Cement Creek Condominiums Association

General Membership Meeting Minutes

August 22nd, 2024

The Board Meeting was opened by Chris Ward, Board President at 6:16 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.

Chris Ward asked for a roll call of membership present:

> See Appendix 1 for the attendance and proxy representation. 18 of 25 members were present at the meeting. Quorum was established.

Proof of Notice for Meeting

- Chris Ward stated that the notice and agenda for the meeting was sent out on August 5th, 2024, via email and physical post. The meeting was properly noticed.

Approval of 2023 annual general meeting minutes

- Paul Davis made a motion to approve the minutes as stored on www.crestedyeti.com. Susie Coykendall seconded the motion, and the members unanimously approved.

New Business

Update on Italian Creek Project & Repair

- Chris Ward, BoD President summarized the status:
  - Loan was approved in July 2024
  - Drake Austin Construction to start work first week of September
  - Target completion still for the end of October
  - As the loan is a construction loan, the overall loan amount will not be known until the completion of the project and the individual homeowner obligations will be calculated at that time.
  - For the months of September/October the board has approved 2 assessments per unit (based upon the loan carrying costs of approx. $3000/mo.) to cover the loan costs in these months. These assessments will be added to each account by Crested Yeti to be collected.

2024/2025 Operating Budget

- Chris Ward, BoD President, presented and summarized the proposed 2024/2025 operating budget. The largest impact items are increased insurance and snow removal. Crested Yeti noted that while costs have increased, charges to CCCA are still below market rates.

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

-General Membership to vote not to reject the proposed 2024/2025 budget

Chris Ray affirmed the motion Seconded by Peggie Pentecost.

Unanimously approved. (See Appendix 1)

Board Elections

2 board positions are up for re-election this mandate period. Kurt Sorensen, Vice President and Perry Hopper, Secretary. Both Kurt and Perry stand for re/election. No other candidates were presented or proposed.

MOTION 1: Chris Ray made the motion to re-elect Kurt and Perry for new 3-year terms as Vice President and Secretary respectively.

-Chris Ward affirmed the motion Seconded by Peggie Pentecost.

Unanimously approved.

No other new business was brought forward.

Property Managers Report

Perry Hopper (from Crested Yeti) presented the business of Crested Yeti and some of the current market challenges, including staffing, housing and inflation.

Other discussion items:

The state of the crawl spaces and concrete around the property was brought up for discussion. Chris Ward stated the board is and will take these into consideration along with other capital improvement projects at the completion of the Italian Creek project. The association will know what financial state the reserve account has as this will be impacted by homeowners paying off their portion of the loan early etc.

