

**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 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	Nancy Price, 302E/309W (proxy)
Ginger & Bill Lake, 106S	Marlene DeBruyn, 105S
Christie O'Neil, 206W	Shannon Lee, 202E
Trish & Dean Jacot, 207E	Ada & Harold Anderson, 301W
Jennifer & Joe Pisciotta, 303S	C. Chase Metz, 308W
Darwin Campbell, 306S	Lilly & David Golay, 306W
Mary & Tim Lawler, 102S	Joyce & Don Newman, 103W
Eugene Malloy, 302S	Marlene DeBruyn, 105S
Sally & Eugene Warrington, 104S	
Mary Waldman, 202W/203W/303E/307E (proxy)	

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 24 units represented in person and proxies received 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*

Lorri Heuck reviewed the financial reports for June 1, 2012 – August 11, 2012. As of August 11, 2012 there was net income of \$7,753. Geoffrey 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. David Huttner acknowledged that some things were missed during the management transition.

Geoffrey Forman said the Declarations and Bylaws were recently redone by the Association attorney. The cost was \$15,000 – 17,000 and this impacted the financial statements. The expense is being paid in \$3,000 monthly installments.

Geoffrey Forman explained that the past business model originally called for two separate companies for rental and property management, but the financial reports were changed at some point to combine the two entities. It has come to the Board's attention that this way of keeping books impacts the ability for owners and prospective purchasers to get mortgage financing. Starting in the new year the two operations will be split to facilitate mortgage financing. Lorri Heuck is working with Wells Fargo to get the property approved for 30-year fixed mortgages. Lorri will obtain a letter from Wells Fargo once this process has been completed.

A question was raised regarding the Cleaning expense on the Profit and Loss. Lorri Heuck explained that this expense was for the rental program. This is one of the expenses that will be split out next year.

Marlene DeBruyn commented that there was an issue with The Corral being designated as a condotel. Geoffrey 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 classified the property as a condotel. This disqualifies the units for Fannie Mae or Freddie Mac 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 Lorri Heuck on this project.

George Forman said the accountant would work with the CPA to eliminate any tax liability resulting from the separation of the companies. It was noted that the management company operated at a loss for the previous year and it would be important to retain that tax benefit.

David 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, David Huttner withdrew his motion.

Geoffrey 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.

The Board will be more active in monitoring the accounting going forward. David Huttner said the Board identified some incorrect practices and will make arrangements to prevent reoccurrence.

*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. About 10 – 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 as written includes no change to the dues.

Eugene Warrington asked if there was a year-end projection. A report will be generated within the next week. The Association is currently operating at a profit.

Eugene Warrington asked if there was any Contingency included in the budget. Lorri Heuck said there was not a Contingency but 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. This budget is much more conservative.

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 Geoffrey 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 would be discussing providing 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 they are posted on the website.

Geoffrey Forman made a motion to approve the 2012/2013 Budget based on the numbers as stated but with a final review of the figures, a separation of the rental management and property management sides and a recommendation from the CPA. Eugene Warrington seconded but added he would like the Board to present the completed package before the budget is given final approval. The motion carried.

## **VI. OLD BUSINESS**

### *A. Intellectual Property Issue*

Geoffrey Forman reported that legal counsel was in the process of negotiating the intellectual property issue.

### *B. Bylaws and Declarations*

The new Bylaws and Declaration were distributed to all owners. Wayne Brown provided a summary of the reasons for the document changes:

1. CCIOA Rules – To consolidate them into one 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 – To bring them into compliance with CCIOA and the Colorado Revised Non-Profit Corporation Act and to eliminate conflict with the Declaration.
3. Declaration – To remove all rights of the Declarant 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. If there are no requests for changes, Wayne Brown will create the finalized documents. They will be circulated to owners and mortgage lenders and will require a 2/3 vote of 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 tried to blame the Association. Eugene Warrington negotiated with the contractor and reached an agreement for a 50/50 cost share. Geoffrey Forman sent the agreement that was drafted to Doug Benson, the attorney who handled the construction defects

lawsuit. The attorney felt he could probably file suit and win, but cautioned that the cost of litigation would basically offset any award. The attorney negotiated a 25/75 split, resulting in a cost of about \$4,000 for the work for the Association. The attorney did the work as part of the original reconstruction suit and there were no additional fees. 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 as entitled by law. The foreclosure is scheduled for 8/17/12.

*E. Marketing & Advertising*

David Huttner said the marketing and advertising initiatives were well intentioned but lacked focus. There is now a new program 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*

There have been several floods in units caused by the various water supply lines for icemakers, dishwashers and washing machines. The Board has decided that going forward, the Association will require units to replace all water supply lines with braided stainless steel supply lines if they have not already done so. The Board has received a bulk bid of \$170/unit from Gallegos.

All units will be inspected and owners will be notified if they have zone valves that need to be replaced. Gallegos will be asked to provide a bid for each of the valves since some owners have replaced one or more valve already. Donald Newman recommended keeping the two projects separate since they should be done by different types of contractors.

An owner noted that the toilet fittings should be checked for leaks.

*B. Battery Replacement*

Geoffrey Forman said the batteries for the smoke and carbon monoxide detectors and the keypads should be on an annual replacement schedule. The batteries will be done within the next month.

*C. Excessive Heat 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.

Ada Anderson commented that she has experienced brown water from her faucets when there is low occupancy and the water is not circulating.

*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 on 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. Jonathan Kriegel did not think aspens could be pruned; he thought thinning might be a better option. 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. They felt plastic furniture was acceptable. She was

encouraged to form a committee if she wanted to change the specifications. Christie O'Neil suggested touring all units and creating a list of units that need deck furniture upgrades. Geoffrey Forman said this had been done when the rental program was created. He agreed 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. Only owners are permitted to have pets at the property.

**VIII. EXECUTIVE BOARD ELECTION**

There were three open Board seats and the terms of Terry Lee and Geoffrey Forman expired. Both 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.

**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 in November 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: \_\_\_\_\_  
Board Member Approval