

THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION
BOARD OF DIRECTORS MEETING
June 16, 2015

I. CALL THE MEETING TO ORDER

The Corral at Breckenridge Homeowner Association Board of Directors Meeting was called to order by Geoffrey Forman at 4:40 p.m. via teleconference.

Board members participating were:

Geoffrey Forman, President, 304E

Terry Lee, 202E

Lorri Heuck, Treasurer, 105E

CJ Milmoie, Secretary, 308E

Representing Great Western Lodging (GWL) were Chad Christy, Brian Juchno and Jeff Cospolich. Jeff Cospolich of GWL transcribed the minutes from the recording.

II. DETERMINATION OF QUORUM

With 4 members participating and 1 proxy (Tim Lawler, 102S), a quorum was confirmed.

III. OLD BUSINESS - DRIVEWAY SNOWMELT SYSTEM DISCUSSION

Geoffrey began by discussing the draft of the letter that will be sent to all Corral owners regarding the driveway snowmelt system for the East/West buildings. He asked if everyone had a chance to review it, and if there were any edits the Board would like made.

Brian Juchno from GWL corrected some figures regarding the repairs to the snowmelt system, noting that the total repair costs in 2015 were over \$100K so far through June. On the second page, regarding the total cost estimate, Chad Christy clarified that the exact management fee is not included, because the HOA contract states that any large project fee is up to negotiation. If the owners approve the project, Brian commented that he will work to try and lock in concrete pricing this fall for the work to be completed in spring 2016.

CJ Milmoie stated that he would like to see some more detail for the owners. Chad commented that the consensus was to just open the dialogue now, with further discussion at the annual meeting in August. Terry Lee said that there was critique at last year's annual meeting, with some owners wanting better communication and transparency. Geoffrey asked if Tolin would be sending over a detailed proposal, or if we could have a Tolin representative present at the annual meeting again. Chad said yes, that should not be a problem and GWL will look into it. Chad stated that we see it as imminent, and that we are ahead of it now. If we come in well prepared with bids, it will be good. He said the hardest part is in recommending the proper timeframe. We could maybe limp through for 2-3 years, or the system could fail next year. Additionally, as the driveway snowmelt zones are failing, the Board is no longer replacing them. For example, out of approximately 80 zones, we lost 2-3 more this past winter. It is at the point where the system is no longer worth repairing. Chad continued by reminding the Board that there are some issues with the system. At about 20 years old, the

snowmelt system is near the end of its useful life. Additionally, poor tubing was used. The tubing used was only flexible in one direction, and not two, so many leaks have occurred over time.

Chad went on to say that at the annual meeting, homeowners can physically tour the problem area in the driveways. Most importantly, we are being proactive with complete transparency. This is an issue that will continue to worsen over time. He said that, for example, the exterior remodel at Sawmill Creek (another building that GWL manages) was a 3-year project from concept to assessment to construction completion.

CJ asked Brian if we could get any kind of warranty bond on the new materials (tubing)? Chad said no, that the only type of warranty that is typical is a 1-year warranty on the equipment and installation. Geoffrey asked if the new driveway snowmelt system would be included in our existing maintenance contract. Brian Juchno from GWL said that typically the maintenance contracts are just for the pumps and mechanical systems. Chad clarified that Tolin will want complete ownership of the design, so instead of perhaps 80 zones as we have today, they may only have ½ as many zones. CJ asked if the tube failures might be insurable. Chad replied that no they would not be, and that we just need to ensure they use proper equipment. The old tubing only flexes in 1 direction, whereas the new tubing is reinforced both horizontally and vertically, so it will flex in 2 directions. Geoffrey said that the system should not be freezing if it's maintained properly, and that prior management did not maintain the boilers very well. Chad stated that the system is not GWL's level of expertise, and quite simply that the glycol levels should be checked periodically. Brian commented that before the last repairs were made, they were going through a couple barrels of glycol every month. After those repairs were performed, only 2 barrels total were used. Geoffrey continued by saying that the maintenance contract is key. Again, if the system is maintained properly, we should only see normal wear and tear.

CJ asked if anyone knew of the costs for the replacement of the south building system 5-6 years ago. Terry said we could spend a lot of time looking for it, but that he didn't see the need. CJ said we might want to look into it, as there might be some opposition from owners in the South building, who just 5 years ago when through a snowmelt system change. Geoffrey asked if there were any further edits for the letter. CJ responded by asking if we could provide the total operating costs for gas and operations/maintenance of the current system. Brian said no, that unfortunately the gas billing is spread across not just the driveway, but also the domestic hot water, hot tubs, and other hydronic heating. Terry Lee mentioned that years ago, a former owner who had an engineering background calculated that at full tilt, the snowmelt system would probably utilize about 2/3s of the total boiler system capacity.

Geoffrey asked if the proposal estimated any potential energy savings with the new system. Brian said that this issue can be discussed at the meeting, ideally with Tolin present to comment from their side. Brian said this area is too vague and difficult to succinctly describe in the letter to owners. Chad stated that we can either replace it only when it completely fails, or we could replace it before it fails. And in regards to an energy audit, he said we couldn't

pinpoint total savings. GWL estimated that the current system is only operating at 25% efficiency. Chad said that a new system will use technology that is 20 years newer. For example, the newer sensors anticipate temperature changes, so bringing the concrete up in temperature would be a more efficient process than it is today.