Adjournment of Meeting

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

Unanimously approved

Meeting closed at 7:06 PM MST

Homeowner Directory-Annual General Meeting August 2024

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: No

Hide information checked "exclude from directory": No

Property	Unit	Homeowner	Homeowner Address	Meeting
CEMENT CREEK	010110	Waterfall Creek Condominiums Joint Venture # 1	2 Elcho Ave Crested Butte, CO 81224	PH in person
CEMENT CREEK	010210	Waterfall Creek Condominiums Joint Venture # 2	2 Elcho Ave Crested Butte, CO 81224	PH in person
CEMENT CREEK	010310	Baker, Robert	1067 Sunflower Trail Austin, TX 78745	Proxy to Chris Ward
CEMENT CREEK	010410	Waterfall Creek Condominiums Joint Venture # 4	2 Elcho Ave Crested Butte, CO 81224	PH in person
CEMENT CREEK	010510	Waterfall Creek Condominiums Joint Venture # 5	2 Elcho Ave Crested Butte, CO 81224	PH in person
CEMENT CREEK	010610	Waterfall Creek Condominiums Joint Venture # 6	2 Elcho Ave Crested Butte, CO 81224	PH in person
CEMENT CREEK	010710	Waterfall Creek Condominiums Joint Venture # 7	2 Elcho Ave Crested Butte, CO 81224	PH in person
CEMENT CREEK	010810	Waterfall Creek Condominiums Joint Venture # 8	2 Elcho Ave Crested Butte, CO 81224	PH in person
CEMENT CREEK	010910	Ray, Chris	2 Elcho Ave., #9 Crested Butte, CO 81224	In person
CEMENT CREEK	011010	Davis, Paul & Robbie	12 Sugar Creek Dr. Austin, TX 78746	In person
CEMENT CREEK	011110	Denise, Zelma/John Gallup	760 Timberline Drive PO Box 755 Girdwood, AK 99587	No
CEMENT CREEK	011210	Ward, Christopher	5214 Ridgewood Reef Houston, TX 77041	In person
CEMENT CREEK	011310	Gerhardt, Herman	2255 Savannah Trace Beaumont, TX 77706	No
CEMENT CREEK	011410	Coykendall, Susan	P.O. Box 52 Gunnison, CO 81230	Zoom
CEMENT CREEK	020110	Abbott , Ryan/ Barnes Jordan	PO Box 3293 Crested Butte, CO 81224	In person
CEMENT CREEK	020210	Armbrecht, Brian	P.O. Box 3606 Crested Butte, CO 81224	No
CEMENT CREEK	020310	Henry , Brenda/ Henry, Nick		In person
CEMENT CREEK	020410	Hertel, Ronald	4225 Indian Springs Drive NE Albuquerque, NM 87109	No
CEMENT CREEK	020510	Sorensen, Kurt	3517 County Road 730 Gunnison, CO 81230	In person
CEMENT CREEK	020610	Pentecost, Kyle	3643 Tartan Lane Houston, TX 77025	Zoom
CEMENT CREEK	020710	Seifert, Rebecca	2720 5th Street Boulder, CO 80304	No
CEMENT CREEK	020810	Hartigan, Kevin	P.O. Box 2265 Crested Butte, CO 81224	No
CEMENT CREEK	020910	Haas, Holley	1910 Manning Way Colorado Springs, CO 80919	No
CEMENT CREEK	060110	Italian Creek Condominiums Joint Venture # 1	2 Elcho Ave Crested Butte, CO 81224	PH in person
CEMENT CREEK	060210	Albritton, Richard	13515 Sorghum Drive Rosharon, TX 77583	Zoom

Cement Creek Condominiums Association

2 Elcho Ave
Crested Butte, CO 81224

August 12, 2024

STATE OF THE ASSOCIATION LETTER AND 2024-2025 BUDGET

Dear Fellow CCCA Owners,

The winter skiing and the summer activities were great. I hope you have had an opportunity to enjoy them. CCCA's Board wants to update you on your Association.

Financially, CCCA is on budget, except for the snow removal overage discussed below. The Association continues to be significantly impacted by the ongoing national inflation and the higher local inflation rates.

The 2024-2025 Proposed Operating Budget has dues increase of 17% excluding Italian Creek repair costs. The majority is due to increases in non-controllable costs: snow removal, and insurance.

Snow Removal: The snow overage is due to the large amount of snow received and ongoing inflation. For example, five years ago roof shovelers were $35-45/hr., now they are $90/hr. The actual snow removal was $51,300 vs a budget of $38,000. We paid the overage from the Snow Fund. The Snow Fund is funded by retaining unused budgeted snow removal amounts from light snow years to cover heavy snow years. The Snow Fund's balance is $14,991 as of July 31, 2024. Crested Yeti, our management company, has increased their snow removal rates that have been static for the last six years to reflect current labor and maintenance costs. CCCA owns no equipment and has no employees. CCCA contracts with Crested Yeti on a dollar per hour basis for snow removal and other maintenance items. It costs between $800 and $1200+ for ground snow removal after a 3 inch or more snow fall. Roof shoveling can be $3,000 to $6,000 per building. Crested Yeti rates are still lower than most in the Valley and much lower than CCCA could contract with a third party. Considering the increased rates and ongoing inflation, the 2024-25 Snow Removal budget is $68,000.

