass Village
Co 81615

Phone Number (Home): 970 618 9566 (Work): _____

Condominium Unit(s) owned: A-1

Profession and Business Background: Retired

30 year Owner and Operator Mountain Dragon Restaurant
Owner operator Group 11 Catering Company
Former Mayor Snowmass Village Co
18 year Snowmass Town Council
Former Board RAETA, Pitkin Co. Housing Authority

Educational Background: BA University of Miami

Personal Information: 41 year Resident Snowmass Village
Current Board member Terracehouse HOA

Reasons for wanting to serve on the Association board: Desire to help HOA and management
for association of property I have owned
for 20 years

Please return to: Nominations
Snowmass Mountain Condominium Association
P.O. Box 5124
Snowmass Village, CO 81615
Fax: 970-923-5885
E-mail: mighty1@mightyousemanagement.com

SNOWMASS MOUNTAIN CONDOMINIUM
ASSOCIATION

NOTICE OF ANNUAL HOMEOWNERS MEETING

Notice IS GIVEN OF THE annual Meeting of Snowmass Mountain Condominium Association, to be held on Saturday, September 22, 2018 beginning at 1:30 PM in the Snowmass Mountain Building A, Snowmass Mountain Meeting Room, Snowmass Village, Colorado.

We encourage your attendance and participation in the Association business of Snowmass Mountain. If you are unable to attend the meeting, please sign the enclosed General Proxy and return it to the Property Manager so that a quorum may be counted to conduct the normal business of the Association.

The purpose of the meeting includes review of the proposed 2018/2019 Association Budget and the regular business of the Association.

Stan Stokes
Managing Agent
Monday, August 27, 2018

Enclosures

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION
2018 GENERAL PROXY TO VOTE ON MATTERS
THAT COME BEFORE THE ANNUAL MEETING

The undersigned condominium owner/member of the SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION hereby appoints Mike Mitchell, President of the Board of Directors, or

_____ [If you choose to appoint someone other than Mike Mitchell, please strike out his name above, initial the strikeout, and insert the name of your proxy in the space provided] as my proxy to vote and act as proxy for the undersigned at the Annual Meeting, including all adjournments thereof, of SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, to be held on September 22, 2018 beginning at 1:30 PM MST, according to the percentage of ownership on which the undersigned would be entitled to vote if personally present at such meeting, hereby ratifying and confirming all that said proxy shall lawfully do by virtue hereby, and revoking all former proxies given to vote upon such ownership, including the following matters:

- Ratification of all acts of the Board of Directors and Officers;
- Budget and Assessment of members to meet the expenses of the Association for the coming year;
- Such other matters and business as may properly come before said meeting other than the election of directors.

This general proxy conveys authority to vote on any matter that may be brought for a vote before the membership of the Association.

The undersigned acknowledges receipt of the Notice of the Annual Meeting of the Members of the Snowmass Mountain Condominium Association.

IN WITNESS THEREOF, I (WE) executed this proxy on _____, 2018.

Owner/Member: _____
(Please print)

Signature

Unit Number _____

Please mail back to:
Snowmass Mountain Condominium Assoc.
PO Box 2125
Snowmass Village, Co, 81615

or e-mail to: mighty1@mightyousemanagement.com.

SNOWMASS MOUNTAIN CONDO ASSOCIATION

SNOWMASS MOUNTAIN CONDOMINIUMS
ANNUAL HOMEOWNERS MEETING
AUGUST 26th, 2017
SNOWMASS VILLAGE, COLORADO
1:30 PM MDT

Board of Directors:

Mike Mitchell, President
Term Expires 2020

Kirk Samsel, Vice President
Term Expires 2019

Kristin Erikson, Treasurer
Term Expires 2020

Chris Madigan
Term Expires 2018

Greer Fox, Secretary
Term Expires 2019

AGENDA

- I. Call to order
- II. Roll Call and Certifying Proxies
- III. Proof of Notice of Meeting
- IV. Approval of Annual Homeowner Meeting Minutes from August 26, 2017
- V. President's Report
- VI. Manager's Report
- VII. Financial Report
- VIII. Election of Directors
- IX. Old Business
 - Strategic Plan for Capital Investment
- X. New Business
 - Soundproofing
- XI. Adjournment

2017 ANNUAL HOMEOWNER MEETING MINUTES

SNOWMASS MOUNTAIN CONDO ASSOCIATION ANNUAL MEETING August 26, 2017

BOARD MEMBERS: Mike Mitchell, Kirk Samsel, Chris Madigan, Greer Fox; Carl Vill absent

MIGHTY MOUSE REPRESENTATIVES: Stan Stokes, Jeff Schwitters

President Mitchell called the meeting to order at 1:33. He stated that proof of meeting in notice to the homeowners had been established and that a quorum was present.

