

**Waterside Condominium Owners Association
Annual Meeting
July 20, 2024
10:00 am
Lakeside QRU Community Room
201 Bills Rd, Lakeside, MT**

Agenda

- Call Meeting to Order
- Establish Quorum
- Approve 2023 Annual Meeting Minutes/Past Year in Review
- Financials Review 2023 & 2024 1st Half
- Reserves
- Facilities (Including Building 3 Decks)
- Security (Including Spa)
- Review of Rules & Regulations
- Owner Input & Discussion
- Election of Two Board Members
- Adjourn



Waterside COA Annual Meeting Minutes

Property Manager: David Roberts
Western Mountains Property Management
33 Hunter Circle, Ste 1 / Kalispell, MT 59901
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8-12-23 2023 Annual Meeting

Board Attendees: Jack Jenkins, Cindy Lewis, Todd Murphy, Arron Simmons, Brian Doyle
(Chairman) (Vice Chair) (Treasurer)

COA Property Manager: David Roberts, Western Mountains Property Management
Angie Katz, Malcom Best – Maintenance

The Waterside COA annual meeting was held August 12, 2023 and was very well attended with approximately 43 owners represented in person, by proxy or by teleconference.

1. The meeting was convened at 10:00 am
 - Quorum established
 - Minutes of 2022 meeting were approved by show of hands
 - Highlights of 2022 reviewed
 - 3 out of 4 buildings now repainted
 - New swim dock, swim island
 - Spa Committee formed to recommend security measures for ongoing spa operation, report completed
 - Landscaping continues to be a highlight – full compliment of flower pots restored
2. Financials Review
 - Calendar 2022 came in close to budget and allowed \$70,000 transfer to reserves for capital projects such as painting.
 - Calendar 2023 to date is on budget, but expenses are increasing.
 - Insurance costs up significantly, mitigated by increasing deductible to \$5,000
 - Landscaping and other service costs also up significantly due to higher labor and other costs in the valley.
 - Increased costs will lead to lower transfer to reserves this year.
 - Questions raised over telephone costs, insurance costs – telephone costs associated with elevator, pool house – need to confirm that those phones are working and are still required. Property Manager tracks other insurance providers and believes Farmers offers the best service and lowest costs in this region.
3. Reserves
 - The reserve projection this year shows us operating in a deficit situation in the future.
 - This is a change from last year due to higher cost of painting Building 4 than was anticipated last year, unanticipated cost of replacing valves in propane system which was a new regulatory requirement and anticipated lower transfers to reserves as noted above.
 - The forecast deficit will likely mean that Building 3 repainting will be delayed for a year and a dues increase will be necessary beginning in January 2024 to fund anticipated projects.
 - A significant unknown currently is the cost to repair a damaged beam on Building 3
 - The beam has been shored by the contractor who built Waterside, but a structural engineer will be engaged to recommend how to permanently repair. The Property Manager is pursuing the original designers of Waterside.

- Discussion ensued about both the beam repair and the forecasted dock repair in the reserve estimates
 - Causes of the beam issue were discussed; it was suggested that liability and insurance issues be explored and it was decided that those owners with expertise form an advisory group to assist in determining how best to repair. Several people have already responded – others are still invited to let us know if they're interested.
 - There was discussion of getting better long-term estimates of what the dock will cost to maintain, other than the short term fix included in the reserve projection.

4. Facilities

- The Beam repair noted above is the major facilities issue.
- Other issues raised were doing another driveway crack sealing before this winter, driveway pothole next to Building 4 and where we're at in trying to get access to the lake that is ADA compliant. On the last issue, a permit application to build a staircase for access to the lake that would have allowed ADA access was recently denied.
- Near the end of the meeting Steve Kemler led a discussion on safety issues related to our boiler/hot water tank systems.
 - Steve has received estimates to include a leak detection system to prevent undetected leaks from causing major damage – \$1500 for 10 systems. Please let Steve know if you're interested.
 - It was also mentioned that owners should check floor drains in the boiler rooms, replace hot water tanks if they haven't yet, and clean dryer vents to prevent fires.