Chad reiterated that we'll get a lot of questions, but ultimately we are faced with two choices: do we replace the system, or do we remove snow differently? Geoffrey commented that owners who might be assessed a large dollar amount will have questions. Chad said it would be very ambitious to expect the info presentation and a vote to both happen at the annual meeting in August. We should be careful, as 20 years ago during install, they used a cheaper, single-wall (single reinforcement) tubing. And the tubing and the concrete are the issue, so they must be torn out. Geoffrey reminded everyone that even if the snowmelt system is not replaced, the driveway concrete has sections that must be repaired. And just replacing the driveway concrete, without touching the snowmelt system, was more than \$60K. Terry commented that in 2009, some current Board members remember when they replaced concrete. Chad clarified Geoffrey's comment by stating that it would minimally be over \$70K just to replace what's there for concrete. And that only fixes the aesthetics and usability when there is no snow there. Geoffrey mentioned that frequent removal of snow manually will damage the concrete.

Geoffrey asked if the Board could agree to send the letter out with the previously mentioned edits. CJ said he would still want some additional info in the letter. When GWL took over last August, he said they promised to increase property values. He asked the Board if we could tell the owners that with this improvement (the replacement of the East/West building snowmelt system) the property values will increase? Chad said no, that this isn't a sales job to owners. He reminded everyone of the 2 options we have, to either replace the system, or to remove snow differently. The value is that the building will operate the way in which it was intended to operate from the beginning. Geoffrey said he agrees with Chad 100%. We're not salesmen, we as the Board are getting data and presenting it to the owners. So all we can do is present the facts. CJ asked if there is any value? There would be no plow trucks, no snow shoveling. Chad commented that at the end of the day, the complex was built to have a snowmelt system. He said that he thought the property would look better. But whether or not it changes the "amenity level" is up to each owner. CJ wondered if it's worth more to the individual owners. Geoffrey said it's a matter of opinion, so we can't formally present that to the ownership. Chad agreed that it's a matter of opinion, so we can't comment.

Geoffrey again asked if the Board was in agreement and made a motion that the Board approve a resolution as follows:

RESOLVED, President Forman is authorized to send a letter to owners consistent with the draft discussed at the meeting.

Seconded by Lorri. All in favor, with none opposed. The motion passed. Geoffrey confirmed that he has Tim Lawler's proxy, so there are 5 Board members in support of this motion.

IV. NEW BUSINESS

1) STAFFING

Geoffrey stated that Rob Wilson is no longer working at the Corral as a property manager. Asked GWL what their plan was for his replacement. Brian said that Rob has left to pursue a different line of work locally, and we wish him well. Peter VanderLinden (Pete) has been hired to replace Rob. Pete has been employed by GWL for quite some time, and will be a great enhancement to the management and care of the property. Additionally, GWL will have Jessica DeAngelis working in the Corral office helping Pete with the administrative side. Jessica has been with GWL for several years in a Front Office, and most recently, an Owner Relations role.

2) RESERVE STUDY

Brian from GWL said the Reserve Study is finalized, but that the Board must next determine a funding model. The real estate community is asking if the study is completed. It is finished, but the funding level still must be decided. Geoffrey asked what are our options. Chad Christy mentioned that we're currently underfunded. The Reserve Study is a moving target. The funding model must be decided to see where we are each year. Geoffrey stated that the Corral has never had a proper funding model, so we need GWL's recommendation. Chad said that no HOA ever funds at 100%, but we also don't want to be overfunded. We need 3-5 years foresight. No reason to 100% fund a roof replacement that's 20 years out.

CJ commented that the banks like to see it high. The IRS doesn't like it as high. Chad mentioned that the mortgage companies want to see at least 10% of the operating budget going in to reserves each year. Chad said that at this time, we need the Board's permission to release the reserve study to those asking for it. Geoffrey reminded everyone that we don't have a funding model in place yet, but he has no issues with releasing the reserve study to those requesting it. Chad said that 10% from operating in to reserves is our base recommendation. Geoffrey said that with dues at about \$900/month, that would result in \$90/month going in to reserves. He stated that we'd be pulling the snowmelt system replacement out of the reserve, or pushing it back. Chad said that if we are looking out 5 years, we typically see HOAs collect 65-75% of needed funding through current dues.

CJ said that using Murray Baines' model, the snowmelt system is a huge dollar amount. What do we tell the real estate community that is asking about it? Chad said that we don't have to tell the realtors anything, and we just provide the reserve study. Transparency here is that this item is only being discussed at this time. The discussion will continue through the annual meeting. Brian clarified that we'd like to get a letter out to the owners regarding the snowmelt system no later than Friday, June 19th. CJ commented that the point is, we're managing the situation. Geoffrey brought up an email he received from a realtor handling the sale of a Corral unit, and that she had some questions regarding the finances. Chad said that we're not hiding or selling anything. We are just presenting the facts. Assess just once, so we decide on funding model for the reserves first. Then we see how much we're short for the reserve funding, and we add that amount to the assessment of the driveway snowmelt system, if it's approved by membership.

Terry Lee commented that he thought there was a 3bd+loft Corral unit on the market with a \$749K list price, that supposedly went under contract within a week. The real estate market is heating up this summer for sure.

Geoffrey made a motion to adjourn. Terry Lee seconded and the motion carried.

Approved By: 
Board Member Signature

Date: June 27, 2015