Approval of August 27, 2016 Minutes: A motion was made to approve the minutes of the August 27, 2016 annual meeting. The motion was seconded and passed by the membership.

President's Report: Mike highlighted the following accomplishments over the past year:

- a. The transition to Mighty Mouse Management had been completed.
- b. The snowmelt around the spa deck, which hadn't been operational for years, has been repaired by MMM and is now working.
- c. Insurance coverage has been increased from 17 million to 23 million to cover replacement costs.
- d. The website has been refreshed; new is a section on FAQs that owners can use to answer questions posed by their realtors about the complex.
- e. Notices had been sent to owners with problem renters and fines levied where appropriate.
- f. Current plans to remodel the club area's middle and upper floors has been obtained, and the remodel was budgeted for FY2018.
- g. The Board is developing a strategic plan for capital improvements.

Owner Teitlebaum commented that he could not access the web site on his I-phone and wanted to know if anyone else had that problem. Jeff demonstrated how to access the website from an I-phone.

An owner asked why minutes and financials were not available on the site per the Colorado Common Interest Ownership Act (CCIOA). Mike said the minutes and financials were available to any owner who requested them and was not aware of posting regulations by the State. He would check on that.

A long discussion commenced regarding the desirability of a sizeable expenditure on the club house area. Several owners opined that the money was needed on more important projects in the complex and should be spent on structural rather than cosmetic upgrades. Kirk stated that an upgrade to this area was not just the Board's position, but it has been in the long range planning for some time. Realtors and potential buyers have commented over the past several years on how the office/welcome area and conference room in their current state detract from the value of the complex and should be improved. The Board asked a design firm to redesign the amenity building spaces to be more functional, purposeful and pleasant, so that the area could see more owner usage. The money to carry out the plans had already been budgeted and was comparatively minimal against the backdrop of potential needs. Some owners felt the area was shabby, under-utilized as a result, and should be remodeled; some owners felt a more modest renovation could be accomplished; and other owners were adamant that no matter what was done to the area, it would never justify an expenditure on remodeling. The Board agreed to take owner sentiments on the wisdom of a remodel in the coming fiscal year into consideration.

Manager Report: Jeff Schwitters of Mighty Mouse Management has been the on-site manager since late January 2017 and is on the property most of the time. The key card system is up and working and security cameras installed. The pool deck problem is still being studied but the Jacuzzi has been upgraded. There are still diagnosing problems that he's working on including upgrading the boilers to bring down operating costs. Kirk voiced the Board's opinion that the operation of the complex has been going much more smoothly with the on-site management.

One owner voiced frustration with what he described as an out-of-control parking situation, as he had been unable to find parking for his car, truck and guest vehicles. Jeff discussed the use of color-coded parking passes, one per owner, and encouraged owners to contact management if there was a specific problem.

Financial Report: Briefly reviewing the financial reports sent to owners in preparation for the HOA meeting, Mike noted that operations were on budget. Because Mighty Mouse has taken a more hands-on approach to maintenance, subcontracting fees to outside operators have gone down but labor has increased proportionately. However, many more tasks are being done in-house, proactively, and more efficiently. As a result, the Board did not increase the operating budget this year. An unfortunate oversight meant the intended increase for the major maintenance reserve fund of 15% was not activated last year; therefore, the 15% increase will be extended for both FY18 and FY19.

Because of the substantial costs of keeping the pool open year-round, the Board return to earlier Board policy which called for pool closure in the off seasons, fall and spring. The hot tub and sauna would remain open. There was no opposition from the members present.

On the whole Mike said, the Board was very pleased with Mighty Mouse. He noted that the Board maintains an active Action List of planned maintenance and unscheduled breakdowns and issues. MM is steadily reducing the open items so that the List is shrinking rather than growing unchecked.

