

RLCCEPOA Annual Owners Meeting

June 25, 2023, 2pm MST

The meeting was called to order at 2:00PM MST by Board Chairman, Wally Tate.

A Quorum was established with 143 proxies (Properties) prior the meeting, and 41 properties represented.

Wally opened the meeting with an introduction of the Board Members and presented the agenda. The agenda was also posted on the website prior to the meeting. Property owners were informed of the annual meeting via email and the website.

Approval of the 2022 RLCCEPOA Annual Meeting Minutes (Wally Tate)

Minutes were posted on POA website in September 2022 in draft form.

-Dave Quinn moved to approve 2022 Annual Meeting minutes

-Clay Cummins provided second

-Minutes passed unanimously.

The minutes are no longer in "Draft" form and can be found on the RLCCEPOA website.

Financial Report (Dave Quinn)

Financial Reports were posted on the POA website prior to the meeting. Dave provided an overview of financial status for the POA. These included additions of income: assessments, transfer fees, and interest. Expenses include annual meeting costs, postage/mailings, and contract fees. Printing and copying costs were up this year as we paid for invoices billed in 2023 for work completed in 2021 and 2023. POA is anticipating a small deficit for 2023.

-Clay Cummins moved to approve financial report as presented

-Doug Reynolds provided second

-Financial report passed unanimously.

Delinquency Report (Karri Haw)

The POA currently has 4 past due property owners for 2023. There are 3 property owners with past dues of two years or greater, the percentage for these properties would be .005%. This is the lowest past due percentage in the past two years.

Short Term Rental Recommendations Proposed to the City (AL Bloomer, Chairman of Red Lodge Planning Board & Zoning Commission)

This presentation is posted on POA website. Al reported that there are several moving parts in developing regulations and rules for governing Short-Term Rentals (STRs). HOAs have the right to prohibit or place restrictions on STRs. The city policy is directed to residential zones that are not governed by HOA policies. HOA policies may be more restrictive than city zoning policies. The challenge is being attentive to our citizens while staying within the guidelines of our

purpose to preserve neighborhood character while encouraging economic activity and diversity. The planning board wants to ensure public health, safety, and welfare.

A detailed research of this subject was conducted, it included the historical operation, enforcement of rules, compliance, and budget issues. A total of 3 STR management groups, including one in Red Lodge, were contacted to gain information on rules and policies. The commission found that compliance is an issue as many property owners are uncomfortable with the prospect of approaching friends/neighbors with issues. They found that STRs impact on affordable housing is not a major issue as they do not fall into the affordable housing category.

In August 2022 a STR committee was established and provided recommendations to the City Council. Final meeting and opportunity for comment from property owners will be Tuesday, June 27, 2023, at City Council meeting.

City of Red Lodge currently has software to manage STRs. This includes a hotline for complaints, tax reporting, and filing of resort taxes. Currently the city has between 136 to 158 STRs with estimates of reaching 180. This being 10 % of the city properties, current percent is low as compared to a national average of 20-25%. The economic impact for 2022 being \$3.5 million in revenue for STR visitors, 47% of resort taxes came from these visitors. Map provided details where STRs are located within the city.

In setting a short-term rental cap or threshold the Advisory Committee proposed a formula that allowed up to a 50% increase in current city STRs. With the proposed formula - 180 could increase to 270, increasing the percentage of STRs in the city to 16%. The intent is to keep the number of STRs at 16% of the total number of dwelling units. The cap would be reviewed annually. This is not a zoning issue – City Council Authority.

Currently the city has 44 active HOAs and it requires them to follow all licensing and rules for STRs. The biggest issue has been compliance as the city does not have the budget to employ a compliance officer.

The committee recommendations include:

- 29 consecutive nights constitutes an STR.
- Owner/manager must respond to complaints within 30 minutes and be available to be on site within 60 minutes.
- Meet all fire codes
- Follow noise reduction policy with quiet hours from 10pm-7am
- Parking – this is city wide issue. STR operators agree to respect neighbors and work toward equitable parking availability.
- Annual License Review/Renewal
- Grandfather Zoning of Current Operators

Questions:

1. What happened at the first reading/vote? *The first vote was a tie with the mayor breaking the tie. There was additional discussion on the STR cap.*
2. Where can this information be found? *All city council meeting minutes can be found online.*
3. How many properties are grandfathered or exempt? *Not exactly sure but there is an estimate of 156 to be grandfathered.*
4. Who completes the review of STRs? *Courtney Long*
5. How many total housing units are in the city of Red Lodge? *1718 including empty lots.*
6. Who will decide what properties will receive renewed STR licenses? *Courtney Long*
7. Without a compliance officer how will STRs be managed? *Courtney Long's staff looks at them.*
8. As of now what is stopping the POA from addressing the STR issue? *The BOD will continue to look at this issue this year. HOA must record regulations with the city but are unable to impose new rules on properties that are already STRs.*

Beartooth Billings Clinic Foundation presentation and possible donation (Clay Cummins)

Clay presented a request for POA to donate to the annual Beartooth Billings Clinic Foundation annual gala. The foundation raises funds to support the clinic and currently has assets of \$2 million.