5. Spa Security

- The Spa Committee was formed after last year's annual meeting, led by Steve Collins, and produced a report earlier this year detailing security measures it recommended taking to mitigate problems we had been experiencing.
 - With Steve's assistance, we now have bids to install two-way monitored security cameras not only at the spa, but at the park fence and around the perimeter of the complex. The bid also includes a smart lock on the spa gate. Getting wifi to all the camera locations is still an issue that we're hoping Spectrum can help with. We're still trying to get someone to look at what could be done to make the spa fence more difficult to get over.
 - Because we didn't have the above security measures in place before the summer season, the Board hired a security guard from July 1 to Labor Day, every night, for a cost of approximately \$18,000. The guard has been very effective at eliminating the problems that were occurring last summer.
 - As a test, the Board also authorized installation of low cost Ring cameras at the spa and park fence that also have floodlights, siren and two-way communication using borrowed wifi from nearby owners. These will be evaluated over the next several months.
 - An owner discussion on the security issue yielded several suggestions:
 - Security is a multi-faceted issue and will likely take more than one approach
 - There was strong support for the security guard due to the effectiveness experienced this summer, but some suggested perhaps less time to reduce the cost or looking into hiring our own guard rather than through an agency.
 - Making sure we consider security year around is important, not just when the spa is open.
 - Owners installing their own door cameras is probably a good idea.
 - We should consider the idea of installing a gate at the entrance.

6. Rules & Regulations

- A one-page summary created two years ago was again made available for all owners and renters.

- The discussion was focused on dogs – that there should be no elimination on the lawn at any time, and that renters are not allowed to have pets. We should consider the idea of fake grass in the dog areas that currently have gravel – apparently there is material made just for that.
 - Kayak/Paddleboard racks – it was noted that a new rack has been put up to try and eliminate residents from leaving the boards on the lawn.
7. Owner Input & Discussion
- A motion was made to increase the rental impact fee to \$1,000 from the current \$500 annually.
 - A discussion ensued about the purpose of the impact fee, how much we collect now and the fact that we doubled it from \$250 to \$500 annually at last year’s annual meeting.
 - There was no second so the motion did not carry.
8. Election of Three Board Members
- All those in person, those who submitted proxies and those on the teleconference were eligible to vote for the five candidates running to fill three two-year terms.
 - The three new Board members elected were Steve Halsey, Michelle Dishon and Lenni Canell.
9. The meeting was adjourned at 12:20 pm.

Waterside COA
Balance Sheet
As of December 31, 2023

	<u>Dec 31, 23</u>
ASSETS	
Current Assets	
Checking/Savings	
Rocky Mountain Bank	44,975.88
Whitefish Credit Union	37,359.72
Total Checking/Savings	<u>82,335.60</u>
Accounts Receivable	
Accounts Receivable	1,887.42
Total Accounts Receivable	<u>1,887.42</u>
Total Current Assets	<u>84,223.02</u>
TOTAL ASSETS	<u>84,223.02</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	23,036.55
Total Accounts Payable	<u>23,036.55</u>
Total Current Liabilities	<u>23,036.55</u>
Total Liabilities	23,036.55
Equity	
Retained Earnings	99,018.40
Working Capital Deposits	45,675.00
Net Income	-83,506.93
Total Equity	<u>61,186.47</u>
TOTAL LIABILITIES & EQUITY	<u>84,223.02</u>