With no further discussion, the proposed budget for FY18 was moved, seconded, and passed.

Rules and Regulations: Problem renters: The Board and MM have been working hard to encourage owners to take more responsibility for unruly tenants, including fining owners where appropriate. Although owners are often unaware of the actions of renters recruited by the company that manages (and rents out) the owner's unit, it still is ultimately the unit owner's responsibility to see that all rules and regulations are obeyed. Another problem with rentals seems to be the number of cars renters are parking in the complex. There have been up to three or four cars in one rental unit, although this usually is limited to the off-season and/or to long-term tenants. It is apparent that the management companies are not informing renters about the one car per unit limit at SMC. Jeff said he is working hard on this problem, both by talking with renters and with rental/management companies, and to give him more time to work on a solution. He does talk with the management companies to impress upon them the shortage of parking in Snowmass Mountain. Pets: MM has seen that all pets are registered. Jeff reminded owners that renters with Emotional Support Animals cannot be denied tenancy nor can they be forced to remove their dog. SMC does insist that all animals be registered and the registration fee (\$150) paid. In the event of an urgent or especially intransigent situation, the Board will contact an owner to get an issue resolved.

New Business: As stated above, the Board is trying to eliminate rentals to the types of groups whose behavior has too often been disruptive and unacceptable. A newsletter has been sent to owners asking them to instruct their management companies to more closely scrutinize these types of renters, who seem to be found primarily among young men and women who flock to heavily discounted pre-season or mid-season tours, and to avoid renting to them. The fine system for rule violations continues to be in place as a deterrent and corrective. Management and the Board recognize that no one can dictate who to rent to but want to alert all owners of the potential consequences. A second issue concerns occupancy limits, not only for short-term but also long-term renters. On behalf of the HOA, Mighty Mouse Management, our property management company, stated it will do what it can to respond to problems that arise, but reminded Owners that it is not a policing agency.

Strategic Plan: Treasurer Chris Madigan explained that the Board has been working on a strategic plan for capital investment in the complex and will continue over the next six to nine months to address the potential for substantial upgrades as the complex tackles needed repairs and replacements. Once

completed, the plan will be distributed to the owners for their input. Structural elements with limited useful life remaining include, but are not limited to, doors and windows, roofing, the pool deck and the pool itself. The 2014 Reserve Study and periodic updates have been shared with owners, and the Board has encouraged owners to familiarize themselves with these studies. The Board will be working with a local architect to help formulate a plan. Discussion ensued whether hiring an architect was necessary but Chris pointed out that professional help will save us in the long run and it made sense to have an overarching plan. The goal is to pay for everything out of the capital reserve fund and to avoid a large special assessment; but without a strategic plan, it's impossible to say if this is even feasible. He asked that everyone keep the big picture in mind.

In a free-flowing discussion of property values and upgrades at SMC, an owner shared his understanding that Snowmass Mountain was designed by Fritz Benedict and to use this as a selling point for the complex's architecture. It was also suggested that when the Board does their planning, they keep value in mind and have options for owners to consider.

Other questions from Owners: Why can't owners' names and e-mail addresses be made available for owners who are selling their units to use in forwarding legal documents that accompany the rights-of-first-refusal? Response: The Board is obligated under CCIOA to keep an owner list with names and addresses but e-mails are optional. Any owner can get the list of mailing addresses for owners of record from the Pitkin County records or by contacting the Board. Some owners have requested that their e-mail addresses NOT be distributed. The Association cannot release e-mail addresses without owner approval, and not all owners approve. An owner suggested perhaps this could be circumvented by an owner's hiring Mighty Mouse to do the emailing and paying them directly, so that the HOA and the Board has no responsibility. Mike indicated he would check with the HOA lawyer to see whether this might be an option.

Why isn't Mighty Mouse willing to consider management of individual units? Stan answered that they were hired to manage the common-element and limited-common-element property of the Association. Initially, there was some consideration to doing both, but their business model is to focus on management HOA properties-in-common. Kirk indicated that in the search for management companies, the Board explicitly was trying to avoid the many problems that the HOA has had over many years with companies that had a split management focus (on guest/ owner services in individual units AND also HOA properties in common). The management of HOA property held-in-common too often was neglected in the face of constant demands for attention to needs of owners and their renters/guests. He underlined the Board's satisfaction with the focus on HOA property and current orientation of proactive maintenance in the management of the complex.