Insurance: The property insurance has increased (53%) from 2023-24 $21,300 actual to $31,000 2024-25 budget per recent policy. This increase is in line with the national trends and probably like what we have seen for our personal property insurance. Attached is a recent Wall Street Journal article concerning HOA insurance.

Our annual budget is an operating budget. It does not cover major one-time expenditures. The Reserve Fund is to cover all or part of major repairs and replacements. The Association has been able to fund many major maintenance projects without special assessments via the Reserve Fund. The Reserve Fund balance is $53,825 as of July 31, 2024.

In 2024, CCCA put new major projects on hold pending the completion of the Italian Creek building repair. The project to add snow rails to the east side of East River also has been put on hold. Because after more than a year, the contractor has not been able to perform the job.

Italian Creek Repair:
The $355,000 loan was signed in mid-July. The contractor has taken his first draw for materials some of which are onsite behind Italian Creek. He is scheduled to begin work August 12 and will be finished this fall. We will have a progress update at the annual meeting.

The Italian Creek repair loan is a construction loa. Interest is calculated as monies are paid out during the construction phase. The construction phase should be about 90 days. Since we don't know the dates of the draws, the exact interest is not known now. The Board approved owner billings of $3000/mo. for September 2024 and October 2024 to cover the estimated interest during the construction phase. This is an average of $120/mo./unit. Each unit's actual cost will be based upon their square footage percentage of the total Association square footage.

Please see attached Italian Creek document for each unit's actual construction phase payment and estimated ongoing monthly loan payments. The estimated ongoing monthly payments are based upon the Association borrowing the full loan amount of $355,000. Each unit will have the option to pay their post construction phase loan obligation in full at the close of construction.

Electronic Payments:
Electronic dues payments via ACH are now accepted without a transaction fee. Contact the office at (970) 349-2773 for more information.

Electronic Communications:
Due to changes in Colorado law covering our Association, after October 2024 almost all communications (budgets, meeting announcements, billing, etc.) can and will be sent via email. Please keep the office updated with your latest email.

I would like to thank my fellow board members, and Crested Yeti for their support, hard work, and commitment to CCCA.

The CCCA board welcomes your comments and input. All CCCA documents, rules and contacts are at https://crestedyeti.com/hoa-management/cement-creek-condo-association/.

Sincerely,

Chris Ward
CCCA President
Waterfall Creek Unit #12

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https://www.wsj.com/personal-finance/big-jump-in-insurance-costs-strikes-condos-617c102a

Big Jump in Insurance Costs Strikes Condos

Higher premiums are raising the price of homeownership and making it harder to sell some units

By Nicole Friedman Follow | *Photographs by Jessica Pons for The Wall Street Journal*

June 17, 2024 5:30 am ET

Board members of the Highland Park Community Association in Mission Viejo, Calif., braced last year for a rise in insurance costs.

Yet they were still shocked to receive a quote for over $170,000, which was more than four times what the association paid in 2022. Another 12 insurers declined to offer quotes, because wildfire risk has made insurers less willing to do business in California.

The new policy provides up to $70.9 million in property coverage to this community of 208 townhomes and condominiums. But in the case of wildfire damage, the maximum coverage would be $2 million, said Mark Speros, the board's president.

"It was like a bombshell," he said.

The board raised residents' dues by 20%, the most the association allows per year, to $474 a month. "This is not the direction any of us wanted to go, but there is simply no choice," Speros wrote to homeowners.

Insurance costs are exploding for condo associations across the U.S., raising the cost of homeownership and making it harder for some owners to sell their units.

Terms of the insurance policy were 'like a bombshell,' says Mark Speros, president of the Highland Park Community Association.

Major losses from years of expensive natural disasters and higher rebuilding costs have pushed up property insurance prices for residential and commercial buildings in the U.S. At the same time, many condos are aging and have deferred maintenance, making insurers wary of the potential for water-pipe leaks and other damage, insurance brokers say.

