

TMVRC OWNERS' ASSOCIATION, INC.
(TMVRC)
November 25, 2024
Board Meeting Minutes

- **Call to Order**
Bryan Woody called the meeting to order at 12:10 p.m.
- **Appointment of Recording Secretary**
Minutes Services confirmed their presence and record of the meeting.
- **Proof of Notice**
The notice of the meeting went out on November 18.
- **Establish Quorum**
Board members present included:
Bryan Woody, Michael Zarrilli, Michael Wagner, Chad Arkoff, Chelsea Buckland.
A quorum was established.

Also in attendance:

Brent Prokaski
Elena Ferrall
Jared Balkind
Nathan Osterkamp
Jason Phillips
John Keating
Lauren Mullins
Matt Gallant
Michael Lynch
Minutes Services

- **Review and Approval of October 7, 2024, Board Meeting Minutes**

Michael Zarrilli stated he had comments on the minutes. Lauren Mullins stated that she circulated the new minutes. Michael Zarrilli stated he believed the minutes were not accurate and stated he voted against them. It was discussed that Michael Zarrilli could vote to not approve the minutes and he would revisit the email he sent in new business.

- **Review of Q3 Financials**

Brent Prokaski presented the Q3 financials and reported that as of September 30, there was a \$186,000 surplus to the budget. The large variances occurred with insurance as well as the offset to the utilities due to the gas pricing per them having gone down

considerably. The other variable was that AM gas was acquired by the United Energy Trading Company, which may have contributed to the lower cost. The AGM was down, and it was short in the accounting personnel realm and in guest services. The exit of McKinley Hale left a gap for a couple of months, which yielded savings. Scheduling for housekeeping was down compared to the budget. Brent Pokaski reported that he would circle back with housekeeping to ensure that everything matched their schedules and the allocation. There was increased maintenance. The fall closure and Nathan coming on board led to a lot of projects in the reserve realm and operating costs that were above what was scheduled.

Brent Prokaski reported that they would continue to grow the insurance deficit through the end of the year. As of October, the deficit had grown by approximately \$20,000. He stated he was aiming for a \$125,000 surplus in the insurance deficit.

Brent Prokaski presented the balance sheet. He reported that the reserve was just under \$1 million life-to-date, with the notion that income had not been recognized for the remaining Q4 snapshot nor with expenditures. There was still \$21,000 receivable from Log Chinking. Brent Prokaski reported that they had not made three payments for the past three months, but they were ahead as of the last payment that they made in August. As of November 30, they were \$500 ahead. They had a \$14,500 installment due on December 1, so he asked Michael Lynch to remind them that it was a large payment coming up.

Michael Wagner asked about the maintenance cost that was coming up with all of the mechanical items versus the reserves and asked if the costs went between the two. Brent Prokaski stated that it depended on the Board's preference for the presentation. He stated that they could create it as a reserve project or as an operating expense, which would chip away at the operating surplus available.

Brent Prokaski presented the 9/30/24 financial package. He stated that there were a few expenses in October that were not reflected, including the last payment for the way finding, which came in potentially \$2,000 over budget, and the ski valet at \$183,000. Brent Prokaski stated that he projected the 9/30/24 financial package would be just under \$1 million, with the forecast recognizing the Q4 contribution for the reserve and the expenditures. Brent Prokaski noted the crude interest on the balance sheet that had been in the CD account. When it matured on October 15, it accrued interest.

Michael Zarrilli stated he had gone through the 2025 budget and noted that the starting reserve number was less than \$1 million, which Brent Prokaski had mentioned. John Keating stated that the 2025 reserve budget had a lower starting balance than what Brent Prokaski was portraying due to many of the projects that would come out in Q4 that would be taken from the reserve account. Bryan Woody asked what the forecasted year-end balance was. John Keating reported that it was \$404,000. John Keating discussed that the boiler projects and the logging project were hitting the Q4 cash flow.

Michael Zarrilli asked if the potential surplus would be allocated to reserves. Brent Prokaski stated it could be allocated to reserves or refunded to owners. Chelsea Buckland stated she believed the best solution would be to allocate it to reserves, as it was typically what was done with most HOAs.

Michael Wagner asked for further clarification on the items coming from the reserves. John Keating stated that there were many plumbing issues that hit the P&L that were not capital expenses. He stated that the property went over budget on the operating side, and capital reserve spending funds were approved to fix items long-term. Some items were classified as operational expenses, while some were classified as capital expenses.

