

**PARK AVENUE LOFTS CONDOMINIUM ASSOCIATION
ANNUAL HOME OWNERS MEETING
April 11, 2003
Breckenridge, CO**

Owners present included:

Mike Madsen (301 & 308)

Denis Franks (307)

Jon Franks (204)

Glynis Osborne (309)

David Hale (302, 303 & 304)

Robert Young (Commercial)

Don Westmaas (206)

Dick Yankowski (202)

Gordon Franks (201 & 306)

Bob Johnson (208)

David Kaiser (305)

Chad Christy, Keith Kroepler, Patrice Novak and Joel Blackmer also attended representing Great Western Lodging.

I. Call to Order

The meeting was called to order on April 11, 2003 at 3:30 p.m.

II. Statement of Meeting Notice Compliance

Fourteen residential units and the commercial unit were represented in person and four proxies were received. A quorum was reached.

III. Approval of the April 19, 2002 Annual Meeting Minutes

- A. Section 10 of the 2002 minutes, Election of Board Members, has conflicting statements in regards to the terms of the board of directors. Chad Christy suggested eliminating the statement regarding the rotation schedule of the board of directors due to the fact that a schedule was never determined or recorded.
- B. David Kaiser pointed out the minutes from 2002 are not 100% accurate. Chad agreed to that possibility, the 2002 minutes came directly from the information Great Western received from Vail Resorts. Chad noted that the current meeting will not be reviewed word for word, but will be documented as a general overview.
- C. Mike Madsen pointed out that Denis Franks had motioned to put the employee unit on the market, which did not happen.
- D. Denis Franks motioned to approve the minutes with the changes to the Section 10, Mike Madsen seconded, all were in favor and the motion was passed

IV. Property Manager's Report

A. Association Management Transfer

On October 18, 2002 Vail Associates accepted the termination of the association management from the Board of Directors, effective immediately. Great Western began managing the association that afternoon. Chad Christy stated that all association unit dues through the end of March are current for the first time since the transfer of the association. David Kaiser asked if all special assessments for the managers unit had been received. Chad Christy stated there is a question regarding the assessments payment from unit 204, which is outlined in the McMahon and Associates Audit for 2001. Chad Christy stated the reason for the

delay in reviewing this in more details is the unwillingness for McMahon and Associates to assist in this audit until they receive full payment for their work.

B. Special Projects

Chad Christy offered a review of the projects that had been completed since the transition of the association management.

1. Hallways: new carpet and paint throughout the hallways was completed in early December of 2002. A year ago in January, the sprinkler system failed and caused flooding. Due to the flood, the carpets were damaged. Chad Christy also stated that there was an adhering problem during the original installation of the carpets as well, causing premature aging. The new carpet is a grade that carried a ten-year warranty with a life expectancy of 6 to 8 years.
2. Updating of Key Card System: The garage doors were switched from a separate remote to the same card that is used to enter the units/facility in November of 2002. The system is working well.
3. ACH Banking: The automatic withdraw banking system is set up with the bank. Owners who chose to sign up to have the dues automatically taken from their accounts can sign up at no cost to the owner or the association. At this point the system is optional, Chad has suggested to the board that the system be mandatory in the future. A form was enclosed in this packet.

Bob Johnson mentioned there is an opportunity with the key card system to be able to interrogate the locks in the case of theft. Chad mentioned that there is an upgrade to the system that will enable to trace exactly who entered each unit. David Kaiser asked if the upgrade was available to the current system. Chad stated the system is capable of the upgrade for a cost of about \$2500. Joel Blackmer mentioned the current system does have an audit capability that will show when each unit was entered, but not who. David Kaiser would like the association to look into the cost of an upgrade.

Glynis Osborne brought up the fact that at Beaver Run, each owner is required to have a million dollar owner insurance policy. She asked if the same would happen with Park Ave. Lofts. Chad Christy answered that nothing has been brought up at this time but does feel is an emerging trend and may be possible in the future. Additionally, he offered that with most insurance companies a one million dollar liability coverage is standard.

