

**MINUTES OF THE COMBINED ANNUAL MEETING AND
BOARD OF DIRECTORS' MEETING OF THE
PINNACLE HOMEOWNERS' ASSOCIATION**

**March 6, 2023
Meeting via Zoom**

The Annual Meeting of the Pinnacle Homeowners Association (the "Association") was held, pursuant to notice duly given, on March 6, 2023. The meeting was held via Zoom video conferencing and originated in the office of Burnside Property Maintenance, Park City, Utah.

Call to Order, Establishment of Quorum. The meeting was called to order by President Bill Newman at 5:00 pm. A quorum was established by homeowners participating via Zoom and by proxy, constituting representation of more than 50% of the 86 Pinnacle condominiums.

Welcome and Introductions. President Newman opened the meeting by welcoming homeowners participating by Zoom. Board members participating were: Paul Neuhoff, Marion Weinstock and Bruce Kink.

Also participating were Justin R. Shaw, CPA, representing Bountiful Peak Advisors, and Bob, Shanna and Patrick Burnside, representing Burnside Property Maintenance. Terry Way of Davies Design Build and Rob Neilson, architect also participated via Zoom.

President Newman explained that the meeting is a combined Annual Homeowners' Meeting and Board of Directors' Meeting. Under Utah law, HOAs are required to have two board meetings a year, and at those meetings, owners can sit in, make comments and ask questions. By combining the two meetings, we can save time and effort for both the board members and the other owners.

President Newman thanked his board members: Paul Neuhoff, Vice President, Marion Weinstock, and Bruce Kink, Treasurer, for their dedication and work.

Property Manager's Report

Bob Burnside addressed the issues created by this year's heavy snow stating that trying to find a place for the huge amount of snow this year is a problem. Adding to the situation is the number of owners who are doing construction jobs at their units, bringing in more vehicles and construction equipment that need a place to park. The ski season brings additional vehicles, including the ski shuttle. This year, we have had to cover a lot of windows with plywood to prevent breakage. We also have to watch that boiler vents, fire hydrants, utility boxes and signs are not covered by the snow. Because of these priority issues that require most of our resources, we haven't been able to shovel decks as often as some owners would like. Our policy is to shovel the decks after a couple of storms. We would prefer that the decks not be used where there is overhanging snow that can slide off the roof and hit someone on the deck.

President Newman reminded the owners that the HOA's parking regulations allow for one vehicle parked in the garage, one vehicle parked in front of the garage door, and one vehicle parked on the paved apron directly in front of the unit. There is no street parking. Vehicles in violation of these rules will be towed at the owner's or renter's expense. Owners who rent should advise their renters of these regulations. This is important not just for access through the street but also for emergency access by fire trucks and ambulances.

Financial Report.

President Newman asked treasurer, Bruce Kink, to give a brief review of the Pinnacle's finances. The Board made the decision to increase the dues by 2 percent in order to keep up with inflation and to cover expenses that have increased. Mr. Kink went through the various items on the budget for the coming year. The heavy snow will increase the cost of snow removal and other snow related budget items. Insurance coverage increased this year by 17 percent. Landscape repairs and improvements will be higher this year due to damage from the heavy snow and additional work to add gravel borders around the finished buildings.

President Newman thanked Mr. Kink for his work as Treasurer of the HOA and pointed out that the HOA is planning to add \$240,000 to the Reserves this year so that funds will be available when a planned reserve project comes up.

President Newman asked if there were any questions for Bob Burnside or Bruce Kink. Since there were no questions, the Board of Directors' portion of the meeting was concluded, and the owners' portion of the meeting began.

Homeowners' Meeting

Approval of Minutes of 2022 Annual Meeting. Upon motion duly made and seconded, the Minutes of the 2022 Annual Meeting were approved. The 2022 Minutes are available on the HOA website, pinnaclehoa.info.

Financial Report by Justin R. Shaw, CPA

Justin R. Shaw, CPA, representing Bountiful Peak Advisors, presented a brief summary of the Audit of the Pinnacle HOA Financial Statements for 2022. Mr. Shaw worked with the HOA's management company in gathering the information for the audit. He noted that the special assessment for the Exterior Renovation Project overwhelmed the financial statements in terms of the increase in the numbers. The audit process evaluated whether documentation is being kept and that accounts are properly coded and whether proper approvals and internal controls are in place. The audit did not see any holes in the internal control structure. Revenue recognition was straightforward. Management was responsive to all questions. Mr. Shaw asked if any of the owners had questions about the Financial Statements. There were none. The Financial Statements will be posted on the HOA website.

There were no board members up for election this year.

President Newman said that of the 86 unit owners, all but three have paid their special assessment in full. We will begin assessing interest at 12% annually on the unpaid assessments.

President Newman explained the Ballot which was included in the Annual Meeting mailing contained a question regarding approval of assessments over 5% of the fiscal year's budgeted gross expenses. The CCR's for the Pinnacle HOA requires a majority vote in any fiscal year for which the assessment is greater than 5% of the HOA's gross expenditures. Since the assessment this year of \$54,652.10 is greater than 5% of the gross expenditures this fiscal year, or \$863,110, the CCR's require an affirmative vote of a majority of the owners. This is not a question asking for another assessment.

The Annual Meeting mailing that you received also contained a survey about having a cluster mailbox at The Pinnacle. Thirty-six of 86 owners responded, 15 in favor and 11 opposed. This means about

30% of owners who voted are in favor. There is a capital cost associated with the purchase and installment of these mailboxes and little or no operating cost. The Board will revisit this matter after the Exterior Renovation Project is completed.

