

CORRAL AT BRECKENRIDGE
SUMMARY OF BOARD ACTION TAKEN WITHOUT A MEETING
SEPTEMBER 14, 5:00 PM

By prior agreement the Board held a teleconference on 5:00 PM September 14th 2012. Geoffrey Forman, Terry Lee, David Huttner, Donald Newman, Lorri Heuck, Eugene Malloy, Chase Metz all attended for the Board. Iris Peterson, Assistant, and Jonathan Kriegel, General Manager, attended as well. The following actions were taken:

Request to Reimburse Operating Account \$49,379.19 from Reserve: The Board reviewed Jonathan's previous email request to reimburse the Operating Account for expenditures made in the prior fiscal year for plumbing expenses that were more appropriately classified as reserve expense. Back up documentation was not available for check #1632 showing the actual invoice paid for with the check in the amount of \$15,213.14. Accordingly, reimbursement for this particular check was premature until documentation could be located. President Forman made the following motion:

“The operating account shall be reimbursed from the reserve account, \$49,379.19 less \$15,213.14, or the amount of \$34,166.05 for plumbing expenses previously paid”

The Board unanimously approved the motion.

Draft Letter to Owners on Financing Options: The Board discussed a draft document previously circulated by email updating owners on the progress made relating to financing issues and objections raised by certain lenders. The Board thought the letter should go out under the President's signature and should reference subsequent correspondence to come with details of an operating agreement for the new management company. President Forman made the following motion:

The draft letter concerning financing will be modified to go out for email broadcast under the President's signature and will include a reference to follow up correspondence with details of operating agreement.

The Board unanimously approved the motion.

Allocation of Administrative Expenses Between HOA and LLC: The task of completely separating out financials for the HOA and Management Company is the most urgent priority for Jonathan and Iris. The budget numbers approved at the August 2012 Annual Meeting need to be separated out into two distinct financial statements. Instead of allocating administrative expenses between the two entities based on a percentage arrangement the Management company will charge the HOA a set monthly fee for HOA management services. Reference was made to prior management agreements with Resort Quest and Mountain Lodging. President Forman made the following motion:

Jonathan and Iris are tasked with finalizing separate budgets for the HOA and LLC based on a set fee monthly charge to the HOA for management services provided by

the LLC. The proposed budgets will be provided to the Board for their review, comment and approval before publication. This matter shall be given the highest priority.

The Board unanimously approved the motion.

Disbursement Procedures: Online banking and automatic bill paying options were explored particularly in light of the diminishing importance or appearance of paper checks. Jonathan will continue signing checks for the interim period. Protocols for conflicts issues were discussed and Jonathan was directed to draft proposed employee procedures relating to disbursements and potential conflicts. President Forman made the following motion:

Jonathan is directed to investigate and report back to the Board on options for online bill paying as well as a two tiered check approval safeguards whereby checks over a specified amount would require board signature, or possibly online approval, in addition to Jonathan's signature.

The motion was unanimously approved.

Update on Roof Inspections: In addition to the unsolicited roofing proposal previously received from Sanchez Builders Jonathan met earlier in the day with Mark Hubbard of Turner Morris to walk the roofs. Initial verbal comments from Mark Hubbard were that the roof was generally in good shape and would require a small team of 2-3 workers for 1 or 2 days to patch some nail holes, repair some ridge caps and make other minor repairs which would cost in the area of \$3,000. Turner Morris will deliver a written proposal shortly. This is in line with the Sanchez bid. President Forman made the following motion:

Jonathan is authorized to select the roofing contractor and proceed with minor roof repairs after reviewing the written bid from Turner Morris.

The motion was unanimously approved.

Update on Trees/Landscaping: A recent letter requesting additional trees on south side of east building was reviewed. Jonathan and Iris recently walked the property with Rick Herwee of Cut Above Forestry to discuss possible thinning and removal of selected Aspens, additional plantings and aphid infestation of some aspen trees. Concerns were voiced about best way for the HOA to allocate tree removal and planting costs where a small number of units overwhelmingly benefited from the changes. A large portion of the costs for removal of trees results from equipment mobilization so once the necessary equipment is on site the removal of a particular tree(s) will not be a driving factor in total cost. A written bid from Cut Above Forestry is expected shortly. Jonathan should review the bid and determine what portion represents work which is under general landscaping for the HOA and what portion relates to work for a specific owner. President Forman made the following motion:

Jonathan is directed to review the bid from Cut Above Forestry and report back to the Board before taking further action.

The motion was unanimously approved.

Website Issues: No additional problems have been experienced. Summit Creations is in the process of upgrading our website to make it more difficult for the site to be hacked. With the creation of the new LLC it may be appropriate to create an additional website exclusively for the rental management business and consider the wisdom of linking the two sites. President Forman made the following motion:

Jonathan and Iris are directed to explore the costs and benefits of creating two separate websites and report to the Board.

The motion was unanimously approved.

Insurance Update: Application for liability insurance for the LLC has been made and a quote is expected shortly. The LLC will hold modest assets: contracts for rental management, rental deposits and contractual management agreements with the HOA. The need for insurance coverage and policy limits is different from the HOA which owns substantial real property. President Forman made the following motion:

Jonathan is directed to consult with Bob Strong about the insurance needs of the LLC.

The motion was unanimously approved.

Jonathan's Employment Agreement: The agreement will need to be modified as the LLC, and not the HOA, will be the employer. Additional modifications are necessary to reflect the relationship between the HOA and LLC and meet Fannie Mae guidelines. President Forman will be in contact with employment counsel and alert her to changes. Jonathan will follow up with counsel and get agreement finalized.