# PARK AVENUE LOFTS HOMEOWNER ASSOCIATION
## ANNUAL MEETING
## April 13, 2012

I. Call the Meeting to Order

The Park Avenue Lofts Association Meeting was called to order by Denis Franks at 10:36 a.m. on April 13, 2012, in the Park Avenue Lofts Conference Room.

Board Members Present Were:
Denis Franks, President, Unit 307
Robert Johnson, Unit 208
Rob Young, Commercial Space Representative

Owners Present Were:
Paul Wember, Unit 209
Gary and Mary Bare, Unit 210
Steve Cox, Unit 303
Bruce Tugman, Unit 305

Proxies were received from Units 201, 202, 203, 204, 205, 206, 207, 301, 304, 306, 308 and 309.

Representing Great Western Lodging were Chad Christy, Keith Kroepler, Jackie Gottschalk, Jeff Cospolich and Brian Juchno. Erika Krainz of Summit Management Resources was recording secretary.

II. Roll Call and Proxies

With six units represented in person and 12 proxies received, a quorum was reached.

III. Verification of Notice

Notice of the meeting was sent in accordance with the Bylaws.

IV. Review and Approval of Previous Meeting Minutes

Denis Franks made a motion to approve the April 15, 2011 Annual Meeting minutes as presented. Robert Johnson seconded and the motion carried.

V. Financial Report

*A. Year-to-Date Financials*
The February 29, 2012 Profit and Loss indicated the Association was operating $395 unfavorable to budget overall. The Reserve balance was $65,220 with an annual contribution of $12,500.

There were savings in insurance last year. The policy was moved from Farmer's to Fireman's Fund and there will also be savings in the new budget.

B. *2012 Budget Overview*
Keith Kroepler provided an overview of the 2012 Budget. There were no significant changes as compared to the 2011 Budget. There was no Management Fee increase and Cable increased slightly. The Association ended 2011 with $54 net income overall, including $1,030 of Miscellaneous Income for rental of the conference room.

An owner asked if the Reserve contribution was adequate. Denis Franks responded that there have not been any Reserve contributions since 2005 or 2006 when $738,000 was received from the developer as a result of the lawsuit. In order to qualify for Fannie Mae or Freddie Mac financing, the Association needs to be contributing a minimum of 10% (about $19,000) of the Operating budget annually. A Reserve Study was commissioned from Murray Bain and it is in the final stages of completion. Denis said he did not anticipate the need for any Special Assessments in the next few years and it should be possible to keep the dues flat. The Reserve Study will be posted on the website once completed.

Denis Franks made a motion to approve the 2012 Budget as presented. Steve Cox seconded and the motion carried.

An owner asked about the contribution level of other properties. Keith Kroepler said 10% was pretty standard. The Fannie Mae and Freddic Mac 10% contribution requirement only applies to buildings with 20 or more units and this building is actually exempt because the Manager's unit is excluded from the count.

VI. <u>Property Manager's Report</u>

A. *2011/2012 Completed Projects*
1. Painting – Painted two sides of the building.
2. Stairwell Carpet – Replaced carpet in two stairwells.
3. Heat – There is a leak somewhere in the building that cannot be located. The autofill system is being recharged on a regular basis to keep the pressure at the appropriate level. The ventilation in the building will be addressed this summer to improve cooling.
4. HD Receivers – There is now HD compatibility in all units.
5. Lobby – The Front Desk was removed and there is now a computer for guest use in that space.

B. *2012 Upcoming Projects*
1. Roof by Unit 212 – This small section of roof will be removed and replaced.
2. Driveway – The seams between the driveway and the drainage areas will be caulked to reduce heaving.
3. Elevator – A door restrictor will be installed on the elevator for compliance with new code.

Brian Juchno was thanked for his efforts in the lobby, especially for locating matching tile.

VII. President's Comments

Denis Franks thanked the Great Western staff for their support of the Board. This year has been very busy.

The building is almost 12 years old. Some units are starting to look a bit ragged or devoid of decorations. He suggested creating a committee to informally look through the units.

The Board looked at linking the Master policy with the unit policies through Fireman's Fund. It was determined that there would not be any savings and all owners would have to complete new paperwork, so it was not pursued.

A third luggage cart has been ordered and should be delivered shortly.

VIII. Old Business

*A. PAL Apartment Refinance*
The refinance of the employee unit was difficult but the end result was a reduction of the interest rate from 7.81% to 5%. This is a great rate for a commercial mortgage and it will save the Association about $4,000 annually.

*B. Insurance Carrier Change*
The Master insurance policy was moved from Farmer's to Fireman's Fund. The new policy premium is less expensive but still provides adequate coverage. A representative from Fireman's Fund walked the building with Jeb and will do so on an annual basis going forward. The policy premium is now about $13,000, saving the Association about $7,000.

*C. Skier Concierge Service*
Last year there was a vote to approve Concierge service through Base Mountain Sports. The Manager of the store left and there is a new enthusiastic Manager. Denis Franks provided a draft proposal for Concierge service. It will need to be tweaked but it should be in place by next ski season.

