



Seasons at Sandpoint 2021 Annual Meeting Minutes

August 28, 2021

Board Members Present: Mike Romine, Cliff Mort, and Teague Mullen

Board Members Absent: Janae Gravel

Elite Alliance Hospitality: Kevin Ceneviva, Executive Vice President

Scott Olpin, General Manager

Mr. Scott Olpin welcomed the attendees to the 2021 Annual Meeting and introduced the Board of Directors and Elite Alliance Hospitality. He noted that at the end of the Annual Meeting, time will be allotted for a question-and-answer period. He proceeded to introduce Mr. Cliff Mort to call the Meeting to order.

Mr. Mort introduced himself and informed the attendees that he has been in the development business since 1985. He said that the initial developer planned for 162 units in various buildings and then the market stalled. When he purchased lots 1, and lot 8, he also purchased the Declarant rights. Mr. Mort said that one of his goals was to improve the Seasons community and is focused on the following: create additional parking by redesigning building 8's interior parking and to the exterior by reducing the landscape, provide secured access to the trail head leading from the seasons community, add water access on the north end of the property, increase storage by expanding building 8's foundation and provide a "comfort station" on the north end of building 8 which will include restrooms.

Mr. Mort informed the attendees that the 15th supplemental amendment is necessary due to the change in the design, number of units and configuration of building 8. Building 8's fifth floor will have a rooftop pool amenity for building 8 owners and a membership will be offered to other owners for access; the details and price of the membership are in the process of being developed.

In addition, Mr. Mort stated that the 15th supplemental amendment was to restate all of the previous 14 amendments into one document and make it simpler. During this process, he recognized that the reserves, for all of the completed buildings, were combined. He did not find it was reasonable and equitable for building 8 owners to pay into the current building's reserves based on the vast difference of age of the buildings. The 15th supplemental amendment would

call for separate reserve funds for each phase and a separate reserve fund for building 8 and for common areas. After receiving feedback from the Owner Advisory Committee and other owners, the general consensus was to leave buildings 2, 3, 5, 6 and 7 as they are, create a reserve fund for building 8 and a separate reserve fund for the common areas. With the feedback received a vote will not occur at this meeting.

Also, Mr. Mort wanted to increase the number of Directors to the Board to allow for an owner representative, from each phase. Mr. Ceneviva commented that phase 1 (buildings 2 and 3) phase 2 (buildings 5 and 6) and phase 3 (building 7) will each elect an owner to serve on the Board. Once phase four (building 8) is sold out, phase 4 will elect an owner to serve on the Board.

Mr. Mort stated that his immediate development focus is phase 4 and is unsure of the plans for phase 1. He asked Mr. Olpin to proceed with the balance of the agenda.

Mr. Brad Goode made a motion that the discussion take place during the meeting, not after adjournment. He said that it is important to have the discussion on the record and it's appropriate under Roberts Rules of Order that discussion happens within the framework of the meeting. The motion was seconded by Mr. Peter Sanburn. It should be noted that the motion, having been introduced by a non-board member, is out of order, and as such will not be acted upon.

Mr. Olpin stated that the meeting notice was distributed 14 days prior to the meeting date. Based upon the proxies received and the owners in attendance, quorum has been established to call the meeting to order at 9:18 a.m. PDT.

Mr. Olpin referred to the meeting's agenda and stated that there is no Old Business and proceeded to provide an operational update.

- Board of Directors and Owner Advisory Committee. The Board of four members: Teague Mullen, Janae Gravelle, Cliff Mort and Mike Romine; Cliff Mort serves as the President. The Committee consist of six members: Joan Bradley, Dave Eacret, Jim Imholte, Peter Sanburn, Kevin Glynn, and Mike Romine; Mike Romine serves as the Chairman.
- Staffing. The management company, Elite Alliance Hospitality, employs 9 employees; 7 full time employees and 2 part time employees throughout the year with the exception of the seasonal employees who are hired for the Marina. A property watch person has been contracted through a third-party company due to labor shortages in the local area. Staffing has been a great challenge for the last 18 months as many companies in Sandpoint are struggling to find and retain employees. As a result, local business wages have increased dramatically for the limited labor pool. As of today's date, \$5,200 has been spent on recruitment specific for Seasons. Elite Alliance Hospitality conducted a wage study and the results and recommendations will be shared with the Board.
- COVID. The pandemic impacted the property as well. Employee training, social distancing signage and practices were implemented, fitness room use was permitted

