

**THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION  
EXECUTIVE BOARD MEETING  
August 13, 2011**

**I. CALL MEETING TO ORDER**

The Corral at Breckenridge Homeowner Association Executive Board Meeting was called to order by Ada Anderson at 8:14 a.m.

Board members participating were:

Ada Anderson, President	Dennis Ziemann, Vice President
Geoffrey Forman, Vice President, Legal	Terry Matlack, Treasurer
Bill Lake, Secretary	Terry Lee, Member (via teleconf.)

Representing management were Larry Nelson and Iris Peterson. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

**II. DETERMINATION OF QUORUM**

With six Board members participating a quorum was reached.

**III. APPROVE PREVIOUS MEETING MINUTES**

Geoffrey Forman made a motion to approve the minutes of the April 16, 2011 Board Meeting as presented. Bill Lake seconded and the motion carried.

**IV. TREASURER'S REPORT**

*A. General Overview of Financials and Bookkeeper's Report*

Year-to-date as of June 30, 2011:

1. Rental Income – \$259,984.
2. HOA Income – \$515,506. The Reserve Fund Contribution was \$26,251.
3. Homeowner Expenses - \$95,624 over budget. Ten pumps were replaced at a cost of about \$52,000 and Heat Tape was replaced at a cost of \$51,567. Both these expenses should be Reserve items in the future.
4. Utilities – \$25,910 under budget due to lower rates.
5. Payroll - \$39,060 under budget.
6. Net Loss – \$127,624. Taking into consideration the \$104,000 in reclassified Reserve expenses and the \$26,251 Reserve contribution, the adjusted net income would be about \$3,000.

Iris Peterson said there were a couple of owners who were late with their dues payments in July, but there was only one bankruptcy and no other significantly delinquent owners.

The Balance Sheet as of June 30, 2011 reflected Total Liabilities and Equity of \$525,226.

There was general discussion regarding the management incentive. The June figures do not reflect that accrual of about \$26,000. Larry Nelson noted that the contract specified payment of the incentive in October.

*B. 2011/2012 Operating Budget*

Several line items in the 2011/2012 Operating Budget were reviewed. There is no overall dues increase budgeted.

1. HOA Revenue – increased by about \$4,000.
2. Management Revenue – increased by about \$42,000. Short Term Rental Income was doubled in the budget for next year based on this year's projected actuals. The gross contribution margin on the Management Company is 13% after all the variable expenses.
3. Repair and Maintenance – increased for elevator repairs, boiler work and snow removal. The Elevator budget was increased about \$5,000 to bring the mechanicals up to code. It was noted that this could be a Reserve expense. Larry Nelson pointed out that moving the heat tape expense out of the Operating Budget would eliminate the bottom line deficit. After discussion the Board decided to leave both items as Operating expenses.
4. Reserve Contribution - \$35,016. Once adjusted for the \$23,839 budgeted deficit, the actual contribution would be about \$12,000.
5. Net Income – (\$23,839).

**V. OLD BUSINESS**

*A. Review Annual Meeting Agenda*

The Board reviewed the agenda.

1. Building Defect Status Report - Gene Warrington will provide this report. There are issues with some areas of deterioration of the walkways. Gene has spoken to Chris Fischer about this issue and is waiting for a response from RA Nelson. If RA Nelson does not step up to make the repairs, it may be necessary to bring in a second concrete expert to provide an opinion. The Board agreed the attorney should be involved if RA Nelson is unwilling to take some action.
2. Election of Directors – Ada Anderson and Dennis Ziemann will not be running again and Larry Miller's seat is vacant so there will be three Board seats up for election and there are currently three candidates. The candidates can be elected by acclamation if there are no other nominations from the floor.
3. Unit Occupancy - Ada Anderson related an incident that occurred in a unit rented by ResortQuest. There were about 15 guests staying in a unit that should have a maximum occupancy of eight and they created a noise issue for neighboring units. The occupants claimed to be guests of the owners.

*B. C1 and C2 Update*

Ada Anderson said a proposal for \$125,000 was received from Lisa Noll. The Board has asked Larry to serve as the buyer/broker for the Association.