Alterra/Deer Valley Project:

We continue to be active with the other lower Deer Valley Drive HOAs which have concerns about Alterra/Deer Valley's petition to the Park City City Council to close off part of Deer Valley Drive as part of the Alterra/Deer Valley's Snow Park Development Plan. As we discussed in December, the closing off of the other side of the loop will contribute to much greater traffic on our side of the loop. According to Alterra/Deer Valley's modeling, in a worst-case scenario in 2040, 40% of the morning traffic will turn left at the Y and 75-80% of afternoon traffic will come by The Pinnacle.

At the end of last year, we, along with many other of the Lower Deer Valley HOAs, contributed \$10 per unit, \$860, to the group Protect the Loop, which is seeking to engage Alterra/Deer Valley about alternatives to closing a portion of the loop. We have heard nothing further from Alterra/Deer Valley about their desire to purchase some 3800 square feet of the HOA's property where our property abuts the loop. Their initial and only offer to date is to purchase and install gates for us.

Exterior Renovation Project

President Newman led the discussion of the Exterior Renovation Project. The contract with Davies Design Build provides that the project will cost no less than \$10.7m and no more than \$11.4m, with the caveat that change orders and overages are outside of these parameters. We have still not heard back from the Park City Building Department regarding our appeal of the roughly \$100,000 more Park City charged for the building permit than our contractor was told while preparing the budget.

We have \$322,000 in change orders to date. In addition, we are currently in a dispute with Davies whether the stone needed to bring the stone flush to the ground on units should have been included in the original stone purchase or whether the plans did not include such stone, and therefore, require a change order. The charge to finish the stone flush to the ground for all 86 units is roughly \$250,000. In order to keep the project going, we and Davies have agreed that the stone should be ordered now and put on all of the units while we deliberate on our dispute.

If the resolution of this dispute is that the plans Davies based its bid on included the stone to the ground, we are protected by the \$11.4m maximum charge and if necessary, depending on the cost of the rest of the project, Davies would absorb some or all of this cost. If the resolution of the dispute is that the plan Davies based its bid on did not include the stone to the ground, it may or may not be that this charge falls under the \$11.4m maximum charge, again depending on the cost for the remainder of the project. If it does not, the board will need to decide how the previous change orders, plus this change order, and the overage, if we are unsuccessful with our appeal or only partially successful, are to be paid, whether through another assessment, reserve funds, or some combination of both funds.

Work has begun on three buildings even though the heavy snow has caused problems. The snow has also slowed work on the punch lists for the units that were worked on last year. Davies and the board remain committed to finish the project this year.

Terry Way of Davies Design Build explained to the owners that while they have begun working on the first three units, they are hampered by snow and ice sliding from roofs and making scaffolding difficult. Snow must be moved so they can set up their work areas. The workmen have been asked to be mindful of where they park so they aren't in the way of the owners.

The crews are currently working on building four in the cul-de-sac and building 30 on Pinnacle Drive. The plan is to have four crews working on four different buildings at the same time. The crew working in the cul-de-sac will continue to work on the buildings in the cul-de-sac. The crew working on Building 30 on Pinnacle Drive will continue on the same side of the road. They anticipate that the duplex units will take six week and the triplex units eight weeks.

The decision on which building to move to next will depend on accessibility. The back sides of the upper units on Pinnacle Drive are still covered with a lot of snow and ice, and they receive less sun, so the snow will take longer to melt.

On April 1st the crews will start working on Amber Road.

Mr. Way said he would provide a map showing the direction of the work. This map will be posted on the Pinnacle HOA website, pinnaclehoa.info.

Questions from the homeowners followed:

Q. When will work on the punch lists for the finished units begin?

A. This work will begin as soon as the weather allows.

Q. Can we get an updated work flow map?

A. An updated work flow map will be posted on the HOA website. We will try to give the homeowners a “heads up” when we are planning to begin work at their unit. It will be more complex this year since we will have 4 crews working simultaneously. Homeowners need to understand that the schedules may have to be adjusted. Terry will try to let the homeowners know when the work is two buildings away from their building, and then again when they are one building away from their building. A lot of factors will influence the timing of the work.

A few homeowners commented that they had heard very positive comments about the new appearance of the Pinnacle buildings.

One owner wanted more information on the Alterra/Deer Valley project and the parcel of property they are interested in. The traffic flow impact was also discussed. An owner asked if Alterra would purchase the Pinnacle property they are interested in rather than buy gates for Pinnacle. Bill Newman said that the conversations with Alterra are just in the beginning stage.

An owner asked about the possibility of the HOA’s snow removal contractor combining with Daystar to do snow removal at both complexes. It was stated that the HOA’s snow removal contractor is not interested in doing this.

One owner mentioned that she and other owners have been having trouble with the shuttle app. It was asked that Ryan at Deer Valley be made aware of this problem. Other owners said that the app was working fine for them.

There being no further questions or comments, President Newman thanked everyone for their participation He especially wanted to thank the owners in the seven buildings who volunteered to have

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work done on their units early. Cooperation like this is a big step in trying to keep the Exterior Renovation Project on time.

Adjournment. Upon motion duly made, seconded and unanimously carried, the meeting was adjourned at approximately 6:00 pm.

Shanna A. Burnside, Secretary

These Minutes, and the audited Financial Statements for 2023 are posted on the Pinnacle HOA website: www.pinnaclehoa.info.