Cement Creek Condominiums Association

General Membership Meeting Minutes

March 27th, 2024

The Board Meeting was opened by Bill Gavenas of Crested Yeti Property Management at 5:00 pm MT. This meeting was held physically at Sunset Hall, 349 Teocalli Road (next to the fire station), Crested Butte, CO 81224 and via ZOOM.

Bill Gavenas asked for a roll call of membership present:

> See Appendix 1 for the attendance and vote register list for Motion 1. 17 of 25 members were present at the meeting. Quorum was established.

Proof of Notice for Meeting

- Bill Gavenas stated that the notice and agenda for the meeting was sent out on March 12th, 2024, via email and physical post. The meeting was properly noticed.

New Business

Board presentation/discussion of Italian Creek Property repair plan

- Chris Ward, BoD President presented and summarized the proposed plans and cost estimates for repairing the Italian Creek building within the Cement Creek Condominiums Association (CCCA). The FAQ document (Appendix 2) was reviewed. Chris summarized the defects, repair plans, financing through an HOA construction loan, and estimated impact financially on each unit in CCCA.

MOTION 1: Chris Ward put forth the following details in the motion.

> -General Membership to approve the board to apply and secure a loan with CBoC
> -$355.000 / approx. 8.5% APR, for 5 years

Richard Albritton affirmed the motion Seconded by Susan Coykendall.

Unanimously approved. (See Appendix 1)

MOTION 2: Kurt Sorensen made a motion to revise the 2024 fiscal year budget to account for the repair project and the loan payments as the loan is secured. Seconded by Chris Ray.

Unanimously approved.

No other new business was brought forward.

Adjournment of Meeting

- Chris Ward made a motion to adjourn the meeting.
- Seconded by Perry Hopper

Unanimously approved

Meeting closed at 5:45 PM MST

Homeowner Directory

Exported On: 03/12/2024 10:52 AM

Properties: CEMENT CREEK CONDOMINUMS ASSOCIATION, INC. - 2 Elcho Avenue Crested Butte, CO 81224
Homeowner Status: Current
Homeowners: Active
Display Primary Contact only for each unit: Yes
Hide information checked "exclude from directory": Yes

						MOTION 1			
Property	**Unit**	**Homeowner**	**Phone Numbers**	**Emails**	**Homeowner Address**	**Present**	**Proxy**	**For**	**Against**
CEMENT CR	010110	Waterfall Creek Condominiums Joint Venture # 1	Office: (970) 349-6682	hop@crestedyeti.com	2 Elcho Ave Crested Butte, CO 81224	Y		X	
CEMENT CR	010210	Waterfall Creek Condominiums Joint Venture # 2	Office: (970) 349-6682	hop@crestedyeti.com	2 Elcho Ave Crested Butte, CO 81224	Y		X	
CEMENT CR	010310	Baker, Robert	Mobile: (512) 657-3097	rabaker1946@ATT.net	1067 Sunflower Trail Austin, TX 78745	N	Y	X	
CEMENT CR	010410	Waterfall Creek Condominiums Joint Venture # 4	Office: (970) 349-6682	hop@crestedyeti.com	2 Elcho Ave Crested Butte, CO 81224	Y		X	
CEMENT CR	010510	Waterfall Creek Condominiums Joint Venture # 5	Office: (970) 349-6682	hop@crestedyeti.com	2 Elcho Ave Crested Butte, CO 81224	Y		X	
CEMENT CR	010610	Waterfall Creek Condominiums Joint Venture # 6	Office: (970) 349-6682	hop@crestedyeti.com	2 Elcho Ave Crested Butte, CO 81224	Y		X	
CEMENT CR	010710	Waterfall Creek Condominiums Joint Venture # 7	Office: (970) 349-6682	hop@crestedyeti.com	2 Elcho Ave Crested Butte, CO 81224	Y		X	
CEMENT CR	010810	Waterfall Creek Condominiums Joint Venture # 8	Office: (970) 349-6682	hop@crestedyeti.com	2 Elcho Ave Crested Butte, CO 81224	Y		X	
CEMENT CR	010910	Ray, Chris	Mobile: (303) 596-3693	chris@mountainbikersmecca.c	2 Elcho Ave., #9 Crested Butte, CO 81224	Y		X	
CEMENT CR	011010	Davis, Paul & Robbie	Mobile: (512) 327-5340	paulfranklindavis@gmail.com	12 Sugar Creek Dr. Austin, TX 78746	N			
CEMENT CR	011110	Gallup, John	Mobile: (907) 575-5869	johnSgallup@protonmail.com	P.O. Box 755 Girdwood, AK 99587	N			
CEMENT CR	011210	Ward, Christopher	Mobile: (713) 253-5936	caward901@gmail.com	5214 Ridgewood Reef Houston, TX 77041	Y		X	
CEMENT CR	011310	Gerhardt, Herman	Mobile: (409) 753-3240	gerhardt719@mac.com	2255 Savannah Trace Beaumont, TX 77706	N			
CEMENT CR	011410	Coykendall, Susan	Mobile: (970) 349-9814	scoykendall@western.edu	P.O. Box 52 Gunnison, CO 81230	Y		X	
CEMENT CR	020110	Abbott , Ryan	Phone: (812) 345-4358	ryan.abbott@westernalum.org	PO Box 3293 Crested Butte, CO 81224	Y		X	
CEMENT CR	020210	Armbrecht, Brian	Mobile: (216) 338-9663	justpegit@yahoo.com	P.O. Box 3606 Crested Butte, CO 81224	N			
CEMENT CR	020310	Henry, Nick / Brenda Henry	Mobile: (832) 457-0313	bhnotmom@yahoo.com	P.O. Box 3746 Crested Butte, CO 81224	Y		X	
CEMENT CR	020410	Hertel, Ronald	Mobile: (505) 888-1155	tortuga43@aol.com	4225 Indian Springs Drive NE Albuquerque, NM 87109	N			
CEMENT CR	020510	Sorensen, Kurt	Mobile: (317) 770-9298	sorensenjkurt@gmail.com	3517 County Road 730 Gunnison, CO 81230	Y		X	
CEMENT CR	020610	Pentecost, Kyle	Phone: (713) 705-3700, P	pcp1021@gmail.com	3643 Tartan Lane Houston, TX 77025	Y		X	
CEMENT CR	020710	Seifert, Rebecca	Mobile: (303) 304-6080	rebeccajseifert@gmail.com	2720 5th Street Boulder, CO 80304	N			
CEMENT CR	020810	Hartigan, Kevin	Mobile: (970) 306-3062	heartagainob@gmail.com	P.O. Box 2265 Crested Butte, CO 81224	N			
CEMENT CR	020910	Haas, Holley	Mobile: (719) 339-8636	holleyhaas@mac.com	1910 Manning Way Colorado Springs, CO 80919	N			
CEMENT CR	060110	Italian Creek Condominiums Joint Venture # 1	Office: (970) 349-6682	hop@crestedyeti.com	2 Elcho Ave Crested Butte, CO 81224	Y		X	
CEMENT CR	060210	Albritton, Richard	Mobile: (281) 967-9225	ralbritton777@gmail.com	13515 Sorghum Drive Rosharon, TX 77583	Y		X	
					Totals:	**17**		**17**	**0**