by reservation only and coffee service was changed to disposable cups, and additional sanitation practices and procedures were added. Throughout the pandemic, as well as today, Mr. Olpin noted that the owners and guest occupancy increased significantly since the onset.

- Marina/Beach. Currently, 64 owners own slips in the Marina. Owners continue to use the kayak storage logs and that all kayaks need to be registered with Owner Services.
- Property. The Preventative Maintenance Program continues to be performed on a daily, monthly, quarterly, semi-annually, and on an annual basis by the onsite employees as well as with third-party vendors.
- Reserves. Mr. Olpin provided an overview of the reserve status for the Association. As of July 31, 2021, the Association has a balance of \$379,726; the Marina reserve account has a balance of \$115,848. On a monthly basis the Association contributes \$7,900 and the Marina contributes \$1,679 to their respective accounts. The current Association Percent Funding is 22% which is deemed weak compared to industry standards.
- Administrative. Since January 1, 2020, the Association welcomed 17 new Owners. Later this year, management will conduct a Rules and Regulations and will submit recommendations to the Board. As of July 31st, the Association has one delinquent owner account, and a new owner's website will be introduced in the upcoming weeks.

Following Mr. Olpin's operational update, Mr. Teague Mullen made a motion to table voting on the 15th supplemental declaration; Mr. Mort seconded the motion. Motion made and seconded by Board Members and the motion was passed.

Mr. Mike Romine informed the attendees that the Owner Advisory Committee put a lot of time and effort into reviewing the 15th supplemental declaration and discussed the Association's reserve status. The Committee supports keeping buildings: 2, 3, 5, 6 and 7 operational expenses and reserves together, create a separate common area budget and reserve accounts, and the assessments would be equally distributed amongst the owners of these buildings as they have been since the beginning. In addition, Mr. Romine stated that the Committee also supported building 8 having its own reserve account and operating budget.

Mr. Chuck Hulbert asked how much each owner contributes to the Association's reserves on a monthly basis; Mr. Olpin responded that each owner contributes \$100 monthly.

Mr. Mullen made a motion to adjourn the Meeting; Mr. Mort seconded the motion and the meeting was adjourned at 9:52 a.m. PDT. Following the adjournment of the Meeting, the owner question and answer period began. Motion made and seconded by board members and motion was passed.

Mr. Tim Lessmeier asked for the proforma that supports 15th supplemental amendment and how will it affect the owners if it's approved. Also, he asked how much the Association has contributed to the expenses for building 8 and lot 1. Mr. Ceneviva responded that the association has not incurred any expenses related to building 8 or lot 1. Any expenses related to these areas are paid

by the developer. The only expense that the association contributed towards was the parking lease for lot 1 which was charged by the previous developer. Mr. Mort stated he has not charged a fee and has allowed owners, guests, and employee parking on lot 1 since he acquired the property. Mr. Ceneviva responded that management has not worked on a pro forma and will begin the budget process in the upcoming month.

Mr. Tim Lessmeier asked how building 7's deferred maintenance will be addressed, especially the exterior painting. Mr. Ceneviva responded that the exterior painting is a reserve expense and is subject to the Board's approval. If the 15th supplemental amendment is revised and the owners from phase 1, phase 2 and phase 3 remain as one, then this expense will be shared by the 79 Owners.

Mr. Mullen stated that the Association's reserves are underfunded. Painting building 7 will either require a special assessment or an increase in the associations assessment. Mr. Romine said that he's in support of contributing, as well as the Owner Advisory Committee, towards building 7's reserve expense. Further, Mr. Romine stated that the owners will support increasing the reserves if the owners of phases 1, 2 and 3 control their budget and reserves.