- **2024 Reserve Project Updates**

John Keating reported that they were forecasting to spend \$183,000 on the ski valet, and the budget was \$175,000.

He noted that they were not going through with the building automation in 2024. Based on the current concerns, it was not a pressing issue, so the project was delayed. The painting of the Building 38 exterior was also delayed until 2025. It was noted that they were both applied to the pencil project.

John Keating reported that the WiFi system upgrade was done for the year, and it was a smaller project. Bryan Woody stated that they were ubiquity access points, and they were completed in June.

Bryan Woody reported that way finding was 95% complete, and there were a couple of areas that were being touched up. Bryan Woody stated that they were not moving forward with the fire door. Camp Madeline refresh was deferred to 2025. The residential mail boxes would not be proceeded with, and the funds would be used elsewhere.

The flooring for the fitness center was acquired, although there had not been time to replace the carpet in the weight training area. No mirrors would be replaced, and if painting was done it would be done in-house and for under \$7,000, although the paint was in good shape. All new lights were ordered for the fitness center, and that project was nearly complete.

John Keating reported that a company was flown out to help fix the boilers in the main hotel building. Nathan Osterkamp added that included the two Ajax seed exchanger boilers with the new piping, pumps, and controls.

Nathan Osterkamp reported that the chiller VFD was installed and completed, and everything was ready to go. John Keating noted that they had not received the invoice, but they were estimating \$60,000 based on prior conversations. It was confirmed that the

invoice was coming from Daiken. Nathan Osterkamp reported that they were putting the invoice together, and it should arrive shortly.

Bryan Woody stated that they were under budget on the pool cushions and none of the bar stools had been replaced yet. He noted that they were looking at specs and could potentially defer the project.

Bryan Woody reported that the roof repairs and the snow melt system were \$55,000 and it was all billed by Horn Brothers. He asked how much longer Horn Brothers would be working on the items. Nathan Osterkamp reported that Horn Brothers completed the roof boots which was a change order, which would help with the leaks, and there were a couple more tiles that were broken that they would have to work on. Bryan Woody asked John Keating to check the full sum that was inclusive of the change order.

John Keating discussed the projects that were based on contingencies. The log removal project consisted of work done in the spring and in the fall. The other items included lobby rugs, upgraded TV networks, upgraded cameras, pool pumps, a boiler for the 38 Building, a boiler for the P2, and a P2 boiler room.

John Keating stated that the total expenses were close to \$1.3 million for the year of the reserve funding, which resulted in a deficit of \$755,000. The ending balance was expected to be around \$400,000.

Michael Zarrilli stated it was worth discussing what reserve level balance they should try to target for 2025 based on assessments. He discussed that there was a healthy increase in maintenance, but it did not leave a reserve balance that was above \$600,000. He stated that he believed they should have \$1 million in reserves through the course of the year to spend throughout the year. He stated that they could have an assessment that would not continue every year instead of having a special assessment if something unexpected happened.

Brent Prokaski stated that \$590,000 was the total budgeted contribution as of year-end, so the reserve for replacement assessments needed to be increased by approximately \$90,000. It was noted that it was still far from the \$1 million mark.

Michael Zarrilli stated that they should do the reserve study in 2025. John Keating confirmed that it was contemplated in the budget for 2025. John Keating agreed that it was a worthy conversation and he believed they make sure that the reserve study should be covered.

- **Condo Map Update**

Michael Zarrilli reported that the item had been on the agenda for a long time, and they were advised by Counsel that it was not a requirement to update the condo map but that it was a good practice. He stated that he, Chad, and Michael Wagner had conversations regarding the issue, and it was decided that they would have a conversation with Michael Lynch. He explained that it was a mix of accurate square feet and a possible impact on allocations.

Michael Zarrilli discussed that in new business, he would read his email that laid out the process for accomplishing the condo map, which involved a baseline of original square feet, agreed changes in square feet, and a new condo map. He noted that it was \$300 to do the earliest work and \$3,000 to do the next step.

Michael Wagner stated that he agreed with Michael Zarrilli because it was one of the first things in the budgeting that he noticed was incorrect since the declarations did not match the condo maps. The declarations note that the condo maps govern, and it had been a struggle to get everything corrected. He discussed that he had pointed out when he first came on to the Board that there was an issue with the square footage in a section, and it was changed at that point. According to the Colorado condo law, any changes in the boundaries of adjoining units or modifications needed to be recorded. He stated it would be great to have a baseline of the square footage. The map in the declarations was highly modified, but nothing indicated what was modified other than what was on Brent's backup sheet. He stated he wanted one document that showed everyone who owned what.