March 1, 2024

Dear CCCA Board,

Extensive rot damage to Italian Creek was discovered last July during a project to replace the stone wainscotting with metal. A building inspector was hired to evaluate the building and recommend repairs. CCCA began working with a contractor in August, negotiations continued through October when he pulled out.

We contacted numerous contractors in the Valley and all the way to Montrose with none showing an interest. Drake Austin, who did work on East River last summer, said he would like to bid. Jacob and I met with Drake several times to review the scope and details of the project.

We received his bid of $303,000 last week. See the FAQs below for details on the scope of the project.

For budgeting, we are using $355,000 that includes 10% contingence, loan fees and hiring a building inspector to oversee the project on behalf of the CCCA board.

Doing a "Lump Sum Special Assessment" for the Total Share Amount (shown below) due in 30-60 days is not doable or fair. We have begun discussions with a local bank about a loan. While the exact terms are not yet known, a 5-year term at 8.5% is based upon a recent loan Crested Yeti has arranged for another HOA. It will probably take 60-90 days for loan approval thus allowing work to begin this spring.

		Loan Amount	Term	Rate	Mo Pmt
		$355,000.00	5 Yr	8.5%	$7,283.37
	Allocated %	Total Share*			
ER 1-8	0.026	$ 9,230.00			$ 189.37
ER 9	0.038	$ 13,490.00			$ 276.77
WC Loft	0.051	$ 18,105.00			$ 371.45
WC Non-Loft	0.040	$ 14,200.00			$ 291.33
IC	0.053	$ 18,815.00			$ 386.02
		* Excludes Interest			

This is an ugly situation that CCCA did not create but is obligated to fix. There is no easy way or low-cost way to resolve it. A loan paid out over time with payments added to the monthly assessment has the least impact on our owners. An option for owners to pay the entire amount in full will be considered.

Assuming the CCCA Board decides to move forward with this bid and loan, a general membership meeting will be held with a majority of units voting to approve (1) taking the loan and (2) a revised budget for the remainer of the 2023-2024 budget period to add the loan payment to each unit's monthly assessment.

Please read the FAQs below. I hope they will answer most of your questions.

Sincerely,

Chris Ward

FAQ's

Is CCCA obligated to repair Italian Creek?

Yes, the covenants, confirmed by CCCA's attorney, require CCCA to repair and maintain its Common Elements of which Italian Creek is one.

Does the cost have to be paid by all owners?

Yes. Per our attorney because Common Element costs were allocated among all owners at the time the Italian Creek damage was discovered, it cannot be changed retroactively. In the future, if CCCA owners would like to only allocate building costs to the individual building owners, this could be enacted by a 67% vote of all owners.