Mr. Sanburn asked Mr. Mort, if he as the declarant, would release his votes from lot 1 to enable control of this development. Mr. Mort responded that he would not relinquish voting rights or declarant rights in which he purchased. Mr. Romine suggested that control could be relinquished in phases. Mr. Mort responded that he will not relinquish control; however, wants the owners to be involved and has increased director positions so that owners can be on the Board and become further involved.

Mr. Ceneviva commented about the reserve fund; he stated that within the next two years the reserves will be depleted. Two years ago, the Board wanted it to increase the assessments to account for a higher reserve contribution. At that time, he suggested, that he and Mr. Olpin work with the third-party reserve specialist and with the Owner Advisory Committee. Mr. Ceneviva and Mr. Olpin met with the Committee and presented the current and future status, discussed funding levels as well as the impact to the reserve account if building 7 exterior painting occurred. At that time, the Committee did not make a decision or a recommendation to the Board. The Board and the management agreed that building 7 exterior needs to be painted. With the current reserve balance, a special assessment will be required. Mr. Romine responded that that isn't necessarily true. The Association can design a program to build to whatever percentage is determined to be appropriate over a 3 to 5-year period. He said that the reason we are in the position we are in right now regarding reserves, is that the owners are not comfortable with increasing reserves that they do not control. If the owners control the budget for buildings 2, 3, 5, 6 and 7, he is confident that the owners will build the reserves to a reasonable level.

Mr. Mort said that he hasn't made any decisions without consulting with the Owners Advisory Committee; he said that he wanted to involve the Committee with the reserves; however, they did not provide any comment.

Mrs. Jackie Henrion presented that a proportional square footage assessment structure would benefit 75% of the owners. She would like to request that the declarant consider revising 15 supplemental amendment and to calculate assessments on a square footage basis opposed to equal proportions. If this were to occur, the savings from the majority of owners could be used to fund the reserve account.

Mrs. Joan Bradford noted that a savings can be made if flood insurance was eliminated. Mr. Mort responded that his staff worked with FEMA on this issue and was able to remove Building 8 from the flood plain FEMA maps and they are working on providing FEMA the elevation certificates for the other buildings to be removed from the flood plain FEMA maps thus negating the need for flood insurance.

Mrs. Bradford asked Mr. Mort if he pays assessments for the boat slips that he owns; Mr. Mort responded that he does not pay assessments based upon the declarant rights that he purchased. Mrs. Bradford asked Mr. Mort if the rent, received from the spa, could be added to the reserves; Mr. Mort responded that the spa lease was included in the declarant rights that he purchased. Mrs. Bradford asked about the plan for a public marina or a helipad; Mr. Mort responded that the new owners are requesting to purchase slips. He commented that docks are permitted according to lineal feet of shoreline; however, all of the footage is already used and he is not pursuing the construction of a public marina. He mentioned that he is working on gaining more riparian rights and/or lateral rights in another area to add to the community dock. Mr. Mort stated that a helipad could happen.

Mrs. Kelli Daugherty supports buildings 2, 3, 5, 6 and 7 having and controlling their own reserves. She said that building 7's painting bid was received 3 years ago and most likely it's more expensive today. She wants to encourage the Board to practice transparency and increase communication.

Mrs. Barbara Eacret commented that the staff is doing a great job of maintaining the buildings equally. She does not see how calculating assessments on a square footage has any effect because there is no difference and owner usage.

Mr. Hank Amos asked Mr. Olpin about how much of his time is focused on rentals; Mr. Olpin responded that he spends 20-30% but that the rentals are very seasonal. Mr. Amos asked if Elite Alliance pays the Association for any of that time Mr. Ceneviva responded that the association receives a reimbursement, \$500-\$600 per month, for Owner Services personnel. Also, he said that the management company compensates Mr. Olpin for his time dedicated to rentals as well as Elite Alliance pays the customary guest fee. Mr. Amos responded Elite Alliance should be paying whatever percentage the staff works on rentals and the declarant should be paying for the slips that he owns. Mr. Amos asked Mr. Mort why he is reluctant to turn over control to the owners; Mr. Mort responded we need to define control; he is completely transparent and that he has the same influence over the Association budget the same as Mr. Romine.

