

INITIAL DRAFT
THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION
ANNUAL HOMEOWNER MEETING
August 11, 2012

I. CALL THE MEETING TO ORDER

The Corral at Breckenridge Homeowner Association Annual Homeowner Meeting was called to order by President Geoffrey Forman at 9:08 a.m.

Board members participating were:

Geoffrey Forman, President---	304E	Lorri Heuck-----	105E
David Huttner-----	303W	Terry Lee-----	202E

Owners present were:

Barbara Forman-----	304E	Marlene DeBruyn,	105S
Ginger & Bill Lake,	106S	Shannon Lee,	202E
Christie O'Neil,	206W	Ada & Harold Anderson,	301W
Trish & Dean Jacot,	207E	C. Chase Metz,	308W
Jennifer & Joe Pisciotta,	303S	Lilly & David Golay,	306W
Darwin Campbell,	306S	Joyce & Don Newman,	103W
Mary & Tim Lawler,	102S		
Eugene Malloy,	302S		
Sally & Eugene Warrington,	104S		

Units represented by proxy were:

202W-----	Mary Waldman	203 W ó	Mary Waldman
303E-----	Mary Waldman	307 E-	Mary Waldman
302E-----	Nancy Price		

Representing management were Jonathan Kriegel, Nancy Price, Iris Peterson and Mike Gotsis. Erika Krainz of Summit Management Resources was recording secretary.

II. STATEMENT OF COMPLIANCE

Notice of the meeting was sent in accordance with the Bylaws.

III. DETERMINATION OF QUORUM

With 23 units represented either in-person or by proxy a quorum was reached.

IV. APPROVE PREVIOUS MEETING MINUTES

Dean Jacot made a motion to approve the minutes of the August 13, 2011 Homeowner Meeting as presented. Joe Pisciotta seconded and the motion carried.

V. TREASURER'S REPORT

A. Review July 2012 Financial Statement

Director Heuck reviewed the financial reports for June 1, 2012 ó July 31, 2012. As of July 31, 2012 there was net income of \$7,753. President Forman noted that all financial reports and meeting minutes were posted on the Association website.

Marlene DeBruyn commented that the website information was not organized chronologically. Iris Peterson was asked to post the meeting notice on the front page of the website in the future. Director Huttner acknowledged that some things were missed during the management transition. Ms. Peterson will review the website and make any necessary corrections.

President Forman said the Declarations and Bylaws were recently reviewed and revised by the Association attorney Wayne Brown . The cost was \$15,000 ó 17,000 and this impacted the financial statements. The expense is being paid in monthly installments of \$3,000.

President Forman explained that the past business model originally called for two separate entities for rental and property management, but the financial reports were changed at some point to combine the two. It has come to the Board's attention that this practice impacts the ability of owners and prospective purchasers to obtain mortgage financing. Starting in the new year the two operations will be split to better reflect accurate income and expenses for each individual entity. Director Heuck is working with Wells Fargo in an effort to get the property approved for 30-year fixed mortgages. Ideally, a letter from Wells Fargo stating financing terms can be obtained once this process has been completed.

A question was raised regarding the Cleaning expense on the Profit and Loss. Director Heuck explained that this expense related to the rental management program and would be split out next year.

Marlene DeBruyn commented that she had concerns about the property being designated as a condotel by lenders. President Forman said the Association documents clearly indicate that the building is not a condotel. Chase Metz said he obtained his financing through Bank of America, and their underwriters voiced concerns about condotel status for the property which disqualified the units for certain types of financing.

Donald Newman asked if the financial reports could be split for the previous year. Geoffrey Forman said there were many areas of crossover, such as salaries. These types of expenses will need to be allocated correctly when the accounts are split. Jonathan Kriegel will work with Director Heuck on this project. President Forman said the separation of financial statements would be done in consultation with tax professionals to minimize adverse tax impacts.

Director Huttner made a motion to approve the financial report. Joe Pisciotta seconded. After discussion regarding the desire of some owners to have the reports split out for the past year the motion was withdrawn.

President Forman made a motion to approve the financial statement based on the stated numbers, but to redistribute the expenses into rental management and property management categories for this past year to achieve the maximum tax advantage. Donald Newman seconded and the motion carried.

B. Discussion of Future Bookings and Rental Report

Iris Peterson reported that rental numbers had increased this year over last year and that there are already some bookings for early 2013.

There are currently 24 rental units on the Association program out of the 65 total units. Approximately 10 to 15 units rent independently or with other management companies. Iris will work on compiling accurate rental management information for the other units.

