

**THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION
EXECUTIVE BOARD MEETING
November 5, 2011**

I. CALL MEETING TO ORDER

The Corral at Breckenridge Homeowner Association Executive Board Meeting was called to order by Geoffrey Forman at 8:07 a.m.

Board members participating were:

Geoffrey Forman

Lorri Heuck

Bill Lake

Terry Lee

David Huttner (joined at 9:02 a.m.)

Representing management were Larry Nelson and Iris Peterson. Erika Krainz of Summit Management Resources was recording secretary.

II. DETERMINATION OF QUORUM

With five Board members participating a quorum was reached.

III. APPROVE PREVIOUS MEETING MINUTES

Bill Lake made a motion to approve the minutes of the August 13, 2011 Board Meeting as presented. Geoffrey Forman seconded and the motion carried.

IV. TREASURER'S REPORT

Larry Nelson reported net income of \$12,000 for the month, in line with budget. There were no unusual expenses in August or September.

Geoffrey Forman reviewed the rental spreadsheet with data since the inception of the rental program. Total rental income from August 2010 through July 2011 was \$251,941. Total rental income for August through October 2011 was \$19,569. There is \$93,563 on the books for November 2011 through March 2012, with \$69,000 for December alone (up 20% over last year). Larry Nelson commented that within the last week, there had been another \$10,000 in reservations booked. This year the larger units are selling quicker. Larry said there were also a number of long-term rentals over 30 days, which will lower the average daily rate. He will add columns for year-to-date and prior year totals.

Geoffrey Forman commented that only \$2,158 was spent for advertising in September against a budget of \$2,550. Iris Peterson explained that the amount spent monthly would vary based on the annual renewal schedule. More is being spent on website optimization and she has been getting good feedback from renters. Many guests report finding The Corral through Google searches.

Terry Lee asked why the dues income was on budget despite the owner delinquencies. Larry Nelson explained that the dues are booked on an accrual basis and it is assumed

that all amounts will be collected. Terry thought there should be an offset somewhere to reflect the dues that were not actually received. Larry said delinquent dues were reflected on the Aging Report. When the report was run there were only two owners past due and one has since paid.

Geoffrey Forman made a motion to approve the September financial report. Bill Lake seconded and the motion carried.

Larry Nelson reported that four checks written for repairs in Units 108S and 208S for a break in the common fire suppression line. A claim for \$27,000 was filed with Farmer's. The Association is responsible for the \$5,000 deductible. All reimbursements have been received from the insurance company except for depreciation. The expenses of \$15,000 as of the end of September are reflected in the Other Maintenance Expense account in the financial report. There will be additional expenses in October. The \$18,190 reimbursement from insurance through September is reflected in the Insurance Proceeds line item.

V. OLD BUSINESS

A. Concrete Sealant

Larry Nelson said the sealer was applied this past week. It was applied in two coats per the instructions. The project took three days with three people spraying. It has hardened and darkened the concrete and water is no longer penetrating the surface. Reapplication is recommended annually. The cost was higher than expected at \$800 for a five-gallon can. He purchased 100 gallons (\$16,000 total cost) based on the recommended application calculation but there is enough left over for another coating next year. The cost will be approximately \$8,000/year.

B. Concrete Issue

Doug Benson was retained to represent the Association on the concrete issue. A proposal was received last month from RA Nelson based on an agreement that they had in the works with the concrete subcontractor, Gallegos. The proposal called for jackhammering the damaged areas of concrete and repouring it at a cost of \$16,000. RA Nelson's proposal was to split the cost with the Association. RA Nelson was claiming that salt and ice melt had been used on the concrete surface and caused the spalling. After reviewing the research that Larry Nelson and Gene Warrington had done, it was determined that the use of salt and ice melt did not occur during the first year. The report from Doug Benson included the same conclusion, i.e. that use of ice melt after the first year should not have caused spalling. Gene Warrington suggested that the problem was a design issue rather than a concrete or installation issue. Doug Benson is now working with Fisher Architects. They plan to visit the site next week to review the areas of serious spalling, especially by the South Building, to determine if it is a negligent design issue or a design issue that needs to be updated. They will work on reaching a universal agreement that includes all involved parties. Doug Benson indicated to

Geoffrey Forman that this issue was covered under the original retainer so the Association has not incurred any legal expenses for this work.