Mr. Mullen commented that the declarant rights were part of the purchase. He said that an investor would not have purchased lot 1 and lot 8 project without the declarant rights. Mr. Romine

responded that the current owners want the project completed in a responsible manner and that they have no problem with what Mr. Mort is doing on building 8; he thinks that reducing the number of units to 30 from 42 is a good idea and the owners have no problem with something responsibly being done on lot 1.

Mr. Mort stated that the Board will revisit the 15th supplement amendment based upon the feedback received and from the Owner Advisory Committee. He is supportive with keeping buildings 2, 3, 5, 6 and 7 together, all owners contributing to common area expenses and reserves and for building 8 to have its own budget and reserve account. In addition, to have owner representation from each phase.

Mr. Steve Bradley asked how the turnover date, in the proposed 15th supplemental amendment, was determined; Mr. Mort responded that it was based on market conditions.

Mr. Dave Eacret said that he is seeking owner control of buildings 2, 3, 5, 6 and 7 budget as well as reserves.

Mr. Romine said that Mrs. Henrion deserves an explanation regarding the assessments and how they are allocated. He referenced paragraph 11 of the declaration regarding common expenses and common reserves, and 14.a – 14.e. and if the allocation of assessments were changed, based upon square footage, this would be deemed a material change and you would need to obtain approval from every owner and mortgagee. He suggested that Mrs. Henrion obtain a legal opinion to determine if it is viable.

Mrs. Henrion asked why she would be responsible for legal fees to support her recommendation; however, the Owner Advisory Committee issues are addressed at the expense of the Association. Mr. Mort stated that he has paid for all legal fees regarding the 15th supplemental amendment and that the Association did not bear any of the cost. He commented that he will have his attorney look into Mrs. Henrion suggestion.

Mrs. Danielle Woolfe asked about future parking spaces and the assignment; Mr. Mullen responded that only the parking spaces in the garage will be assigned, not the exterior parking spaces. Mr. Mullen stated that the exterior should have approximately 22 guest parking spaces. Mrs. Woolfe voiced other concerns about the 15th supplemental amendment; Mr. Romine asked her to list her concerns and provide to the Owner Advisory Committee.

Mr. Mort clarified about an earlier statement regarding the number of Directors. He stated that the maximum number of Directors is 7. He asked Mr. Mullen to serve as a director due to his knowledge of the project and that the only other person he appointed was Janae Gravelle, who serves as his company's chief financial officer. Further he commented that he has not made one decision that has gone against the Owner Advisory Committee. Mr. Mort stated that he wants what is good for the community, is open to owner comments, and appreciates everyone for being a member of the community.

Mr. Mike Laucius asked Mr. Mort if he received compensation from Elite Alliance; Mr. Mort responded that he did not. He noted that Elite Alliance does not have an exclusive contract for the rentals; Owners are welcome to work with any management company.

Mrs. Joan Bradley said that onsite management takes care of the renters even though they might not know who they are renting through. Mr. Jeff Loughrey asked the amount collected for the guest service fee; Mr. Ceneviva responded that \$31,000 was budgeted for the year and as of July 31st the Association has been paid approximately \$28,000.

Mrs. Sherry Manning commented that she would like the property to be ADA compliant.

Mr. Matt Haslam asked Mr. Mort the completion date for building 8; Mr. Mort responded that he is hoping for the summer of 2022. Mr. Haslam asked if the unsold Marina slips will be sold to the new owners of building 8; Mr. Mort responded that quite a few will be sold. Mr. Haslam responded that the problem of not paying dues, on the unsold marina slips, will eventually take care of itself. Mr. Haslam thanked Mr. Mort for allowing current access to lot 1.

The meeting was adjourned at 10:58 a.m.