Waterside COA
Profit & Loss by Class
 January through December 2023

	Operating Fund	Reserve Fund	TOTAL
Ordinary Income/Expense			
Income			
Condo Owner Operating Income	300,900.00	0.00	300,900.00
FEC Capital Credit Refund	275.71	0.00	275.71
Propane	49,987.34	0.00	49,987.34
Rental Impact Fee	9,500.00	0.00	9,500.00
Returned Check Charges	30.00	0.00	30.00
Special Assessment	0.00	129,000.00	129,000.00
Total Income	<u>360,693.05</u>	<u>129,000.00</u>	<u>489,693.05</u>
Gross Profit	360,693.05	129,000.00	489,693.05
Expense			
Bank Service Charges	30.00	-70.00	-40.00
Beam Project Bld 3			
Architecture Fees	0.00	21,714.60	21,714.60
Total Beam Project Bld 3	0.00	21,714.60	21,714.60
Contract Labor	25,487.50	0.00	25,487.50
Contributions/Donations	500.00	0.00	500.00
Filing Fees	20.00	0.00	20.00
Insurance			
Liability Insurance	66,216.50	0.00	66,216.50
Total Insurance	66,216.50	0.00	66,216.50
Landscaping			
General Landscaping	21,314.40	0.00	21,314.40
Irrigation			
Labor	875.00	0.00	875.00
Sprinkler Startup	220.00	0.00	220.00
Supplies	703.98	0.00	703.98
Total Irrigation	1,798.98	0.00	1,798.98
Pond Area			
Labor	150.00	0.00	150.00
Total Pond Area	150.00	0.00	150.00
Potted Flowers/Plants	8,802.50	0.00	8,802.50
Total Landscaping	32,065.88	0.00	32,065.88
Management Fees	30,000.00	0.00	30,000.00
Merchant deposit fees	26.94	0.00	26.94
Professional Fees			
Accounting	170.00	0.00	170.00
Engineering	800.00	0.00	800.00
Legal Fees	467.50	0.00	467.50
Licenses and Permits	415.00	0.00	415.00
Postage and Delivery	1,186.80	0.00	1,186.80
Total Professional Fees	3,039.30	0.00	3,039.30
Repairs and Maintenance			
Building Repairs			
Materials	20.00	0.00	20.00
Total Building Repairs	20.00	0.00	20.00
Common Areas			
Fire System Repairs	3,273.95	0.00	3,273.95
General Clean-Up	19,013.75	0.00	19,013.75
Insect Control	3,622.50	0.00	3,622.50
Labor	245.00	0.00	245.00
Lighting	275.00	0.00	275.00

Waterside COA
Profit & Loss by Class
 January through December 2023

	Operating Fund	Reserve Fund	TOTAL
Painting	0.00	158,000.00	158,000.00
Supplies	841.40	0.00	841.40
Sweep Drive Areas	980.00	0.00	980.00
Swim Platform/Buoys	400.00	0.00	400.00
Common Areas - Other	616.00	0.00	616.00
Total Common Areas	29,267.60	158,000.00	187,267.60
Docks			
Labor	700.00	3,060.00	3,760.00
Supplies	0.00	10,136.00	10,136.00
Total Docks	700.00	13,196.00	13,896.00
Elevator Bldg 3	8,387.36	0.00	8,387.36
Equipment	989.97	0.00	989.97
Exercise Room			
Cleaning/Janitorial	2,000.00	0.00	2,000.00
Total Exercise Room	2,000.00	0.00	2,000.00
Gutters	9,075.00	0.00	9,075.00
Signs	86.92	0.00	86.92
Snow Removal			
Ice Melt	150.90	0.00	150.90
Sanding	1,916.00	0.00	1,916.00
Snowplowing	840.00	0.00	840.00
Snow Removal - Other	5,280.00	0.00	5,280.00
Total Snow Removal	8,186.90	0.00	8,186.90
Spa Area			
Chemicals	494.50	0.00	494.50
Service Call	270.00	0.00	270.00
Spring Start-Up	850.00	0.00	850.00
Total Spa Area	1,614.50	0.00	1,614.50
Total Repairs and Maintenance	60,328.25	171,196.00	231,524.25
Security Cameras	539.98	0.00	539.98
Social Events	200.00	0.00	200.00
Supplies			
Firewood	75.00	0.00	75.00
Office	582.68	0.00	582.68
Outdoor Furniture	704.92	0.00	704.92
Total Supplies	1,362.60	0.00	1,362.60
Taxes			
State	50.00	0.00	50.00
Total Taxes	50.00	0.00	50.00
Utilities			
Cable	1,049.07	0.00	1,049.07
Fire Monitoring	280.00	0.00	280.00
Gas and Electric	17,002.71	0.00	17,002.71
Propane	44,773.11	0.00	44,773.11
Propane Tank Repairs	0.00	40,734.00	40,734.00
Telephone	2,898.65	0.00	2,898.65
Trash Removal	13,880.50	0.00	13,880.50
Water and Sewer	36,955.91	0.00	36,955.91
Total Utilities	116,839.95	40,734.00	157,573.95
Water Softener	3,347.00	0.00	3,347.00
Website	986.15	0.00	986.15