Other Business: Owners voiced satisfaction with the new decks. One owner observed that grease from grills on upper decks tends to drip down onto lower decks. Could the Board do something about this, such as urging upper unit owners to put an absorptive mat under their grill? Mike said a notice would be put in the newsletter. Owners who have external companies manage their individual units also need to confirm with their unit's manager that the grill is included in the cleaning regimen.

Several owners complained about noise from units above. Could soundproofing barriers be put down? If a renovation is done, yes, this could be a solution. One could contact the people above in a neighborly fashion and ask that they remove their shoes, ski boots, etc.

It was suggested that the trees behind upper building be pruned and taken care of. The Board would look into that.

Board Election: The three-year terms for seats held by Mike Mitchell and Carl Vill have expired and the seats are open for reelection. Carl Vill is not running again and has placed his unit on the market. Mike thanked Carl, in absentia, for his many years of service to the HOA. Kristin Ericson, Mike Mitchell, and Mike Timme are running for the two open seats. Mike read a note from Kristin who unfortunately could not attend the meeting today. Mike Timme was absent also. Stan handed out ballots to those in attendance. After these were collected, he and Doug Mercatoris counted the ballots and proxies. Mike Mitchell and Kristen Ericson were both elected for a three-year term to expire in 2020.

There being no further business, a motion was made to adjourn. The motion was seconded and passed. The meeting was adjourned at 4:10 p.m.

Presidents Report for Snowmass Mountain Condominiums

Annual Homeowners Meeting, September 22, 2018

The purpose of this report is to update Owners on the last year's activities within the property and future Board objectives. The Board has held monthly telephone meetings throughout 2017-8 as well as on site face-to-face meetings in September, January and June. In addition to addressing a variety of month-to-month issues as they arise, the primary focus of the Board in the last year has been development of a discussion document on potential future capital expenditures within the complex.

Strategic Plan for Potential Future Capital Investments

As has been highlighted to Owners previously, for the last few years our annual reserve study has been tracking a number of potential future major capital expenditures. The Board has spent considerable time in the past year debating the nature and timing of these capital investments and concluded that the best way forward was not to recommend a specific plan to Owners but to outline the various potential investments under consideration and solicit Owner feedback. As a result, the Board issued a "Discussion Document on Strategic Capital Investment" in June 2018, providing background information and seeking Owner opinions on these potential future investments, the options available and possible timings. Owner feedback is required by the end of August 2018, after which the Board will digest the responses and chart a path forward for Owner review.

Board Changes

We are sorry to see Chris Madigan step down this year at the end of this three-year term, but accept that his other commitments do not allow him to continue to fulfill the role of Board Member. In addition to serving as Treasurer for two years, his technical and construction expertise has been invaluable over the last 18 months as the Board has wrestled with the topic of capital investments throughout the property.

Property Management Services

After two years of working together, the Board continues to be very happy with its choice of Mighty Mouse Management as Property Manager. In addition to effective maintenance of the property, long-standing issues continue to be addressed and eliminated from the Board's "Action List." One such example is the recent discovery by Steve Frischmann that the car park lighting units were not only installed incorrectly, but also that the units can in fact be dimmed. We are hopeful that as a result of these discoveries we can address the long-standing problem of excessive light penetration into individual Units.

Major Maintenance Improvements

The major capital investment originally planned for 2017-8, namely the remodeling of Building A middle and upper floors, was not progressed following the feedback received from Owners at the Annual Owners Meeting last year. Capital expenditures this year did include replacement of

boilers in Building A, short-term roof repairs, and renewing a path to the upper areas of the property behind Buildings D/E and F/G.

Behavior Problems from some short-term rental groups

There were no substantial problems reported to the Board this year, in contrast to the problems we encountered the previous winter season. Our thanks to all Owners who took the measures requested by the Board to eliminate these problems with renters – it seems to have worked, and we are very grateful for your efforts in this regard.