V. FINANCIAL REPORT

A. Balance Sheet, March 31, 2003

Chad Christy offered a review of the balance sheet:

1. There is currently a little over \$18,000 in the savings account. When money comes into the savings account from dues, it is deposited into the savings account and only transferred into the checking account as needed. This is done in order to earn interest for the association.
2. Line Item 1200 – Accounts Receivable as of March 31st. As of today the association is current on all unit dues through March.
3. Line Items 1420 and 1410 – outlined on the McMahon report and are a carry over from 2001 and 2002. Chad Christy stated that as soon as the

invoice with McMahon and Associates is paid, this item would be further investigated.

4. Line Item 1475 – monies due from Vail Associates at the time of termination of management due to the co-mingling of accounts
5. Line Item 3550 – Reserve Fund Balance, from month to month this number will grow and once the account is above \$20,000, a High Yield Money Market account will be opened to give the association an opportunity to earn interest.

B. Year to Date Profit and Loss

Chad Christy gave a review of the current Profit and Loss statements for the association:

1. Profit and Loss for March – the association was budgeted in March for a \$1098.34 net income, and the actual is \$2,634.68. The association is tracking ahead of budget, which is good.
2. Profit and Loss for January through March - The association was budgeted to have a net loss of \$375.08 for this time period, but the actual is a net loss of \$79.44. Chad Christy reported that March was the first month to track below budget due to the carry-over invoices from 2002.
3. Line Item 8100 – Maintenance and Repair, over budget due to the work done to the boiler system by Tolin Mechanical last fall for the amount of \$4500.00, which the invoice was carried over and paid in January 2003.
4. In 2003 thus far, \$1,899.99 has been placed into the reserve fund.
5. Mike Madsen questioned the telephone expense. Chad Christy explained it is due to the expense of maintaining a separate office phone line and a separate phone line for the fire monitoring system.

C. 2003 Budget Overview and Ratification

Chad Christy gave a review of the proposed 2003 operating budget:

1. The general membership chooses at the annual meeting to approve the operating budget for the upcoming year
2. The Association Dues decreased in January.
3. The proposed budget has a net income of \$16,893.57, prior to the principal payments of the managers unit.
4. Denis Franks mentioned that the monies due to the association from Vail Associates would be placed into the reserve fund for future projects once the money is received.
5. Glynis Osborne expressed concern regarding the amount of the dues and how high they are. Glynis asked whether there was any anticipation of the dues decreasing again. Chad Christy stated that he did not foresee the dues decreasing, but also did not foresee them increasing. Chad stated there are several line items that will disappear, such as 8045 – Outside Accounting, which covered the audit to straighten out the financials with the transfer from Vail Associates to Great Western Lodging.
6. David Kaiser asked where the actual expenses are noted from last year. Denis Franks answered that because Vail Associates co-mingled Park Ave. Lofts accounts with their own property management accounts, the association did not receive copies of the invoices/statements or purchase orders that Vail supposedly paid on behalf of the association.

Chad Christy also offered that once the adjusted tax return is received, that all members are welcomed to review the 2002 financials.

Mike Madsen stated that Great Western has done a monumental job with getting the accounts in order by the end of the first quarter rather than the 2nd quarter. Mike also commended Great Western on their professionalism and asked for a round of applause on Great Westerns behalf. David Hale made the comment that he does a lot of business with Vail Associates and has many problems retrieving copies of invoices and information regarding his rental properties that are managed by Vail Associates. He wanted to verify that Vail Associates accounting processes are confusing and in fact understands the difficulty Great Western has had with the transfer of Park Ave. Lofts.

Jon Franks mentioned that ever since he has been an owner at Park Ave. Lofts, he has tried to get maintenance to fix the outdoor handicapped lift to include a handle on the inside of the door and never has this been resolved. Yesterday, Jon mentioned this problem to Joel (the on site manager) and the problem was resolved within hours. Jon thanked Joel profusely. Mike Madsen described some 2 x 4 boards that were attached to a wall in the common area and were very unattractive and had not been removed by the two previous management, however Joel had taken them down within days of his employment.