Waterside COA
Profit & Loss by Class
January through December 2023

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>TOTAL</u>
Total Expense	341,040.05	233,574.60	574,614.65
Net Ordinary Income	19,653.00	-104,574.60	-84,921.60
Other Income/Expense			
Other Income			
Interest Income	1,363.88	0.00	1,363.88
Merchant Processing Fee	50.79	0.00	50.79
Total Other Income	1,414.67	0.00	1,414.67
Net Other Income	1,414.67	0.00	1,414.67
Net Income	<u>21,067.67</u>	<u>-104,574.60</u>	<u>-83,506.93</u>

Waterside COA
Balance Sheet
As of June 30, 2024

	<u>Jun 30, 24</u>
ASSETS	
Current Assets	
Checking/Savings	
RMB	
Rocky Mountain Bank	32,102.11
Reserves Contribution	50,097.07
Total RMB	82,199.18
Whitefish Credit Union	37,359.72
Total Checking/Savings	119,558.90
Accounts Receivable	
Accounts Receivable	4,980.73
Total Accounts Receivable	4,980.73
Total Current Assets	124,539.63
TOTAL ASSETS	124,539.63
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	5,954.02
Total Accounts Payable	5,954.02
Total Current Liabilities	5,954.02
Total Liabilities	5,954.02
Equity	
Retained Earnings	15,511.47
Working Capital Deposits	45,675.00
Net Income	57,399.14
Total Equity	118,585.61
TOTAL LIABILITIES & EQUITY	124,539.63

Waterside COA
Profit & Loss by Class
 January through June 2024

	Operating Fund	Reserve Fund	TOTAL
Ordinary Income/Expense			
Income			
Condo Owner Operating Income	134,850.00	0.00	134,850.00
Condo Owner Reserve income	0.00	62,400.00	62,400.00
Propane	30,738.90	0.00	30,738.90
Rental Impact Fee	500.00	0.00	500.00
Total Income	<u>166,088.90</u>	<u>62,400.00</u>	<u>228,488.90</u>
Gross Profit	166,088.90	62,400.00	228,488.90
Expense			
Beam Project Bld 3			
Legal Fees Beam Bld 3	801.00	0.00	801.00
Architecture Fees	0.00	1,760.40	1,760.40
Labor & Materials	0.00	10,542.53	10,542.53
Total Beam Project Bld 3	<u>801.00</u>	<u>12,302.93</u>	<u>13,103.93</u>
Contributions/Donations	500.00	0.00	500.00
Insurance			
Liability Insurance	27,868.75	0.00	27,868.75
Total Insurance	<u>27,868.75</u>	<u>0.00</u>	<u>27,868.75</u>
Landscaping			
General Landscaping	9,570.00	0.00	9,570.00
Potted Flowers/Plants	7,045.00	0.00	7,045.00
Total Landscaping	<u>16,615.00</u>	<u>0.00</u>	<u>16,615.00</u>
Management Fees	15,000.00	0.00	15,000.00
Merchant deposit fees	230.14	0.00	248.64
Printing and Reproduction	230.00	0.00	230.00
Professional Fees			
Accounting	180.00	0.00	180.00
Legal Fees	1,258.00	0.00	1,258.00
Licenses and Permits	433.75	0.00	433.75
Postage and Delivery	433.67	0.00	433.67
Total Professional Fees	<u>2,305.42</u>	<u>0.00</u>	<u>2,305.42</u>
Repairs and Maintenance			
Common Areas			
Fire System	1,609.90	0.00	1,609.90
Fire System Repairs	2,896.00	0.00	2,896.00
General Clean-Up	8,505.00	0.00	8,505.00
Insect Control	1,785.36	0.00	1,785.36
Labor	752.50	0.00	752.50
Light Bulbs	26.18	0.00	26.18
Supplies	187.99	0.00	187.99
Sweep Drive Areas	900.00	0.00	900.00
Total Common Areas	<u>16,662.93</u>	<u>0.00</u>	<u>16,662.93</u>
Docks			
Labor	3,500.00	0.00	3,500.00
Supplies	605.00	0.00	605.00
Total Docks	<u>4,105.00</u>	<u>0.00</u>	<u>4,105.00</u>
Elevator Bldg 3	3,062.50	0.00	3,062.50
Equipment	250.00	0.00	250.00
Exercise Room			
Cleaning/Janitorial	850.00	0.00	850.00
Total Exercise Room	<u>850.00</u>	<u>0.00</u>	<u>850.00</u>