The increase in insurance premiums is a major factor behind rising condo association fees. Condo dues rose 20% between 2022 and 2024, according to an analysis of 1,800 associations in 44 states by real-estate tech company Rexera.

The rise in these costs is squeezing homeowners when home-buying affordability already hovers around its lowest level since the 1980s. Property taxes and home-maintenance costs are also climbing in much of the country.

In a 2023 survey of community associations, 91% said their insurance premium increased at the last renewal. More than half of communities surveyed paid for the increase by raising annual dues or imposing a special assessment, according to the Foundation for Community Association Research. Another 43% paid for the increase out of operating funds, and 2% took out a line of credit.

If homeowners fall behind on condo association fees and are unable to pay, associations in some cases can foreclose on homes to recoup the payments.

Some condo owners are looking to move rather than absorb higher fees. Mindy and John Dunbar, who are retired and live in a community of duplexes in Aurora, Colo., are paying $399 a month to their homeowner association, but they expect the cost to keep rising because of higher insurance premiums and maintenance needs. They plan to list their home for sale soon and rent instead.

The Highland Park board raised residents' dues by 20%, the most the association allows in one year.

"The increased costs are driving us nuts," Mindy Dunbar said. "Obviously the HOA dues are going to continue to go up."

Condos and townhomes are often a starting point for homeownership. They are typically cheaper than single-family homes, which also appeals to retirees on fixed incomes. But higher monthly fees, alongside home prices that have climbed almost 50% since the end of 2019 and mortgage rates around 7%, are making these units less affordable for home buyers.

Many of the hardest-hit communities are in California and in Florida, where a new state law requiring older buildings to meet structural safety standards is also pushing up condo

owners' expenses.

But condo and townhome communities around the country are facing big jumps in their insurance premiums.

Attorney David Firmin, who represents community associations throughout Colorado, said he has seen year-over-year insurance premium increases for condo associations between 300% and 1,000%, along with bigger deductibles.

About 10 million households own condos, co-ops or townhomes, according to a National Association of Home Builders analysis of the most recent census data. The median condo association fee is $480 a month, according to real-estate data provider Attom. Those assessments pay for insurance, property maintenance and other amenities such as landscaping or swimming pools.

Communities' insurance deductibles are also rising, which transfers more financial risk from insurance companies to homeowners. In some cases, those high deductibles put the community out of compliance with conventional lending rules, meaning that home buyers wouldn't be able to get mortgages backed by Fannie Mae or Freddie Mac.

Maximum insurance coverage for wildfire damage is $2 million for the Highland Park community of 208 townhomes and condos.

That can make it more difficult to sell a unit to a buyer who needs a mortgage. A seller would need to find a cash buyer or one who could get a nonconventional loan, said Dawn Bauman, chief strategy officer at the Community Associations Institute, an industry group.

"That will definitely increase the cost of homeownership," she said.

Associations have few options for reducing insurance costs. They can stop reporting small claims or change their bylaws to reduce overlap between the master insurance policy and individual owners' policies, said Kevin Hirzel, an attorney who represents condo associations in Michigan and Illinois.

The Pines at Keystone struggled to find insurance for 2023. The community of 144 condos and townhomes in Keystone, Colo., ended up with a $960,000 policy, up from about $110,000 the previous year, said Gretchen Davis, the board's president. The association approved a special assessment of several thousand dollars a household to pay for it.

"Basically we said, 'If you do not pass this, we do not have insurance,' " she said.

Later in 2023, they switched to a cheaper policy, and their insurance for 2024 cost $200,000, Davis said. The association has raised annual dues by more than $100 a month. Uncertainty about the association's insurance costs was one reason that some owners sold their units last year, she said.

"I am concerned that they won't renew us again next year," she said.

Some communities' bylaws cap how much they can raise dues from year to year, said Firmin, the attorney. In that case, "they're having to forgo maintenance to pay insurance premiums."

Write to Nicole Friedman at nicole.friedman@wsj.com

Appeared in the June 18, 2024, print edition as 'Jump in Insurance Costs Strikes Condos'.