C. 2012/2013 Budget

The 2012/2013 Proposed Budget includes a \$35,000 annual Reserve Fund contribution. A number of expenses were decreased, including snow removal and hot tub maintenance. The Budget does not increase dues.

Eugene Warrington asked if there was a year-end projection. A report will be generated within the next week.

Eugene Warrington asked if the budget included any sort of allowance for contingencies. Director Heuck said there while no designated contingency category was included in the budget there was some additional money included in the "Other Maintenance" category.

Eugene Warrington asked why the budget as written resulted in a year-end loss. Lorri Heuck explained that the last budget assumed \$500,000 in rental revenue. The current budget is much more conservative and projects rental revenues of \$395,400.

Marlene DeBruyn asked about average number of rental nights in a normal snow year. Donald Newman said he compared rentals with other management companies. He found the numbers were about the same, but he thought The Corral had a great deal of potential and could increase significantly. Mary Waldman said in Summit County the winter target (November through April) is 100 rental nights.

Christie O'Neal asked if returning guests were tracked? President Forman said this was on the list of future improvements to the system. Iris Peterson added that she sends newsletters to past guests.

Geoffrey Forman said the Board was considering a referral fee to owners who forward their VRBO rental prospects to The Corral.

An owner requested quarterly publishing of the variance report. Iris Peterson said the financial reports were published monthly and posted on the website.

President Forman made a motion to approve the 2012/2013 Budget based on the stated numbers but with those numbers separated into two distinct budgets: one budget for Association income and expense and a second budget for rental management and property management income and expenses. Eugene Warrington seconded but added he would like the Board to accomplish this separation in a tax advantageous manner with input from a tax professional and the completed package presented to the membership before the budget is given final approval. The motion carried.

VI. OLD BUSINESS

A. Intellectual Property Issues

Geoffrey Forman reported that legal counsel had been retained and was in negotiations relating to intellectual property issues.

B. Proposed Revisions to HOA Governing Documents

Proposed Bylaws, Declarations and Rules and Regulations were distributed to all owners. President Foreman paraphrased a letter from legal counsel Wayne Brown explaining and summarizing the proposed changes:

1. CCIOA Rules ó To consolidate multiple previous amendments into a single document, to bring them into compliance with more recent CCIOA requirements and to eliminate certain provisions that were in conflict with CCIOA and the Declaration.
2. Bylaws ó To bring them into compliance with CCIOA and the Colorado Revised Non-Profit Corporation Act and to eliminate conflict with the Declarations.
3. Declarations ó To remove all rights of the Declarant, who no longer owns any interest in the Association and to transfer to the Association those rights that the original Declarant inappropriately reserved for itself, to formally convert the Commercial units to Common Element, to correct numerous errors and inaccuracies in the original Declaration, to consolidate what are now four documents into one, to clarify inadequate definitions, descriptions and responsibilities in the original Declaration and to bring the Declaration into compliance with CCIOA.

The documents will be sent to all owners who were not in attendance at the meeting for a 30-day review period. Based on response from the membership the Board will work with legal counsel and finalize the documents. Finalized documents will then be circulated to owners and mortgage lenders for approval. All owners were encouraged to review the draft documents and to provide feedback.

C. Concrete Walkways

One of the major issues during the reconstruction was the concrete walkways. There were spalling problems in several areas. The contractor R.A. Nelson took the position that the problem was caused by inappropriate use of snow melt chemicals by the Association. Eugene Warrington, past President, negotiated with the contractor and reached an agreement for a 50/50 split of the repair costs. [thank you to Gene]. A provisional settlement agreement was drafted and subsequently forwarded to Association legal counsel for review and comment. Mr. Benson felt the case on its merits was very strong and negotiated a 25/75 split. This resulted in a repair cost to the Association of approximately \$4,000. No legal fees were paid by the Association in connection with this settlement as Mr. Benson's firm included this work as part of the fees previously paid as part of the original reconstruction suit. The spalling walkways have now been repaired but still need to be treated with the sealant. The entire sidewalk also needs to be sealed on an annual basis prior to winter.

D. Bankruptcy Issue

The Association has recouped about six months of dues from Unit 104E foreclosure as entitled by law. The foreclosure is scheduled for 8/17/12.

E. Marketing & Advertising

Director Huttner said the marketing and advertising initiatives for the rental management program could be improved by targeting more on people who were most likely to rent at the Corral. A new program is being put in place.

F. Owner Lounge

The Owner Lounge has been upgraded with ceramic tile. There will be an owner wine and cheese reception in the Lounge tonight at 5:30 p.m. The door is kept locked but can be opened with all owners' keys.