Waterside COA
Profit & Loss by Class
January through June 2024

	Operating Fund	Reserve Fund	TOTAL
Snow Removal			
Ice Melt	119.94	0.00	119.94
Snow Removal - Other	7,900.00	0.00	7,900.00
Total Snow Removal	8,019.94	0.00	8,019.94
Spa Area			
Chemicals	886.05	0.00	886.05
Total Spa Area	886.05	0.00	886.05
Total Repairs and Maintenance	33,836.42	0.00	33,836.42
Security Cameras	100.00	0.00	100.00
Social Events	150.00	0.00	150.00
Supplies			
Materials	28.00	0.00	28.00
Office	228.62	0.00	228.62
Total Supplies	256.62	0.00	256.62
Taxes			
State	50.00	0.00	50.00
Total Taxes	50.00	0.00	50.00
Utilities			
Cable	555.58	0.00	555.58
Fire Monitoring	600.00	0.00	600.00
Gas and Electric	9,312.00	0.00	9,312.00
Propane	25,069.92	0.00	25,069.92
Telephone	1,509.05	0.00	1,509.05
Trash Removal	5,906.39	0.00	5,906.39
Water and Sewer	16,053.80	0.00	16,053.80
Total Utilities	59,006.74	0.00	59,006.74
Water Softener	2,046.50	0.00	2,046.50
Total Expense	158,996.59	12,302.93	171,299.52
Net Ordinary Income	7,092.31	50,097.07	57,189.38
Other Income/Expense			
Other Income			
Merchant Processing Fee	228.26	0.00	228.26
Total Other Income	228.26	0.00	228.26
Net Other Income	228.26	0.00	228.26
Net Income	7,320.57	50,097.07	57,417.64

Waterside Reserve Projection July 2024

PROJECT	Cycle	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PAINTING																
Building 1		\$ 116,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building 2		\$ 137,750	\$ 137,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building 4		\$ 158,000	\$ -	\$ 158,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building 3		\$ 135,000	\$ -	\$ -	\$ -	\$ -	\$ 135,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Staining		\$ 310,500	\$ -	\$ -	\$ 85,500	\$ -	\$ 25,000	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ROOFS																
Building 1		\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -
Building 2		\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -
Building 3		\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ -
Building 4 and garages		\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BUILDING 3 BEAMS																
		\$ -	\$ -	\$ 21,714	\$ 20,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPA & UTILITIES																
Pool house		\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Resurface spa w/tile and coping		\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebuild waterfalls		\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replace heaters and pumps		\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spa Security		\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Propane System		\$ 40,734	\$ -	\$ 40,734	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DOCK AREA																
Wave Break		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebuild		\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
New Swim Dock/Island		\$ 13,196	\$ -	\$ 13,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FOUNDATIONS																
Resurface parking area		\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -
Landscaping plants and trees		\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Fencing		\$ 15,000	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Concrete Repair		\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -
Lighting		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSE		\$ 1,446,930	\$ 130,000	\$ 130,000	\$ 105,803	\$ 5,000	\$ 200,000	\$ 35,000	\$ 75,000	\$ 75,000	\$ 110,000	\$ 60,000	\$ 70,000	\$ 135,000	\$ 130,000	\$ 0
Special Assessment																
Total Expense		\$ 116,750	\$ 137,750	\$ 233,644	\$ 105,803	\$ 5,000	\$ 200,000	\$ 35,000	\$ 75,000	\$ 75,000	\$ 110,000	\$ 60,000	\$ 70,000	\$ 135,000	\$ 130,000	\$ 0
Beginning Reserve		\$ 131,875	\$ 75,125	\$ 127,375	\$ 37,360	\$ 56,357	\$ 176,157	\$ 100,957	\$ 190,757	\$ 240,557	\$ 290,357	\$ 305,157	\$ 369,957	\$ 424,757	\$ 414,557	\$ 409,357
Reserve Contribution		\$ 60,000	\$ 190,000	\$ 143,629	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800	\$ 124,800
Balance		\$ 75,125	\$ 127,375	\$ 37,360	\$ 56,357	\$ 176,157	\$ 100,957	\$ 190,757	\$ 240,557	\$ 290,357	\$ 305,157	\$ 369,957	\$ 424,757	\$ 414,557	\$ 409,357	\$ 534,157

