

**CORRAL AT BRECKENRIDGE ASSOCIATION
BOARD OF DIRECTORS MEETING
AUGUST 7, 2010
Breckenridge, Colorado**

I. CALL TO ORDER

The meeting was called to order by Ada Anderson at 9:07 a.m.

Board members present were:

Ada Anderson, President

Dennis Ziemann, Member

Geoffrey Forman, Member

Terry Lee, Vice President

Larry Miller, Member (via teleconf.)

John Danis, Member

Owners present were Chuck Heuck (105E) and Gene Warrington (104W).

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

II. DETERMINATION OF QUORUM

With six Board members participating a quorum was reached.

III. APPROVE PREVIOUS MEETING MINUTES

Dennis Ziemann made a motion to approve the minutes of the April 17, 2010 Board Meeting as presented. Geoffrey Forman seconded and the motion carried unanimously.

Actions taken without a meeting included:

1. May 8, 2010 Borrowing from Reserve Funds
2. July 4, 2010 Foreclosure
3. July 19, 2010 Rekeying of Locks

John Danis made a motion to approve all actions taken without a meeting. Dennis Ziemann seconded and the motion carried.

IV. TREASURER'S REPORT

A. Review and Approve 2010/2011 Budget

The 2010/2011 Proposed Budget includes no dues increase but does not fund the Replacement Fund to the level specified in the Reserve Study.

Larry Nelson noted that there was a cost savings realized by signing a contract with a third party vendor for natural gas through December 2011 at \$5.25/decatherm. Last year the Association paid \$6.25/decatherm plus transportation, tax and other fees for a total of \$8.88/decatherm. The budget also includes an increased number of rental nights, but it is still conservative.

John Danis recommended communicating to the owners which items were not being fully funded as a result of the reduced Replacement Fund contribution.

Geoffrey Forman made a motion to approve the 2010/2011 Budget for presentation to the owners at the Annual Meeting. John Danis seconded and the motion carried.

B. Reserve Study Update

Ada Anderson said the dates for major replacements in the Reserve Study were updated to reflect the work that was done during the reconstruction.

Windows will be a significant expense. Ada noted that most Associations do not fund the Replacement Fund 100%. Since the windows were just replaced, they were removed from the Reserve Study.

The Replacement Fund balance at the beginning of the year was \$203,947. The Association is projected to have a \$100,000 surplus in Operating at year-end, which will be contributed to the Replacement Fund. The Association loaned itself \$100,000 for self-management start up costs. This amount will be repaid over time.

The contribution recommended in the Reserve Study for 2010 is \$79,000 but the actual contribution will be about \$34,000.

Larry Nelson recommended rescinding approval of the original Reserve Study prior to adopting this new one.

Terry Lee was concerned about the statement on the Reserve Study that indicates the company is not rendering an opinion. He felt it opened the Board to potential liability.

The meeting was recessed at 10:00 a.m. for the Homeowner Meeting and reconvened at 2:08 p.m.

C. Review of YTD Financials

The Board reviewed the financial reports and there were no questions.

D. Approval of Financial Statements June 2010

John Danis made a motion to approve the Financial Statements as of June 2010. Geoffrey Forman seconded and the motion carried.

E. 2010 Year-End Surplus

John Danis made a motion to transfer any year-end surplus to the Replacement Fund. Geoffrey Forman seconded and the motion carried.

V. OLD BUSINESS

A. Xcel Issue

Xcel decided they needed to access their power pole last year. In the process of accessing it they plugged up the culvert with dirt and cut through the berm to the south of the property so water coming from the south could drain onto the property. Gene Warrington contacted the regional Manager and asked him to pay the \$1,400 cost for repairing the damage. An Xcel representative was supposed to meet Gene Warrington on site but he never showed up. Gene sent all required forms and documentation in the form of photos to Xcel. Another meeting was scheduled and Xcel sent five employees. Yesterday Xcel sent a letter along with a waiver for the Board to sign but they indicated the claim was too high. Xcel is willing to settle for \$700 if the Association will sign the waiver and close the issue. Geoffrey Forman said the waiver should only address the current situation, not any damage that could occur in the future. Geoffrey will review the letter and waiver and make changes as necessary. Gene said he would like to increase the depth of the ditch to the previous level to be to prevent future problems.

B. Workout Equipment for South Range

The room has been finished but it is empty. Ada Anderson said the Association could afford to fund about \$10,000 of equipment. Geoffrey Forman felt the South building should have equipment. He was not sure what it would cost. The equipment could be purchased or leased with a maintenance contract. The Board agreed to put in an elliptical, a treadmill and a weight machine. Terry Lee suggested looking for good quality lightly used equipment on Ebay or Craig's List. Larry Nelson said he had received a proposal for new equipment for this building for \$11,000. John Danis volunteered to do some research online.

C. Phone Equipment

Terry Lee said he would be sitting in on a meeting about the telephone equipment next Thursday at 10:00 a.m. Larry Nelson said the phone system was not functioning properly at the moment. The outgoing calls are fine but there is a problem with call accounting and it does not direct calls to the correct room automatically. Ada Anderson recommended getting a cost for replacement.

D. C1 & C2 Update

Dennis Ziemann said Tim Curran sent the Board an email to reopen the door on negotiations on C1 and C2. Tim Curran said he would have a new appraisal within a few weeks. He made several claims about plans to sell to another rental agency. Terry Lee said the Board should copy the owners on the response to his letter and to include it in the newsletter and on the website. The other Board members did not feel it was necessary to respond.