Right of First Refusal

Some Owners have questioned whether we should remove this requirement from our Declarations. This was discussed at the 2015 Annual Owners meeting and the consensus at that time is that it should be retained. The current Board sees no reason to remove this right, which is of potential benefit to existing Owners (e.g. if a Unit is being sold at substantially below market value).

Internet Service

It took longer than planned for Comcast to install the internet service to all Units at the end of last year, but we hope that Owners are enjoying the improved reliability and speed of the new service.

Owner Communications

The Board has continued to provide regular updates of relevant information to Owners through newsletters. To date, four newsletters have been sent out since the last Owners meeting.

Election Process

This year the Board planned to change the ballot process for the Election of Board Members to a mail-only ballot. The process we used last year, while meeting the needs for confidentiality required by CCIOA, was somewhat cumbersome and resulted in a lengthy extension to the end of the Annual Owners Meeting (AOM) while proxies and ballots were distributed, filled out, re-collected, and counted. This year the plan was to shorten the process by eliminating the proxy and ballot distribution and re-collection, receive completed ballots from Owners by mail ahead of time and for these to be opened and counted at the AOM in the presence of an Owner volunteer who will serve as an independent observer. As it turns out, with only one nominee for one vacancy, there is no need for a Board of Directors election this year, but the current board intends to use the mail only ballot for future Board elections.

Future Plans

The dominant focus for 2018-9, beyond maintaining the smooth operation of the complex, will be to digest and understand the collective feedback of the Owners regarding future potential capital investments. The Board has an obligation, as set forth in the By-Laws of the Association, “to make repairs, additions, alterations and improvements to the general common elements

consistent with managing the condominium Project in a first-class manner and consistent with the best interests of the Owners.” Making appropriate capital investments to maintain and enhance the buildings, facilities and grounds of the property is a key element of this duty. The Board also recognizes that for any plan to be sustainable, it needs Owner acceptance and support. Board membership could change a number of times over the period in which the various capital investments may be made, and so insofar as possible the direction chosen needs to have the backing of a majority of Owners.

Conclusion

The Board is pleased with the continued progress in making SMC a pleasant and enjoyable place to live and spend time in. The Board has welcomed the opportunity to focus on the longer-term plans for the complex in this last year. Capital investment, and in particular the costs associated with it, is a difficult topic for any HOA, but the current Board is committed to confronting the challenges this presents and fostering an open and transparent dialog with all Owners regarding the most appropriate way forward.

Managers' Report for Snowmass Mountain Condominiums

Annual Homeowners Meeting, September 22, 2018

Mighty Mouse Management has now been managing the complex for 2 years. There have been some major improvements with one being the installation of Comcast TV and internet in all the units. I think that this past year has seen many changes, some are obvious and some not.

I have been able to use my extensive mechanical and electrical experience to save money by improving existing systems and not hiring contractors to do minor jobs.

Below are some of the bigger projects completed.

1. All upper and lower building exterior lights are controlled by photo sensors
2. All the metal stair LED lighting to the lower buildings are controlled by photo sensors
3. All parking lot lights have been re-oriented to shine into the parking lot instead of on to the lower building roofs. The lights were also modified and are now dimmed.
4. I had repaired several internet outages with the old internet system prior to the Comcast install.
5. Key cards were re-programmed to only allow access to the amenity building 8am to 10pm prior to that they allowed 24-hour access for all cards.
6. Fire system phone lines: All 4 unused phone lines were cancelled, the remaining lines were downgraded in service to the minimum needed.
7. Install 8 new security cameras throughout the complex.
8. Pool and Spa: I have been performing all of the repairs on the pumps, filters and autofill.
9. Snowmelt system: It was running on only one of the two circulation pumps (the second one was unused) since it was installed in 2011. These are very large and expensive pumps that need to be run. I re-wired system with a switch that can change the priority pump to either pump 1 or pump 2. Therefore, keeping them both in good running order.
10. Replaced all expired smoke HOA owned smoke detectors.
11. Weather-stripping: Seated all loose weather-stripping throughout the complex and replaced worn or missing of the same. Replaced all missing crank handles and broken operators. Lubricated hinges.
12. Picnic Table: Purchased replacement wood, prepped, finished and installed on the old frame. Re-sealed the gravel pathway leading up to the table.
13. Replace the wood stairs to the pool.
14. Re-wired B and D building boiler so nothing turns on until the outside temperature goes below 65 degrees. Both circulation pumps and the D boiler were running 24/7.