Chad Arkoff agreed that Michael Zarrilli's recommendation for the next steps made sense to me.

- **New Business**

- a. Michael Zarrilli stated that they need to discuss the budget process. He discussed that a draft was sent, and John Keating sent a follow-up email. He asked how much time there was to work on the budget.

Bryan Woody stated he would appreciate having alignment on the budget in advance of December 20. He stated it would be beneficial to both the Board and the community to have alignment among the TMVRC Board members so that the annual meeting could be scheduled. It was discussed that a meeting was needed. Michael Zarrilli stated that he would like to review the material, send in questions, ask for more information, and meet during the week of December 2. Bryan Woody asked for Michael Zarrilli's questions by the end of the current week. Michael Zarrilli confirmed that he would send his questions over the weekend. Chelsea Buckland stated that she might have a few questions, and she would also send them over during the weekend.

- b. Chelsea Buckland discussed scheduling the January board meeting, and she asked if they would wait to bill the dues as well.

John Keating stated that they would be okay from a cash position, and it would be ideal to bill out the dues during the first week of January. Brent Prokaski stated that if the Board approved it by the end of the year, it would establish the dues, and if the homeowners did not ratify it, it would be brought back.

Michael Wagner asked if they could have the budget by November 1 in the future to have more time. John Keating discussed that with the hotel timeline, many of the expenses flowed into the HOA budget, so it was a push to get the hotel budget done and to modify the HOA budget. He stated he was happy to take on the process moving forward to get it done as quickly as possible in the future. Michael Wagner noted that the estimates did not need to be exact. Chelsea Buckland added that the bylaws required the budget to be sent by November 30. Michael Wagner stated that the declarations stated that 30 days before year-end was to the HOA, not to the Board. He noted that the bylaws stated that the Board had to approve it prior to it being sent to the HOA.

It was decided to hold the next meeting on December 5 to discuss the budget.

- c. Michael Zarrilli discussed his email regarding the previous meeting minutes and the condo maps. He asked for the body of the email to be put into the minutes.

The email was sent by Michael Zarrilli to Lauren Mullins on October 28, 2024, with the subject of "revisions minutes 10/7 meeting":

"Below are my comments on the minutes, section: Condo map next steps Foley. Michael Zarrilli provided a background on the condo map issue. The Madeline is 10 years old. Outside counsel prior comments are that an updated map is an appropriate and appropriate and prudent board practice, though not a definitive legal requirement. The Board has been discussing this for three to four years without resolution after Michael Wagner noted a potential NSF discrepancy between the condo documents and declaration exhibit B. Some on the Board thought any discrepancy would be resolved by analyzing ground floor only square footage. Exploring that possibility, the Board engaged Foley associates to map the ground floor only at a cost of \$300.00. Foley's e-mail report circulated to the board did not rectify the discrepancy. Zarrilli referenced his e-mail to all Board members dated October 4th, 2024, outlining an approach to this matter in sequential steps, each with a go/no-go decision based on costs and other factors for that step. Discussion arose as to why the scope of this survey has grown to other floors. Zarrilli indicated that the ground floor exercise did not solve the potential discrepancy, and a definitive answer could only be obtained doing the entire property. Zarrilli recommended approving \$3000 to complete the initial step outlined in his e-mail. Board members indicated confusion about the receipt of the e-mail and Foley's ground-floor report. Zarrilli could not immediately find a copy, so he indicated he would re-raise the issue under new business.

Insurance: Zarrilli asked about the status of obtaining proposal for a more robust valuation of the Madeline property. He also asked what percentage of current maintenance was related to insurance and how that percentage might change with increased premium levels. Brent was able to partially answer with budget versus premium year timing differences, complicating simple discussion. Zarrilli asked for a copy of the insurance policy.

Section: new business. Zarrilli referred all Board members to his e-mail to each Board member dated the prior Friday, October 4th, 2024, at 1:42 PM, a copy of which is attached as Exhibit E [or the e-mail can be scanned and included directly in minutes]. Zarrilli made a motion to engage Foley to complete step one of the e-mail, adding building square footage and comparing to exhibit B at a cost of \$3000, Wagner seconded the motion. The motion failed. Zarrilli requested that yays and nays be recorded. Zarrilli and Wagner were yays, Arkoff, Woody, and Buckland were nays. Zarrilli then requested that Lauren Mullins provide him residence owner emails.”