History of Italian Creek:

Italian Creek was built by Rickie Gaither, former owner of Cement Creek Management Company, in 2001 and placed into CCCA in April 2003. The CCCA 1989 covenants (Part 37.1) allowed Folkes Corporation, its successors (Cement Creek Management Company) or assigns, to expand CCCA. This right expired after 21 years (Part 37.2) in 2010.

We have the plans for Italian Creek. The plans were drawn by an architect, stamped by a structural engineer, reviewed by the Crested Butte South Design Review Committee and construction approved by Gunnison County. From what we can tell, the building was built as designed. The statute of limitations for Builders Defects is 8 years.

What went wrong and why do we have the damage today?

The masonry foundation walls end 6-18" below ground level. The plans do not show any waterproofing of the wooden framing and sheathing below ground level and there is none. From the time this unprotected structure was backfilled, moisture has penetrated the building. The OSB sheathing wicked moisture upwards 4-6 feet. A plastic vapor barrier between the interior sheetrock and the framing prevented the moisture from showing on the interior sheetrock. Also, moisture to some degree penetrated the building due to poor window flashing, the stone wainscotting not being waterproof, possible deck leaks, and lack of adequate roof/deck drip flashing that allowed water to run down the face of the exterior walls. The ground sloping towards the building, the raised concrete sidewalks that trapped water and sprinkler heads next to the building all added to moisture penetrating the building.

This moisture has rotted the wood below ground level, the ends of the floor joists and the wall studs.

This was all due to improper design and construction, and not due to any lack of maintenance or care on CCCA's part.

How will it be fixed?

This is a brief overview of the project. There are numerous details specified in the project.

Based on the inspection report and the current bid, the exterior stucco will be removed, temporary supports placed in the crawl space and interior to support the structure while the wooden rim structure, floor joists and wall structures are repaired or replaced. Waterproof sheathing, covered with an additional waterproof membrane and metal (waterproof) wainscotting installed to prevent future moisture penetration. The rotten windows will be replaced with new windows with proper flashing. The upper half of the first floor resided with LP siding. LP siding is an engineered wood siding with a look like Hardiplank but less expensive. (The second floor is protected by the roof over hangs and does not appear to have damage. It needs repainting and will be repainted.)

Because the flat decks both front and rear are subject to leaking and may have contributed to part of the rot, they will be removed and rebuilt. The deck railings will be retained to use in the rebuild. A metal roof pan installed then a waterproof deck membrane installed, and the decks rebuilt. The current construction only has a waterproof deck membrane installed. This "rubber" membrane is subject to damage and UV deterioration. If the waterproofing on the decks fails, all this repair work will be in jeopardy. While rebuilding the decks adds cost, not rebuilding and they leak, we may have to do this all again.

The rear of the first floor around the garage door is showing signs of moisture penetration. This again is due to no or improper flashing and no roof/deck drip flashing allowing water to run down the exterior wall. Removing the stucco, repairing and any rot/damage, installing proper flashing and drip flashing and new LP siding will preserve the structure.

Finally, the lawn contoured to drain away from the building, the concrete sidewalks removed and replaced with ground level gravel walks and the sprinkler system modified to keep water off the building.

Italian Creek building will not be usable for the estimated 90-day construction period.

Could this be done in stages over several years?

Yes, but it would cost more as construction costs keep increasing. It would inconvenience Italian Creek owners more. We would have to go through the bidding and contracting process again. The bank will only give us one loan at a time. Knowing that we will probably need to repair the rear of Italian Creek in a few years, raising the funds would most likely require a "Special Lump Sum Assessment."

While painful, it makes sense to take care of the know issues at Italian Creek now.

Would insurance cover any of the repairs?

No, based on discussion with our insurance agent and our attorney. Insurance covers "instantaneous events", fire, storms, broken pipe, etc. not long-term decay due to building defects from 20+ years ago.

How can we be certain this will be done right?

The current condition of the building has been evaluated by a highly regarded local building inspector. His report outlines the problems and recommended repairs. We are budgeting to hire him as CCCA's

board representative on the project to oversee the work, resolve repair/construction questions and inspect the work.

Is this a fair price?

It is the only price we have been able to get in seven months. Almost every contractor in the valley and all the way to Montrose has been contacted. We spent several months last fall working with one contractor who pulled out in late October. Normally, you would like to have three bids or at least two. Crested Butte is not a normal business/construction environment. Getting multiple bids is probably not reasonable in this environment and would certainly delay the project significantly.

What happens if we don't repair Italian Creek now?

The building will continue to deteriorate and, at some point, become uninhabitable. The Italian Creek owners could take legal action against CCCA for not fulfilling its obligation to repair and maintain the building. This would cost CCCA owners more in the long run and cloud their property, making sales difficult or impossible.

Could the Reserve Fund be used?

The Reserve Fund is a little over $50,000, it could be used but we would still need a significant loan. It would leave us without funds to continue projects that our aging buildings need. Any major project would likely require a "Special Lump Sum Assessment".