Treasurers Report for Snowmass Mountain Condominiums

Annual Homeowners Meeting, September 22, 2018

FINANCIAL REPORTS

The following reports are attached for homeowner reference (electronic versions in separate PDF entitled document “SMC Financials Sept 2018 AOM”):

- End of year statements for the 2016-17 Fiscal Year (Year ending September 30th 2017)
- 2017-18 Fiscal Year – Balance Sheet through July
- 2017-18 Fiscal Year – Year to date profit and loss Budget vs Actual through July
- Proposed 2018-19 Fiscal Year budget
- Reserve Study – Aug 2018 Update

TREASURERS REPORT

The narrative of this section will focus on the following items

1. 2017-8 budget performance to date
2. 2017-8 Major Maintenance Expenditures
3. 2018-9 Proposed Fiscal Year Budget
4. Reserve Study

1. 2017-8 Budget performance to date

In general the operating budget for the current year is in balance and we project finishing the year within budget. In particular, both our Labor and Supplies and Contract Services categories are tracking within budget for the year. There are a few notable differences from the projected operating budget:

- Line 502: A substantial increase (over \$11,000) in our insurance costs for the current year, primarily reflecting the increased insurance charges resulting from the increased reconstruction cost estimate we obtained in 2017 (Building structures increased from \$17MM to \$22.7MM). The budget estimate for 2018-9 is around \$50,000.
- Line 582: The mild winter meant that we saved about \$10,000 from the projected cost of natural gas for snowmelt. This is unlikely to repeat itself next year.
- Line 585: Our electricity costs are currently about \$3,000 more than expected through the first 10 months of the year.
- Our Professional fees, which include legal fees (line 597) and costs associated with our Directors meetings (line 596), have been about \$10,000 lower than projected this past year.

The Board continues to be pleased with the work of Mighty Mouse Management and their ability to manage the property effectively within the defined budget.

2. 2017-8 Major Maintenance Expenditures

The major expenditures for this year were about \$15,000 on short-term roof repairs to address immediate problems and extend the life of the roofs by about 3 to 5 years. In addition, the Building A boilers needed to be replaced due to a build up of corrosion and sediment, preventing the heat exchanges from working effectively. These boilers were expected to have lasted several more years, and the most likely explanation is that the water lines were not flushed adequately when the boilers were last replaced and/or anti-corrosion additive was not added and maintained in the system. These issues have been addressed in the recent installation of new boilers (~\$34,000). Overall major maintenance expenditure for the year to date is under \$80,000, which will allow us to accrue a significant portion of the total major maintenance income of \$150K for this year towards future projects, most notably the roof replacement.

3. 2018-9 Fiscal Year Proposed Budget

The budget for next year shows an increase of about \$13,500 over the 2017-8 budget, which equates to a 2.9% increase over last year's budget. Small decreases are projected in both Labor and Supplies and Services categories, but these are more than offset by projected increases in Insurance costs and Utilities, including water, sanitation and electricity. The cost of internet/cable has also been increased to reflect the full yearly cost of last year's agreement with Comcast.

In addition to the above increase in operating costs for 2018-19, the Board intends to continue with the last of the three 15% increases in major maintenance regular quarterly assessments that were originally proposed in September 2015. Increases to this part of the annual assessment beyond this year will depend in part on Owner feedback from the "Strategic Plan discussion document" that was circulated this summer. This also applies to major maintenance expenditures for the coming year. Currently the only major maintenance items definitely planned for 2018-9 are hot water heater replacement in Buildings H/I (\$29,000) and some landscaping improvements, including planting additional aspen trees behind the upper buildings and adding planters to the stairwells throughout the complex (\$10,000). Some money (\$3,000) has been set aside to deal with short-term window maintenance issues that may arise during the year. The pool cover is also due to be replaced this autumn.

4. Reserve Study Update Aug 2018

The reserve study has been updated for this year. As can be seen in this update, a number of items are coming due this year according to this reserve study. However, the Board intends to delay a number of these expenditures until it has had a chance to consider Owner feedback on the Strategic Plan Discussion Document and develop a more structured plan for capital investment for the complex.