Michael Zarrilli stated that there was a third email at 5:26 PM. He requested that the email be included in the body of the minutes under section four as an exhibit attachment. He asked for the whole email to be included, including the forwarding part.

d. Michael Wagner asked for an update on insurance.

Chad Arkoff stated that following Michael Zarrilli’s suggestion, he followed up with Marsh. They responded and copied a project lead, but he stated he had not heard from the project lead. He stated he would follow up with the project lead.

Bryan Woody stated that a representative was sent to the property two weeks ago, so things were in motion.

Chad Arkoff stated that Craig Wilderspin was the person who was copied in, and he would reply to Craig to ask for updates.

Michael Zarrilli stated that his best estimate of the exercise for budget purposes was \$15,000. John Keating noted that he had already paid \$7,000.

Michael Wagner stated that the federal site stated that the Tellurides in Mountain Village was a moderate to low fire hazard, so if Marsh said it was a high fire hazard, they should push back. Chad Arkoff stated that Marsh was not an insurance provider but a broker, and they went to dozens of providers who did their own research. He stated that they would ensure that Marsh was aware of the federal site. He noted that they paid millions of dollars in insurance costs per year, but Marsh was just a broker.

John Keating discussed that he believed Marsh was working very well in the particular case.

Michael Wagner asked if the town had a fire hazard program plan. Bryan Woody confirmed that they did. He discussed that wildfires were a hot topic during the procurement of the policy, and they had always followed the town of Mountain Villages outlined wildfire prevention and wildfire evacuation plan. The provider of the insurance thought that TMVRC needed its own wildfire mitigation and wildfire action plan and that the city's plan was not sufficient. Michael Wagner asked if Bryan Woody had communicated with the town that its plan was not sufficient. Bryan Woody stated that he had not communicated that information with the town. He stated that the intention was to come up with their own plan.

Michael Lynch commented that Johnny Bennett and the Telluride Fire Protection District had a plan for Mountain Village. Nathan Osterkamp stated that he met with Paul Weister, the town manager, and reviewed how the town and the Madeline could work together, and they would be putting together a plan that would work for everyone.

Michael Wagner commented that they had to plan for the maximum load.

Chad Arkoff stated that he received an email that Craig was out of the office, and there was no indication of when he would return.

- e. Lauren Mullins provided an update on Miss Dee Ann Baggett's balcony work, noting that they were accumulating all of her COIs from her contractors and that she was looking to move an exhaust vent away from her main seating area and do her own additional heat tape work. There were still more COIs that they were waiting for.

Bryan Woody asked to table the item until all of the COIs were received.

- f. Lauren Mullins announced that they hired a Resident Services Coordinator, and she was on her first day of training.

1.1 (Please see the attached email below the adjournment.)

- **Adjournment**

Hearing no further business, Michael Zarrilli moved to adjourn into executive session at 1:20 p.m.; Chad Arkoff seconded, and the motion passed unanimously.

Respectfully submitted by Minutes Services.

Section 1.1 Email Details

P.S. Please see the attached email:

Subject: Changes for the TMVCR minutes

“Jeff,

After various emails and conversations, we would ask you:

The 2016 Condo Map is the Second Map Amendment (Reception No. 445633). That goes with the 2015 Declaration, which is the Second Amended and Restated Declaration (Reception No. 436249), but also the First Supplement to the 2015 Restated Declaration. The First Supplement to the Restated Declaration is recorded at Reception No. 445635, copy attached. Note that this supplement also has Amended and Restated Exhibit B and C to the 2015 Declaration.

You have or will send to me/us pdf's of the condo map which we will mark up to indicate NSF, HSF, GSF, PSF, etc and provide to you. You would then add up the sf on each floor (entire project) and compare then to Exhibit B indicated above. We would ask for your best judgment explanation of differences.

A likely subsequent step would be a “bring forward” incorporating subsequently agreed sf allocation changes from Second Amended and Restated Declaration Condo Map date to present based on your #1 above calculation and separately from sf reflected on Exhibit B to the Second Amended and Restated Declaration dated January 29, 2015. We have or will supply the subsequently agreed sf allocation changes.

A possible final step might be an updated Condo Map.

Could you confirm that these instructions are clear to you and that you have indicated a price for #1 only at hourly rates not to exceed \$3000.00? I will present for Board approval at Monday meeting.

MPZ”