C. Intellectual Property Issue

Geoffrey Forman reviewed the memo from Wayne Brown. Wayne and Miro Kovacevic have reviewed the opinion Marina Larson provided last year. Miro referred the issue to an expert in intellectual property law who will write a letter requesting the inclusion of disclaimers. If there is no response, the Board will need to decide if they want to pursue mediation or litigation. The Corral at Breckenridge has been registered with the US Patent Office as the trademark for the Association.

D. Bylaws and Declarations

Wayne Brown provided recommendations and a proposal for rewriting the Association Declarations and Bylaws. He suggested having the in-house staff help with the mailings, administrative work and signature collection to keep costs down.

Terry Lee provided some background on the situation. He said the attorneys reviewed the documents when the construction litigation commenced. Their opinion was that the documents were done inexpensively and were not well drafted. In addition, they are not in compliance with the Colorado Common Interest Ownership Act. The Board had decided in the past to postpone the rewrite based on a multitude of other higher priority issues.

The cost to rewrite the Declarations and have the attorney handle all mailings and administrative work would be \$5,000 – 10,000, but if the Association takes on the document distribution and collection of signatures, the cost could be reduced to \$2,000 – 4,000. Having the Bylaws and House Rules rewritten would be approximately the same cost. Geoffrey Forman suggested establishing a homeowner committee to help with phone calls.

David Huttner made a motion to amend the Association documents at the lowest cost possible in accordance with the recommendation of Wayne Brown. Lorri Heuck seconded and the motion carried.

E. Heating Issue

Larry Nelson said the office and Unit 205W have always been extremely warm. It seemed to get worse over the course of the summer. Unit 103W was under contract but the sale fell through due to the heat issue. He had a heating contractor remove some ceiling tiles in the basement and he found a heating coil that was stuck in the on position. He made repairs and the problem has been rectified. The lobby bathroom and luggage room are still warm but it is much improved. The next step will be to increase the ventilation in the boiler room. Larry has ordered a

louvered door. He will put in some exhaust fans to move the air through and to spread the heat through both ends of the building so the rooms above will cool down.

F. Dues Aging Report

There is a unit that is in foreclosure proceedings. The foreclosure sale should take place sometime in March. Wells Fargo is pursuing the foreclosure. Geoffrey Forman anticipated that Wells Fargo would foreclose on the unit and resell it at a significantly discounted price.

VI. NEW BUSINESS

A. Appointment of Treasurer

Geoffrey Forman said Terry Matlack has resigned as Treasurer. Lorri Heuck volunteered to serve as Treasurer and was appointed by the Board.

B. Winter Hours and Part-Time Help

Larry Nelson said he would be hiring part time help again to cover the 5:00 – 11:00 p.m. shift seven days per week. The ski area is scheduled to open 11/11/11. Extended hours will start around 11/20/11. There is money in the budget for the part time help.

C. Real Estate Market Update

Out of the 66 total units, 11 are listed for sale and two are under contract (a two bedroom listed for \$450,000 and a three bedroom listed for \$499,999). Current listings range from \$430,000 for a two bedroom to \$640,000 for a three bedroom loft. There appears to be an increase in the number of buyers but prices are down.

VII. SET NEXT MEETING DATE

The next Board Meeting was scheduled for Saturday, April 14, 2012.

VIII. ADJOURNMENT TO EXECUTIVE SESSION

Geoffrey Forman made a motion to adjourn at 10:02 a.m. David Huttner seconded and the motion carried.