*D. Unit Insurance Refund Reminder*
If a unit sells, State Farm will issue a refund to the seller. Keith Kroepler noted that the Association should receive the refund since the Association pays the premium.

## IX. New Business

### *A. HDTV*

All units now have receivers for HDTV. Denis Franks strongly recommended that all owners upgrade to flat screen HDTV to remain competitive in the rental market and to maintain the Platinum status for the building.

### *B. Utility Cost Allocations*

Gary Bare said that there had been little discussion about how certain budget items are allocated in the dues. From his reading of the Declarations, he believes there are a number of options for handling items that are not common costs, such as the unit insurance, which is currently allocated on a square footage basis.

Denis Franks explained that there had been a number of claims in the building for water damage and it was discovered that there was not a reasonable standard for insurance coverage. Some owners had only $250,000 of liability coverage and some had no contents coverage at all. The unit contents coverage was added without a dues increase. When this coverage was added to the budget, the Board made the decision to allocate the expense as defined in Section 7.05(b) of the Declarations:

> *Notwithstanding anything to the contrary contained in Section 7.04 above, if any Common Expense is attributable to the operation, maintenance, repair, replacement, alteration or improvement of a Limited Common Element, the Association may levy an Assessment for such Common Expense against the Units to which that Limited Common Element is assigned, equally, in proportion of the Shares of Common Expenses attributable to those Units or in any other equitable proportion as the Association reasonably deems appropriate.*

Robert Johnson added that most of the owners are not local and prefer to have one dues payment that covers everything.

Gary questioned how many owners had purchased based on their interpretation of the Declarations rather than on a Board decision documented in minutes from some years ago. Denis said he spoke to the Association attorney about incorporating past minutes into the Declarations and he indicated it was not required under Colorado law. Denis referred to Section 7.01 (a) of the Declarations:

> *Each Owner, by accepting a deed to a Unit (regardless of whether it shall be expressly stated in such deed), shall be deemed to have been covenanted and agreed, to pay to the Association all: (i) General Assessments, (ii) Special Assessments, (iii) Default Assessments and (iv) other charges, that the Association is required or permitted to levy or impose on such Owner or such Owner's Unit pursuant to this Declaration or any other Association Document.*

Denis noted that Sections 3.02 and 7.02 of the Declarations address the allocation of expenses on a square footage basis. Gary thought this section addressed expenses for general common elements, not limited common elements. Gary felt it might be more appropriate to pass the actual insurance cost to each individual owner.

Chad Christy pointed out that the Association has been consistent in relying on the advice of the attorney, Steve Letofsky, who drafted the Declarations. Steve has indicated that the allocations have been handled appropriately.

Gary felt the cable, internet, common phone and trash line item expenses should be evaluated to determine if they should be allocated based on square footage or if the actual costs per unit should be passed on to each unit owner.

Denis quoted Section 8.05 (b) of the Declarations:

> *Common Expenses for cable television shall be allocated among all Residential Units equally and charged to the Owners of the Residential Units as Special Assessments.*

He explained that the Board has latitude for allocating the Special Assessment expenses and since 2001 has elected to allocate on a square footage basis.

Chad Christy pointed out that there was also the commercial entity. It is always possible to find disparity based on usage and occupancy when looking at one line item such as the dumpster. Steve Cox noted that there were many common expenses that do not benefit certain individual owners.

Denis Franks made a motion to have attorney Steve Letofsky provide a written opinion on the allocation of Special Assessment items. Steve Cox seconded. In discussion, Gary Bare suggested a review of the expenses to determine if they are allocated in the best interest of the owners. Several owners objected to spending money on an attorney. Denis Franks withdrew his motion.

Gary Bare reiterated the list of expenses that he would like to have reviewed. It included cable, internet, building telephone, trash, unit insurance and electrical costs.

Denis Franks made a motion to have the Association continue to allocate costs per the current method that is based on square footage for unit electricity, unit insurance, trash, building telephone, cable and internet. Robert Johnson seconded. In discussion Gary Bare said he had been looking at ways to lower utility costs. He found the units have individual electric meters. He provided graphic analyses of electricity usage, which showed some variation among the units. Units with hot tubs use significantly more electricity. He found that square footage was not a driver for usage. The motion carried with Gary Bare opposed.

Gary Bare commented that Denis Franks "rifled it through" and got his way. Denis Franks objected to this comment and noted that at least two other owners present were not in favor of spending money on the attorney. He added that he spoke to all but four of the unit owners and none were in favor of changing the way the expenses are allocated.

X. Election of Directors

The incumbents all indicated their willingness to run again. There were no nominations from the floor and the current Board members were re-elected.

XI. Set Next Meeting Date

The next Annual Meeting was set for Friday, April 12, 2013, at 10:30 a.m.

XII. Adjournment

Denis Franks made a motion to adjourn at 11:59 a.m. The motion was seconded and carried.

Approved By: ____________________ Date: 5/3/12
Board Member Approval