Waterside Building 3 Beam Project – July 2024 Update

Architect/Structural Engineering/Contractor Status

- The original architect/structural engineer of Waterside, Obermeier-Sheykhet in Denver, completed a bid package in January 2024 to enable us to go out to contractors for construction bids.
 - The bid package did not include detailed construction drawings, but had enough information for contractors to submit formal bids.
 - We decided to ask contractors for two bids - one replacing the four beams that are currently the most compromised, and another replacing all the beams since the engineer stated that all would likely have to be replaced eventually.
- We solicited bids from 10+ contractors with significant operations in Montana.
 - Out of all those contacted, only two contractors expressed any interest in working on the project – the original builder, Hammerquist Casalegno (H-C), and Martel.
 - H-C also in January installed six temporary supports under the four beams deemed most compromised by the structural engineer.
 - H-C in March informed us that they were very interested in helping us repair the decks, but they were not going to bid on the current bid package for several reasons. The most significant issue they had was they strongly suspect that there is more damage than has been easily identifiable, primarily in the hidden outrigger beams that run from the building out to the perimeter beams where the damage is visible. Because of this, they think the solution that the architect/engineer proposed is not complete. For similar reasons they don't think just replacing four visibly compromised beams makes any sense. During the April/May time frame they proposed a conceptual design that would address these issues.
 - Martel did bid on the bid package as requested, but not until early June. They gave us a written bid of \$740,000 to replace the four beams that are visibly compromised, and \$1.7 million to replace all the perimeter beams.
- Because we have only one written bid that seems very high and may not address the problems completely, we've decided to take an alternate path.
 - Based on H-C conceptual design, we asked the architect/engineer in Denver to tell us what they would charge to evaluate the concept. They came back with approximately \$11,000 to do another bid package, and a total of \$58,000 to do the bid package and all construction drawings.
 - We were not happy with that proposal, especially given that the original design fix they proposed may not be comprehensive, not to mention that their original design of the building was at least partially responsible for the problems we're having.
 - We asked H-C for a list of local engineers that they have worked with, which they gave us. One out of the three recommended expressed an interest in working with us – Jackola Engineering & Architecture in Kalispell.
 - We have engaged Jackola for \$8,000 to evaluate what we've done so far, and give us other options for a comprehensive repair of the decks, working with H-C.

Insurance/Legal Status

- Our initial insurance claim in September of last year was denied, so we decided to seek legal advice on our options to pursue compensation from our insurance company and/or the architect/engineer.
- To make a very long story short, it seems that most lawyers are not very interested in working on issues associated with homeowners associations versus insurance companies. After contacting 15+ law firms, mostly in Montana, we finally identified a Missoula based firm, Cottner Ryan Law PLLC. We engaged David Cottner in March to evaluate our situation.
 - We have only received preliminary feedback at this date, but we are still hoping that the firm can help us at least re-submit our insurance claim. Pursuing the architect/engineer or others is very difficult because of a 10-year limit on liability.