Denis Franks motioned to approve the budget without change, Mike Madsen seconded, all were in favor and the motion was passed.

VI. NEW BUSINESS

A. Review the Status with Vail Associates

Chad Christy gave the review of the current status in regards to the on-going effort to resolve unapproved expenditures of Vail Associates during their term as association managers, along with the issue of association dues being commingled with unit charges.

1. Chad Christy reviewed the meeting he and Keith Kroepler had with Vail Associates in late January to discuss the unapproved association billing. The meeting consisted of various Vail Associates accounting staff, Tony Peringer and Kent Coleman. Tony Perringer was not willing to discuss the issues at hand and literally told the association to sue Vail Associates if they did not like the answers they were receiving. Chad Christy remarked that the meeting lasted less than 50 minutes due to the stern attitude from Tony Perringer.
2. There was a Board of directors meeting via conference call on February 6, 2003. The accounting issue with Vail Associates was discussed at length. It was decided during this meeting to have the association attorney send a demand letter to Vail Associates, asking for this issue to be reviewed and discussed or face legal action. Scoop Daniel (the association attorney) felt comfortable that the issue should be able to be resolved without further litigation.
3. Park Avenue Lofts Association has recovered over \$3000.00 in dues owed to the association by Vail Associates. These funds were never forwarded to Great Western Lodging after the changeover because Vail

Associates felt the money was owed to them. This recovery was largely due to help from David Hale and his communication with Vail Associates.

B. Conference Room and Lobby Furnishings

David Kaiser stated that he had given the association a \$5000 credit on the purchase of the manager's unit to furnish the meeting space in the building. Due to the financial situation of the association in the past, the monies have not been available to furnish the meeting area as of yet.

It was agreed that furnishing the meeting room would be very beneficial to the financial situation of the association. Denis Franks suggested that any monies received from Vail Associates should go directly to the furnishing of the meeting room. Great Western will look into the cost of fine-tuning the lobby décor and signage for the building.

Mike Madsen motioned to have \$3000 go to the furnishing of the meeting room at this time, Denis Franks seconded, all were in favor and the motion was passed.

C. Ski Locker Ideas

Due to traffic flow, it was suggested to try to keep skis out of the units, the hallways and the elevator. The lockers are now located in the garage and they are not easily accessible. Chad Christy reported looking in tot the following options:

1. Convert one of the lobby bathrooms into ski lockers.
2. Put up more signage throughout the building directing the guests to the garage where the lockers currently are located.
3. Covert the space on the 2nd and 3rd floor landings to accommodate skis.

David Hale mentioned that all of his other units in town have ski racks within the unit and it has not posed a problem. A discussion followed, but no firm direction was decided.

D. Long Term Rentals

Mike Madsen reviewed that the By-Laws for Park Avenue Lofts do not allow long-term rentals for more than 60 consecutive days unless it is the homeowner themselves using the unit. His concern was directed towards the unit owner of unit #205, Jeff Lenzen, who had leased his unit for a longer time period than 60 days. Mike Madsen asked if we should have some type of penalty for units that do not adhere to this requirement of the association. Denis Franks stated that since the owner of unit #205 has had this tenant in his unit, that this was the first time in a year that the association had not had to lien the unit to receive association due payments and did not agree with proposing a penalty.

After further discussion, Denis Franks motioned to send a letter to Jeff Lenzen stating the current long-term rental he has in #205 is against the declarations and by-laws and it will not be allowed again. Mike Madsen seconded, all were in favor and the motion was passed.

E. The Dredge Restaurant Liability

Mike Madsen stated that he was concerned that the Dredge might be considered a liability to Park Avenue Lofts due to the fact that the structure has been moved this winter and may have encroach on to the property of the association.

Denis Franks motioned to authorize Scoop Daniel to construct a letter to the owner of the Dredge (Carol Rockne) with regards to assuring that Park Avenue Lofts insurance will not be liable for anything that has to do with the Dredge building. Mike Madsen seconded, all were in favor and the motion was passed.