E. Foreclosure Update

Ada Anderson said the foreclosure had cost over \$3,000 to date in legal fees. The attorney filed the complaint and a *lis pendens* which puts notice in the record for any perspective buyer that there cannot be any action on the property without clearing this notice. The attorney is now in the process of trying to serve the owner through a notice server. If the owner cannot be served, the attorney will file a motion with the courts regarding the inability to serve and notices will then be published in the paper and placed on the unit and on the owner's business. The owner will then have 20 days to file and answer and if she does not, there will be a default judgment.

F. Hindman Sanchez Proposal

Ada Anderson thought the Board had asked Hindman Sanchez to create a chart illustrating owner versus Association responsibilities. The questionnaire they sent her was very long and detailed. She spoke to someone at the firm and was told that this information was needed to entirely rewrite the Declarations. The new Declarations would have to be approved by 2/3 of all owners and mortgage holders.

Geoffrey Forman will work with Hindman Sanchez on creating a chart of responsibilities, not on restating the Declarations.

Terry Lee commented that several people had recommended redoing the Declarations at some point in the future.

G. Board Responsibilities

Ada Anderson said she would like the Board to review the Board responsibilities and reapportion some of the work load. Geoffrey Forman volunteered to work on the detailed legal issues.

VI. NEW BUSINESS

A. Line of Credit and Letter of Credit

Ada Anderson said the Association had a \$50,000 line of credit with First Bank. It runs until February 2011 and the Association has never drawn on it. The Association accounts have now been transferred to Bank of the West. In the process, the \$50,000 line of credit was still with First Bank. In addition, there was a requirement from the Town to have a letter of credit for \$3,500 or a check that they would not cash for \$3,500 in case there is work that needs to be done. The letter of credit was issued when the Association had large balances in the bank but now all funds have been moved. The Reserve was transferred back to First Bank to address the situation.

Geoffrey Forman recommended that the Association invest some of the Replacement Fund to improve the yield. The letter of credit will only be needed

for one more year so the Board can discuss at that time where they want to invest the Replacement Fund money.

Terry Lee felt the Association should get a second line of credit from Bank of the West in case of an emergency. Alternatively, the existing line of credit could be increased. John Danis asked management to approach First Bank about increasing the line of credit from \$50,000 to \$100,000.

B. Self Management Issues

John Danis requested a one page detailed summary of the marketing plan that can be shared with the owners.

Ada Anderson asked how to handle the *ad hoc* committee that some owners wanted to create to work on marketing. Larry Nelson said he would be happy to accept their ideas and suggestions. Ada will contact the three volunteers.

Geoffrey Forman anticipated that the Association would exceed the marketing budget very quickly.

Ada thought the Board may need to consider adjusting the budget on a quarterly basis, especially to address marketing issues. A suggestion was made to authorize an additional expenditure of up to \$1,000/month for marketing.

John Danis suggested a group market effort by the owners by Googling key terms like Breckenridge ski rental so The Corral website will come up and improve its position.

C. Window Replacements

Unit 108S is rented through an outside company. A letter was received from Tim Curran's attorney stating that the windows cannot be closed and locked because they are warped. The owner feels it is an Association group problem rather than an individual owner issue. Geoffrey Forman said if Carlo Gambino cannot fix the problem, the Pella representative should be contacted. Larry Nelson said affixing the top half of the window might remedy the problem because it tends to drop down. The Board agreed to attempt to identify a solution to make the window operate properly before contacting Pella. It may be a warranty issue, but if not, since the window locks are a limited common element, the repair expense will ultimately be an owner responsibility.

D. Election of Officers

Geoffrey Forman made a motion to elect Officers and assign tasks as follows: Ada Anderson – President, Geoffrey – Vice President for Legal Affairs, Dennis Ziemann – General Vice President (MWL Liaison), Larry Miller – Secretary, Terry Matlack – Treasurer (pending his agreement), John Danis – Member (Task

Manager) and Terry Lee – Member (Homeowner Relations). The motion was seconded and carried.

E. Board Recognition

Ada Anderson provided a thank you note for Gary Duffens for all Board members to sign in recognition of his Board service. She proposed including a \$75 gift certificate for the Hearthstone. A motion was made to approve the gift certificate. The motion was seconded and carried.

F. ResortQuest Financial Correction

Ada Anderson said there had been a \$100,000 bookkeeping error made by ResortQuest when the financials were turned over to the new management. ResortQuest failed to record \$100,000 in income so it appeared the Association had no money. This error was corrected when the new management took over handling of the finances.

G. Reserve Study Funding

The Board discussed if it was necessary to make a motion regarding their decision not to follow the funding recommendation outlined in the Reserve Study. Ada Anderson felt that since the owners had approved the 2010/2011 Budget with the disclosure of the Reserve funding plan, it was not necessary. Terry Lee reiterated that the company that developed the Reserve Study refused to give an opinion, which is the reason they were hired. The Board agreed to develop some wording to be included in the Reserve Study. Terry recommended getting an opinion from the company that can be disclosed to the owners, and then the Board can explain the rationale for the funding level decision. He wanted something in writing from the company. Dennis Ziemann did not think the company would be willing to remove all caveats.

VII. EXECUTIVE SESSION

The Board recessed to Executive Session at 5:30 p.m.

X. SET NEXT MEETING DATE

The next Board Meeting was set for Saturday, November 6, 2010.

XI. ADJOURNMENT

A motion was made to adjourn the meeting at ?? p.m. The motion was seconded and carried.

Approved By: _____
Board Member Signature

Date: _____