Responsibility for Repair Costs

- From the one bid we've received for repairing the decks, and our preliminary legal input on insurance and other potential means of compensation, it appears that the Association may have a large bill to pay.
 - Any major cost would have to be covered by a special assessment. The Association will look into different alternatives for paying a special assessment in terms of timing, financing, etc.
- All homeowners associations have declarations and by-laws that identify who is responsible for repair and maintenance of various parts of the entire property.
 - In general, our declaration and amendments put responsibility for all internal repairs & maintenance (from the drywall inward) on each individual homeowner, and anything external to that on all sixty-five owners.
 - There are some exceptions to this identified in our documents, but that is the general rule.
 - The decks on Building 3 are an issue as they are used only by the owners of the unit to which they are attached (implying a Limited Common Element), but are external to the unit itself and part of the building structure (implying a General Common Element). Because this is an important issue, and we may be talking about a large amount of money, we decided to get a legal opinion about who is responsible.
 - We engaged Coleen Donohoe, an attorney in Kalispell, who has worked for our association before and in fact was one of the attorneys responsible for drafting our original condominium declaration documents.
 - Her report is attached, and she has given us an opinion that this particular beam repair on the decks is a General Common Element, meaning all of us would be responsible for the cost.

LAW OFFICES OF
COLLEEN DONOHOE, P.C.

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March 7, 2024

Jack Jenkins, President
Waterside Condominium Owners Association, Inc.
Jenk215@gmail.com

Re: Legal Opinion for Waterside Deck issue

Dear Jack:

The purpose of this communication is to provide a legal opinion of whether expenses that will be associated with the repair of the decks that are deteriorating should be classified as a limited common expense or a common expense. In order to provide this opinion, I have reviewed letters from Derek E. Pumphrey, New Rome Enterprises LLC dated January 10, 2024 and January 25, 2024 (“Engineer’s Letters”), Memorandum from Obermeier-Sheykhet Architecture dated January 25, 2024 (“Project Manager’s Memorandum”) Waterside Declaration and amendments, and Montana law (specifically the Unit Ownership Act, Section 70-23-101 et seq.)

A General Common Element is described in the Declaration of Condominium for Waterside Condominium under the Montana Unit Ownership Act recorded August 5, 2005 as Document No. 200521713500 (“Waterside Declaration”) as follows:

General Common Elements: The General Common Elements include, but are not limited to, the land specifically described in Section 2 of this Declaration, all buildings on the Property except the individual Units, all exterior doors, windows, screens, fences, roadways, curbs, gutters, sidewalks and landscaping amenities, and all other elements necessary for the safety, maintenance, and existence of the Property and all the buildings except for the individual Units and all those items listed in Section 70-23-103(7), MCA.

A Limited Common Element is described in the Waterside Declaration as follows:

Limited Common Elements: The Limited Common Elements are those Common Elements reserved for the use of fewer than all of the Unit Owners. Without limiting the foregoing, the Limited Common Elements shall include stairways, balconies, entrances, stoops, flues, chimneys, ducts, cables, conduits, public utility lines, water, sewer, electrical, gas, cable television lines, hot and cold water pipes (all such utility pipes and lines are Limited Common Elements where they service fewer than all of the Units; where they service all of the Units, they shall be General Common Elements), boilers, hot water tanks, and fixtures, or other portions of the building servicing only a particular Unit or less than all the Units, skylights, and the utilities and heating contained within such individual Unit to the exclusion of the use thereof by the Owners, except by invitation.

Any expense associated with a Limited Common Element will be a Limited Common Expense and be borne by only the Unit Owners whose Units are affected. Any other repair expense will be a Common Expense and will be shared by all Unit Owners.

General Common Elements are generally the buildings that comprise Waterside except the individual Units and “all other elements necessary for the safety, maintenance and existence of the Property and all the buildings” *Waterside Declaration, Section 5*. The Montana Unit Ownership Act includes the following partial list of General Common Elements: “the foundations, columns, girders, **beams**, supports, mainwalls, roofs, halls, corridors, lobbies, stairs, fire escapes, entrances, and exits of the building”. *Section 70-23-102(10)(b) (emphasis added)*. The definition contained in the Montana Unit Ownership Act is relevant to the extent not otherwise provided in the Declaration. *Section 70-23-102(10)*. The Montana Unit Ownership Act defines “limited common elements” as “those common elements designated in the declaration ... as reserved for the use of a certain unit or number of units to the exclusion of the other units.” *Section 70-23-102(12)*.