F. Allowing Homeowners Pets in the Building

Mike Madsen motioned to modify the declarations to allow dogs under 20 pounds accompanied by the homeowners in the building, David Kaiser seconded, and it opened for discussion. Rob Young requested to abstain from voting as he is the owner of the commercial unit and does not feel the dog issue applies to him.

A show of hands was called on with the results listed below:

NO - 10 votes

YES - 8 votes

No dogs/pets allowed in or on the property, the declarations would remain the same.

G. McMahan and Associates Invoice

Chad Christy stated that the invoice for the 2001 Audit of the financials for Park Avenue Lofts has been left unpaid, due to the amount of the invoice. The original invoice was for close to \$6,000, and it was accompanied by a letter stated that the declarant should in fact pay for this invoice. Additionally, McMahan and Associates will not assist with the audit information without receiving final payment. The association feels the invoice should be payable by the declarant.

Denis Franks motioned to send the invoice and a letter to the declarant requesting payment. Dick Yankowski suggested that if the declarant does not pay the invoice within 60 days, a \$200 assessment per unit would allow the association to pay for the invoice. Glynis Osborne seconded, all were in favor and the motion was passed.

H. Improved Communication

Glynis Osborne stated that she would like e-mails sent to her with regards to the association. She stated that she was not notified of the change from Vail Associates to Great Western Lodging promptly, and had issues with meeting date changes and other important issues she as a homeowner should be aware of. Chad Christy offered that it was at the top of his list to make sure that communication throughout the association would continue to improve.

I. Web Site Address

Don Westmaas stated that he owns the domain name parkavenuelofts.com and would like to donate it to the association if it will be put to good use. Jon Franks asked if he had also purchase parkavelofts.com, and Don Westmaas stated that he had not but he would.

Chad Christy stated that if and when Park Avenue Lofts has it's own web page, Great Western would definitely put a link in place from web page to web page, and that marketing Park Avenue Lofts should come from an internal point of view from the association. He stated that in the event that Great Western Lodging was no longer associated with Park Avenue Lofts, this would continue a market effort for the association without complete reliance of the managing agent.

VII. ELECTION OF BOARD MEMBERS

Denis Franks moved to retain the current board by acclamation for a one-year term, with Mike Madsen putting the motion out to discussion. David Kaiser nominated Mike Madsen, and he accepted the nomination. Nominations were closed.

Ballots were passed out, with each residential unit having seven (7) votes and the commercial unit having forty two (42) votes, per the Declaration for Park Avenue Lofts. The votes were tallied and the results for the new Board Members are as follows:

Denis Franks, Gordon Franks, Rob Young, Bill Podl, David Hale, Bob Johnson, and Mike Madsen.

The Board will appoint the officers to the various positions after the meeting.

Mike Madsen motioned to limit the Board to 5 members, stagger the terms of the Board members and change the current declarations. Denis Franks stated that the Board of Directors has the authorization to change the number of board members to as few as 3 members, as written in the current Declarations of the Association. David Hale did not agree with increasing the term lengths to more than 1-year terms, as they are now. He felt that a 1-year term allows members to rotate through the board, and in the vent that a board member is not productive that their term is already limited, so within the year they would be up for re-election.

Mike Madsen motioned to start the process to amend the Declaration to reflect a multi-year term for board members with the term details to be handles by the Board of Directors, and Denis Franks seconded the motion. All members were in favor except David Hale, which represented 4 votes.

VIII. NEXT MEETING DATE

A discussion was held to review options for the next Annual Meeting date. It was agreed by all to tentatively schedule for April 9, 2004, for the next annual meeting. Denis Franks motioned to approve the next meeting date, Glynis Osborne seconded, all were in favor and the motion was passed.

IX. ADJOURNMENT

Denis Franks motioned to adjourn the meeting, Glynis Osborne seconded, and all members were in favor. The meeting was adjourned at 5:50 p.m.