Geoffrey Forman did not see any use for the office space and did not think it was worth \$125,000. Having the Association purchase it would mean a loss of \$5,000 annually for the dues paid for that space. Tim Curran has no potential buyers. Geoffrey estimated the space was worth no more than \$25,000 in the current market. Bill Lake agreed with Geoffrey. Dennis Ziemann commented that having the office would once again open up the lounge for owner use. It was noted, however, that the owners never really used the lounge in the past and that the conference room is now used more since the addition of the pool table and television. Terry Lee added that there was an owner who spoke to him twice; the owner was not in favor of purchasing the office space because of the dues income.

*C. The Corral Website Issue*

The Board secured an opinion from Marina Larson last year regarding the two Corral websites currently owned by Mary Waldman. Larry Nelson was authorized to offer Mary \$5,000 to purchase both websites. She responded that she would sell them for six figures.

Marina Larson's opinion mentioned mediation through a web-based program. Geoffrey Forman believes the websites are a significant issue. Geoffrey thought a legal mediator would be more effective for resolving this issue. Mary has 13 rental units but there is no way to know how much revenue they generate.

Geoffrey Forman made a motion to submit Marina Larson's opinion to Wayne Brown to determine if a letter should be sent to Mary Waldman or if there should be legal mediation to determine who has the right to the two websites. The motion was seconded and carried unanimously.

*D. Proxies*

In most organizations, proxies are usually assigned to an owner or a Board member, not to an outside party. There has been discussion about amending the Declarations and Bylaws. Geoffrey Forman recommended approaching Wayne Brown instead of Hindman Sanchez. At the very least, the section regulating the assignment of proxies should be revised. Geoffrey volunteered to work on this project and to report back to the Board in November.

*E. Window Replacement*

The Board agreed that window replacement was an individual owner expense.

*F. Building Overheating*

There have been owner complaints about overheating in the buildings. It appears to be a design flaw; it was not addressed in the building reconstruction project. Ada Anderson said some owners wanted to install air conditioning units. Geoffrey Forman said there were air conditioning units available that do not protrude from the window.

*G. Trees by Conoco Station*

A letter was received from an owner detailing a number of promises that were made by Tim Curran but were never fulfilled. One issue was a tree screen between the East building and the Conoco station. There are some trees there that have grown well but several have died. Geoffrey Forman did not feel this should be an Association responsibility. Larry Nelson said several owners had funded tree planting by their units over the years. The landscaper told Larry that there were already too many trees on the east side.

*The meeting was recessed at 9:55 a.m. and reconvened at 1:15 p.m. with the following Board members participating:*

Ada Anderson  
Geoffrey Forman  
Bill Lake  
Lorri Heuck

Dennis Ziemann  
Terry Matlack  
Terry Lee, Member (via teleconference)  
David Huttner

*H. Report on Damaged Areas of Concrete*

Kevin Cooper joined the meeting to discuss the concrete situation. Kevin said there were a number of common causes of concrete spalling. They included use of ice melt, moisture and freeze/thaw cycles, the aggregate mix and installation issues. The material supplier inspected the concrete and concluded it was an ice and water problem, mainly in the areas that are exposed to moisture and sun creating a freeze/thaw cycle. He recommended reapplication of the sealant annually for at least the next two to three years. Last winter was extremely harsh so it is hoped that the worst of the problem has passed. The top layer is inherently the weakest portion. There are a couple of areas where Chris Fischer thought there were other issues with the mix or installation. The contractor agreed that the damage in the West building south breezeway on the second floor was not a weather exposure issue and they will schedule a crew to do an overlay and repaint the wash so it blends. There may be an aesthetic issue because it will be obvious that a repair has been done. There is an area by 301W on the third floor breezeway that also needs repair and Kevin will discuss this with the contractor. The contractor believes the damage to the South building deck above the hot tub was caused by the freeze/thaw cycle and the use of ice melt but Kevin will talk to the contractor after the first repair is done and try to negotiate an agreement. Gene Warrington said he reviewed the reports and the concrete mix appeared to be in line with the specifications provided.