In 2006, this agreement was strengthened and together a decision was made to build a new hospital and clinic in Red Lodge – BEARTOOTH BILLINGS CLINIC. As a community-owned facility, the BEARTOOTH BILLINGS CLINIC FOUNDATION (BBCF) began a fund-raising capital campaign and ultimately raised 3+ million dollars from this giving community in which we live; neighbors and friends that recognized the value and need. The remainder of the 20+ million-dollar funding was provided by the previous Hospital's reserves and long-term debt.

Last year, funds were provided for upgrades to the physical therapy and rehabilitation department; previous years it's been computer stands on wheels (COWS); endowment, scholarships, surgery equipment; cardiac care and more. Earlier this year the Foundation provided funds from unrestricted investments of nearly \$400,000 to the Clinic to upgrade to state-of-the-art 3D mammography equipment - it's in place and patients do not have to travel to Billings.

The Gala this year will be held at Fox Fields on Saturday, September 16 and proceeds will assist in funding a new service line -- infusion therapy at the hospital; again, saving patients the drive to Billings.

Questions:

1. Is there a possibility of delaying the vote for the BBC donation? *There is only a need to vote today on whether the membership will allow a donation.*
2. Who sets the amount of the donation? *The BOD sets the amount of the donation.*
3. Are we going to give \$3K as this is 90% of the assessment fees? *There are various levels of sponsorship and Clay feels that the POA should be involved with supporting the BBC Foundation on an annual basis.*

See below for the complete presentation.

-Clay Cummins moved to donate to BBCF

-Kevin Funyak provided second

-Motion passed with amount of donation to BBCF to be set by BOD

Messiah Lutheran Church Plans for Future (Linda Daly, President of Council)

The church has moved into their new facility and is currently worshipping there at 10am on Sundays. They are waiting for the rain to stop to complete landscaping and add signage. Landscaping will include tree trimming and moving a large dirt pile. This will free up parking lot space so that there will be less parking on the street.

Meadowlark Children's will be opening a daycare at the church serving 8 children, ages 0-12 years. The hours of operation will be M-Thurs, 8am-4:30pm. They hope to receive all required licensing by August 2023. The daycare will include a natural outdoor playground.

Plans for the undeveloped property that the church owns next to their facility include a practice area for soccer, a memorial garden (including paths and benches), a storage shed (this to be built within restrictions).

Questions:

1. Will the church host concerts as they have in the past? *Free concerts are a possibility in the future, uncertain if this area is large enough to host a big gathering. They will be hosting bond fires and possibly a Bible camp.*

Update on proposed Declarant transfer to the POA. Potential vote to accept transfer. (Wally Tate)

Transfer of declarant will be complete this year without control over Grizzly Peak Inc.'s (GPI) properties: this includes club house, golf course, 4 undeveloped properties. Please see below for this presentation. This is a positive step for the HOA.

Questions:

1. Why is the POA taking over declarant? *Property owners expressed the need for the takeover during the 2022 annual meeting and requested that the BOD seek control of the declarant.*
2. What will be the effective date? *Both parties are still finalizing the legal paperwork, anticipating the transfer will be complete sometime mid-September. BOD is currently looking for volunteers to establish Architectural Review Committee(ARC).*
3. Should a motion to transfer the declarant be made once the legal paperwork is complete? *GPI and HOA have reached an agreement. They are simply addressing the exact properties that are owned by GPI. This turnover will give property owners control over architectural reviews.*
4. Will Beartooth Billings Clinic maintain their voting rights? *BBC cannot vote on this issue as it is a non-profit organization that does not pay assessment fees. Votes that are according to square footage only impact the Covenants, Conditions, and Restrictions (CCRs). Jeff Schmidt confirmed that GPI will support the HOA through the declarant transfer. GPI's main concern has been maintaining control of the properties that they own.*
5. If GPI sells or develops properties will the HOA require adherence to the CCRs? *Jeff Schimdt provided full disclosure on the development of these properties by stating that the only plan that has been discussed for these properties would be to build a small hotel. There has not been a plan to develop in any other manner.*
6. How does the HOA plan to enforce CCRs going forward? *The HOA will continue to enforce the CCRs and address complaints that are regularly sent to through emails. Wally promptly addresses all complaints. One example, a letter was recently sent to a property owner that needs to address landscaping requirements for their property.*
7. Financial implications of the transfer of the declarant? *HOA, with the assistance of the ARC, is considering setting a \$350 charge for review of new building plans. Currently the fees are \$650 for new builds and \$75 for remodels. Additionally, a \$500 trash deposit is required.*
8. Is there a leash law within the HOA? *The city of Red Lodge has a leash law, the HOA has signage within the association that states that leashes are required.*
9. Have there been responses to mowing weeds within the HOA? *The response has been positive. Please see the website for list of mowing companies willing to operate within the POA.*

-Jen Davis, "I move that the RLCCEPOA accepts the proposed Declarant transfer from GPI to the RLCCEPOA with the stipulation that the POA will have no regulatory authority over GPI owned properties".

-Jeff Schimdt provided second.

-Motion passed unanimously.

Election of Board Directors (Barc Corbus, Clay Cummins)

The board positions of Sue Roi, Dave Quinn, and Doug Reynolds are currently up for re-election.

Wally asked if there are any additional nominations, none stated.

-Clay Cummins moved to re-elect the above listed BOD members to another term

-Jen Davis provided second

-Motion approved unanimously.

Adjourn Meeting 3:41pm