The Waterside Declaration defines Limited Common Elements as those common elements reserved for the use of fewer than all of the Unit Owners and includes “stairways, balconies, entrances ...” *Waterside Declaration, Section 6 (this section of the Declaration was amended in the 7th Amendment to the Waterside Declaration, but the cited language was not changed in such amendment.)*

As a point of clarification, there appears to be a statutory code reference error in the Waterside Declaration. The General Common Element paragraph shown above references 70-23-103(7). The Waterside Declaration references this statute as being excepted from the General Common Elements description (a listing of Limited Common Elements). I have reviewed and researched this issue and the cited section appears to have never existed – now or at the time of the Waterside Declaration. I believe it was merely a typographical error and meant to be 70-23-102(8), which has now been amended and renumbered as 70-23-102(12).

The determination of whether the deck issue relates to a Limited Common Element or a General Common Element hinges largely on the cause of the failure of the decks and whether it is part of the structure of the building or merely the deck itself. The Engineer's Letters, page 1, references parallel beams having deterioration. The deterioration being in the beams would seem to indicate that it is more of a structural issue than simply multiple decks that are deteriorating. In support of this conclusion, the Project Manager's Memorandum indicates that the structural engineer considered the beams to be part of the primary structural framing system, integral with the structure of the rest of the building. While the Waterside Declaration did not reference "beams" in either list of examples for the General Common Elements or Limited Common Elements, beams are referenced in the Montana Unit Ownership Act as a General Common Element. That term, as referred to in the Engineer's Letters, is consistent with it being an integral part of the building having to do with the structure itself and not the individual Units.

The principle that is clearly set out in the Waterside Declaration and the Montana Unit Ownership Act about General Common Elements is its necessity for the safety, maintenance and existence of the buildings. The conclusion of the Engineer's Letters and the Project Manager's Memorandum is that there would be consequent damage to the exterior of the building if the noted beams that are deteriorating fail.

Based upon the foregoing, it is my opinion that the Association can reasonably classify the deteriorating portions of the deck and beams at issue as General Common Elements and treat the expenses to repair as Common Expenses.

Very truly yours,

By: /s/ Colleen P. Donohoe
Colleen P. Donohoe

SUMMARY - Waterside Rules & Regs

(To Make Waterside the Best Residential Community For All)

For Owners of Rental Units

- Two-week minimum rental
- Owners must submit to the Property Manager annually the Intent to Rent Form, and for each rental period the Standardized Short Term Rental Agreement (both available on the Watersidemt.com website).
- This Summary should be made available to renters before they commit to rent, and be in each unit that is rented.

Pets

- Renters are not allowed to have pets at Waterside.
- All pets must be on leashes when in any of the common areas on the property.
- Owners should respect others by not letting their pets relieve themselves anywhere near others' units, or on any of the grass areas (even if poop is picked up, the urine leaves brown spots on the lawn). There are pet relief areas on each of the front corners of the property.

Spa

- The spa is an adult amenity, not a swimming pool. Accordingly, children under 3 yrs old are not permitted in the spa (pretty yucky when there's an accident), and children between 3 and 12 years old must be accompanied by a responsible adult.
- All should observe the spa hours of 8 am to 10 pm daily, which coincide with quiet hours in all common areas.
- Please no glass containers or other breakable or hazardous items in the spa area, and please no pets!

Parking

- Parking can only occur in designated spaces – please do not block entrances to garages or carports, or importantly the well-marked fire lanes.
- Waterside cannot accommodate vehicles that don't fit in normal parking spaces such as RV's, and also cannot be used to store trailers, boats or anything else that is not a normal passenger vehicle.

Marina

- Renters may dock boats in the Waterside Marina, but only in slips associated with the units in which they are residing, and for the time slots allowed if a shared slip.
- Fuel containers of any type are not allowed on the marina.

General

- Please keep Waterside looking like the first-class residential community that it is by not hanging towels, etc. off of the decks and by please taking garbage bags to empty bins.
- The Kayak/Paddelboard rack near the swim area was meant for day use, not being taken over for the summer so no one else can use it. Please don't leave your toys there overnight, or ever on the lawn.
- Importantly, there are no fireworks allowed at Waterside for safety reasons.
- All owners will ideally take some responsibility for assuring these common-sense behaviors are followed by all. For behavior that is on-going or for non-cooperative residents, please call the Property Manager, David Roberts, at (406) 253-2840.