Geoffrey Forman asked why the Board was not informed of the need to reseal the surface more frequently from the outset. Kevin responded that there was discussion about the proper maintenance of the concrete but some of it went through ResortQuest. A binder of maintenance materials was provided. Sealing is not generally recommended after only one year but the exposed aggregate surface is more porous and allows more moisture penetration. It was also a very severe winter. Gene said there was also additional water draining on the concrete because of a lack of gutters. He said ice melt had to be used last winter for safety reasons.

The contractor is booked for the next two weeks so they will plan to be on site in about three weeks. The work should be completed within the next five weeks before the nighttime temperatures drop too low.

Gene felt there was a shared responsibility for the problems since ice melt was used in December. He thought a cost sharing arrangement with Gallegos would be fair. The cost to repair all spalling areas would be significant. For the South building second level deck it would be less than \$1,000 (\$5-8/sq.ft. for an area of about 100 sq.ft.). The aesthetically unattractive areas and the very exposed areas should be addressed. There are not many problems at the East building. The gutters and heat tape should mitigate some of the areas as well.

Gene said future budgets will need to include annual crack sealing.

Some of the loose railings were repaired but some may need to be welded. The painter resealed all railings on the South building last Thursday at no cost. Kevin said the Maintenance Manual has all the information about all the stains and sealers that were used. Reapplication is recommended every four to six years. The painter was asked to walk the property and to reseal any railings in the other buildings as needed. Kevin asked for a list of any units with specific issues. Deck railings were not done because the painters did not have access to the units.

Terry Lee asked about the delay in the gutter installation. Kevin said no gutters were replaced but a few new gutters were installed on the south building. A number of downspouts were replaced along the log columns. In late October there was a request to reseal some of the gutters, but not all the work could be completed before winter. Gene said some of the heat tape in the gutters was replaced as a project add-on but not all the heat tape was inspected.

There are some units missing screens. The windows are scheduled to be cleaned the last week of August. Larry Nelson will do another count of missing screens so they can be replaced when the windows are washed.

Larry was directed to send Kevin an email specifying the areas he intends to seal and the product he will use. He should request a response so there is a written record of the authorization from the contractor.

## **VI. NEW BUSINESS**

### *A. Compensation Issues*

Ada Anderson said Gene Warrington had been compensated \$600 for his time, mileage and expenses for the reconstruction project. Originally there was a contract but it has expired. Geoffrey Forman made a motion to extend the contract and to reimburse Gene based on hours and travel expenses. After further discussion,

Geoffrey withdrew his motion and made a new motion to authorize a payment of \$600 to Gene Warrington. Dennis Ziemann seconded and the motion carried.

*B. Attorney Issues*

Wayne Brown's office sent a letter with recommendations for changes to the Collection Policy. Ada Anderson felt this was a solicitation for business. Geoffrey Forman will handle this issue.

*C. Rental Data*

Geoffrey Forman requested a monthly report of the current and projected future rental nights and revenue with a comparison of past data by unit size. Some of this information could be used in the quarterly newsletter, which the Board will help to produce.

*D. Hot Tub Approval*

Geoffrey Forman said he planned to install a hot tub and requested Board approval. The Board approved the installation. Larry Nelson will write a letter to the Town for the building permit.

*E. Management Company Structure*

A Board member felt the management company structure should be reexamined to provide more profit for the rental company. It was noted that owners should be charged for all work that is done inside the units.

**VII. ELECTION OF OFFICERS**

Geoffrey Forman was elected as President. He said he would ask Bill Lake to work with Iris Peterson and Larry Nelson on marketing. The Board decided not to elect a Vice President. A motion was made to elect Bill Lake as Secretary. The motion was seconded and carried.

The Board authorized purchase of a restaurant gift certificate in recognition of Ada Anderson's service to the Association.

**VIII. SET NEXT MEETING DATE**

The next Board Meeting was scheduled for November 5, 2011 at 8:00 a.m.

**IX. ADJOURNMENT TO EXECUTIVE SESSION**

The Board adjourned to Executive Session at 3:00 p.m.

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

Board Member Approval