VII. NEW BUSINESS

A. Condominium Upgrades and Standards

Historically, interior floods have been caused by broken supply lines for icemakers, dishwashers or washing machines. This has tremendous potential for negative impact on surrounding units as well as insurance rates. The Board has decided that the Association will require all owners, who have not already done so, to replace all water supply lines with flexible braided stainless steel supply lines at their own cost. The Board has received a bulk bid of \$170/unit to replace

supply lines from Gallegos (parts and labor included). An owner noted that the toilet fittings should be checked for leaks.

Several owners mentioned that their units remain very hot, even when the heat is turned off. In all likelihood this is a result of faulty valves in the radiant heat piping system that allow a heated glycol/water solution to flow through in floor pipes even when the heat is turned off. This makes the units uncomfortable and unnecessarily increases the cost of heating the units which is shared by the entire association. Accordingly, the Association will inspect all units in the coming months to determine if heat valves are operating properly. The results of the inspection will be published for owners. Gallegos Plumbing will be asked to provide a bid for each of the faulty valves since some owners have replaced one or more already. Donald Newman recommended keeping repairs for faulty heat valves separate from water line replacement as costs may be allocated differently.

B. Battery Replacement

Geoffrey Forman said the batteries for the smoke detectors, carbon monoxide detectors and garage keypads should be on an annual replacement schedule to be replaced once a year only as an Association expense.

C. Excessive Heat, Zone Valves and Other Piping Issues

Christie O'Neil said she was in her unit all winter and never had to turn on the heat. The Board responded that this was a construction defect. Chase Metz said there could be a problem with the operation of the zone valves. He noted it was the #1 issue mentioned on Trip Advisor. Eugene Warrington added that there were additional zone valves in some of the units in the south building for the in-floor radiant heat. Instructions for adjusting the valves can be found online.

Joyce Newman said there were two noises in the walls of her unit. It might be air in the heating lines. David Huttner said the Board had discussed an assessment of the equipment to determine if the systems were operating properly and efficiently. Eugene Warrington explained that the problems originated with leaks in the heating system. They will need to be resolved first. David Huttner recommended hiring a professional who is familiar with this type of system to do a review.

D. Refinishing of Window Frames

A number of owners have stated that their window frames needed sanding and varnishing. This will be an individual owner expense. Mike Costello will be asked to provide a bulk bid for the entire complex, broken out by unit.

E. Window Screens

Marlene DeBruyn commented that some of her screens were bent. Missing screens were supposed to have been addressed during the reconstruction.

F. Contractor List

Iris Peterson was asked to post a list of contractors on the website who have provided good service for management or other owners.

G. Trees

Mary Waldman asked about trees. David Huttner said that the aspens by the West building had not been pruned by the Association, although one owner has cut the trees around his unit. A Cut Above Forestry will be hired to do an assessment of the trees and to provide a recommendation. A portion of the cost will be allocated to the owners in the West building who receive the benefit of any cutting that is done. Other affected buildings will also be addressed. Owners with tree issues were asked to email Iris Peterson.

H. New General Manager

The new General Manager, Jonathan Kriegel, was introduced. He will start working full time on August 23, 2012.

I. Decks and Smoking

Lilly Golay asked if there were restrictions on the type of deck furniture. The Board did not think there were any specific requirements. It should not be offensive or stand out. She was encouraged to form a committee if she wanted to change the specifications. Geoffrey Forman said there should be certain standards and owners should be encouraged to meet them.

Lilly Golay said there was a problem with smoking on the deck next to hers. Geoffrey Forman said that there is a no smoking policy throughout the property and there should be a sign on each deck. Iris Peterson will contact the owner of the offending unit. Additional discreet signage will be posted around the property.

J. Dogs

Owners were asked to contact management regarding renters or guests with pets. All are reminded that the Corral maintains a strict policy prohibiting renters or guests from having pets.

VIII. EXECUTIVE BOARD ELECTION

There are three open Board seats. The terms of Directors Lee and Forman are expiring and both have indicated their willingness to serve additional terms. Other candidates were Eugene Malloy, Chase Metz and Donald Newman. The candidates provided biographical information.

Christie O'Neil made a motion to elect the five candidates by acclamation. Barbara Forman seconded and the motion carried unanimously.

IX. SET NEXT MEETING DATE

The next Homeowner Meeting will be August 10, 2013 at 9:00 a.m. The next Board Meeting will be November 3, 2012.

It was noted that separate meetings would need to be held for the Association and rental company entities.

Christie O'Neil thanked the Board and staff for their efforts and commented that this had been the best Annual Meeting she had ever attended.

X. ADJOURNMENT

Shannon Lee made a motion to adjourn at 1:10 p.m.

Approved By: _____ Date: _____
Secretary to the Board