

Park Avenue Lofts Condominium Association
Board of Directors Meeting
March 30, 2004

A Board Meeting was held on March 30, 2004, via teleconference call. Members in conference included Denis Franks, Gordon Franks, Bill Podl, Bob Johnson and Rob Young. Mike Madsen was present in person. Chad Christy, Keith Kroepler and Patrice Novak from Great Western Lodging were also present. Items discussed were as follows:

I. Call to Order

Denis Franks called the meeting to order at 3:05 p.m.

II. Financials

A. Profit & Loss vs. Actual - Overview of 2003

1. The association had a net income of \$43,230.14 versus the \$16,893.57 income that was budgeted for the year of 2003. This was attributed to good budgeting and minimal legal fees. Denis commented the efforts of Great Western Lodging have contributed to the great financial year in addition to utilizing a contracted accountant.
2. Line Item - 8045, Outside Accounting, reflects the payment of McMahon & Associates for the 2001 audit.
3. Line Item - 4040, Special Assessments, reflects the \$4,000.00 payment from the homeowners to McMahon & Associates.

B. Profit & Loss Budget vs. Actual - Year to Date

1. Line Item - 8300, Electric & Gas is over budget due to an increase in rates as well as working on mechanical issues to isolate the heating system.
 - a. Tolin Mechanical is working on segregating the heating water from the domestic use water. Originally the estimate was \$30,000, but now is only estimated at \$3,300.00
2. Currently the association has a net income of \$873.61, and was budgeted to be (\$3,306.96).

C. Balance Sheet - Year to Date

1. Line Item 3550, Reserve Fund Balance, has \$38,620.90 in the account.
 - a. Bill Podl asked if the Reserve Fund account was interest bearing and Chad answered that it is, however interests rates are low.
 - b. Line Items 1025 and 3550 balance.

- D. Customer Balance Summary
 - 1. The account balances have considerably dropped.
 - a. The exception, Jeff Lenzens' unit (205), the locks have been changed and he does not have access to the unit until dues are up to date.
 - 2. The assessment due from unit 204 that had been outstanding from the purchase of the manager's unit has now been paid.

III. Review of Carry Over Balances from Vail Resorts

- A. Vail Resorts (VR) had been fronting the association the monthly dues every month, then they were collecting that money from the unit owners individually.
- B. When Great Western Lodging took over the management, VR had kept all the funds commingled and had a list of 4 units (Line Item - 1475, see Transactions by Account in packet) VR said still owed money to the association and it was now Great Western Lodging's responsibility to collect the funds from the owner's.
 - 1. The money had been collected for the 4 units by VR, but VR kept the money and put it towards what they felt the association owed them.
- C. Denis suggested Line Item - 1475 should be removed from the Balance Sheet due to the problems with solving how these balances came to be.
- D. Denis stated that approximately \$2,750.00 has been settled with VR and the association lawyer.
- E. Bill Podl feels it should be written off as well.
- F. With the accounting methods VR used, it was literally impossible to track the funds. VR had operated within their contract with Park Avenue Lofts; therefore, the association didn't have much recourse.

Denis motioned to have the \$2,750.00 be applied towards Line Item 1475, and write off the balance. Bon Johnson seconded the motion. All were in favor and the motion was passed.

IV. Review of Late Fee Structure

- A. In 2003 - the Board had decided that any dues not received by the 10th of the current month would be subject to a \$25 late fee. Dues still not received by the 20th of the current month received a 1.5% finance charge. If the dues were 60 days late, a lien would be placed on the unit. If the dues were 90 days late, the utilities would be shut off, rendering the unit uninhabitable.
- B. Chad stated that the association should re-evaluate the current process due to the fact that the association should not have to carry owners who have not paid the dues.

- C. The owners who are currently behind in dues payments are chronically delinquent.

Denis motioned to change the Late Fee structure as follows, Bill Podl Seconded the motion, all were in favor and the motion was passed.

EFFECTIVE AS OF MAY 1, 2004

Dues not received by the:

- *10th of the current month will receive a \$35.00 late fee*
- *20th of the current month, will receive a 1.5% finance charge.*
- *60 days after the due date will receive a \$100.00 late fee and a lien will be placed on the unit.*
- *90 days after the due date, will receive an additional \$100.00 late fee and the electricity and water will be shut off as well as the locks changed, rendering the unit uninhabitable.*
- *Voting privileges will be suspended to those who are past due at the time of the annual meeting.*

V. Review Number of Members on the Board of Directors

- A. Currently, the Declarations state, there must be 3-7 Board Members (odd numbers only).
1. David Hale mentioned prior to the meeting that he is in favor of maintaining 7 Board Members.
 2. Denis Franks suggested the Board be reduced to 5 members in terms of proportion as well as comparison to other associations.
 - a. Denis also suggested that the first step should be to reduce to 5 members and perhaps at the 2005 meeting, it will be decided to reduce to 3 members.
 3. Mike Madsen agreed with Chad that the Board be revised to 3 members.
- D. The commercial unit should always have a seat on the Board because of the number of votes the commercial unit holds.
- E. It was decided to add the issue of reducing the Board to 5 members to the Annual Meeting agenda.
1. The owners will discuss and a firm decision will be made on April 16, 2004 at the Annual Meeting.

VI. Developer Lawsuit

Denis Franks recapped the lawsuit. The developer lawsuit is proceeding; Set of interrogatories has been provided to the association attorney (Bill Dorrigan). There was disagreement from Siegal and Kaiser and their attorney as to whether the interrogatories were accurate. Denis, Gordon Franks and Bob Johnson specifically support the fact that the answers given to Siegal and Kaiser were accurate. Denis believes that if Siegal and Kaiser have any common sense and if their insurance company is reasonable, they would attempt to resolve this issue before it heads to court. They have named every contractor as a defendant. Bob Johnson and Denis Franks are meeting with the attorneys soon.

- A. Siegal and Kaiser say the building that was built was the same as the one the purchasers were promised. They say it was not presented as a luxury property.
- B. Mike Madsen stated that granite counter tops, stainless steel appliances, wool carpets, slate entryways and marble are definitely unit finishes of a luxury development. Mike feels the workmanship was poor and that is what is in question.
- C. Denis Franks remembers Park Avenue Lofts was compared to Main Street Station as a comparable or even better constructed property.
- D. Bill Podl asked that a review of the lawsuit, whether in writing or as a presentation at the annual meeting, be available to the owner's.

VII. Meeting Adjournment

Denis Franks adjourned the meeting at 3:50p.m.