

**THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION
ANNUAL MEETING
August 10, 2013**

I. CALL THE MEETING TO ORDER

The Corral at Breckenridge Homeowner Association Annual Meeting was called to order by Geoffrey Forman at 9:05 a.m.

Board members present were:

Geoffrey Forman, President, 304E
Terry Lee, 202E

Lorri Heuck, Treasurer, 105E

Owners present were:

Don Schlie, 205S
Joe & Jennifer Pisciotta, 303S
Tim Lawler, 102S
Marlene DeBruyn, 105S
Alex & CJ Milmoe, 308E
Ada Anderson, 301W
Shannon Lee, 202E
Tom Myers, 201S
Gene & Sally Warrington, 104S
Dean Erikson, 203W
Lorraine DeBlanche, 205W

Bill Schwartzkopf, 108S
Kirby & Linda Martin, 208E
Barbara Forman, 304E
Leone Belmonte, 105S
Mary Waldman, 303E/307E/303W
Carolynn Rice, 202W
TJ & Beth Fay, 205E
Phil & Gail Eckhoff, 102E
Ginger Lake, 106S
Darwin Campbell, 306S
Christie O'Neil, 206W

Alex Newman and John Rebeda of Tolin Mechanical were guests at the meeting.

Representing management was Sandra Slights. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. STATEMENT OF COMPLIANCE

Geoffrey Forman confirmed that the appropriate compliance documents were sent.

III. DETERMINATION OF QUORUM

Geoffrey Forman confirmed that there was a quorum for the meeting.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

A motion was made to approve the August 11, 2012 Board Meeting minutes as presented. The motion was seconded and carried.

V. PRESIDENT'S REMARKS

Geoffrey Forman said there were currently only three Board members. Two owners have expressed interest in running for Board seats. He thanked the previous Board members for their service.

Geoffrey provided an overview of the staffing situation. Sandra Slights has been hired as General Manager to replace Darrell Carr. She is also serving as the General Manager of CAB.

VI. OLD BUSINESS

A. Amended and Restated Declarations

Wayne Brown completed the amended and restated Declarations. They were sent to all owners for review with an explanation letter noting the significant areas of change. There have not been any owner objections thus far but a few more affirmative votes are needed. A telephone campaign has been mounted to obtain the votes needed to finalize approval of the amendments.

B. Domain Names

The Board reached an agreement with SMR to purchase The Corral domain names.

C. Nelson Litigation

The previous Property Manager Larry Nelson has filed an action against The Corral based on what he feels is a meritorious claim. The Board disagrees and has filed a counterclaim against him and the rest of the Nelson family. The case is ongoing and on record. The insurance policy will cover the defamation portion of the claim but not the breach of contract. It appears that there will be a jury trial but this will not occur for about a year.

For the future, the Board has established some financial controls. Disbursements must be approved by a Board member and separate bank accounts will be established. One account will be funded with a minimal amount so the Manager can pay regular operating expenses and the other will require Board approval before any disbursement can be made. In addition, a formal list of approved vendors has been created.

D. Radon Investigation

In late 2012 a short term radon test was performed during the course of a unit sale. The test result was 4.3, which slightly exceeds the 4.0 EPA guideline. The potential buyer did not complete the purchase. The guidelines recommend a longer term test and this is now being done. In addition, six short term tests were run in various areas of the complex with results ranging from 0.3 to 4.7. Geoffrey Forman noted that the average reading for homes in Summit County is 10.

Marlene DeBruyn, the owner of the unit with the high reading, said she contacted the Board to inform them of the problem. She feels radon is a problem in the south building. She researched how short term tests should be conducted. The process followed for the short term tests was reviewed. Terry Lee pointed out that the kits were obtained from the County and the instructions were followed. Marlene said the varying test results were now creating a dilemma. She would have liked to have done mitigation but could not since the crawlspace was not her property.

There was discussion about mitigation. The process involves covering the crawlspace with a plastic radon barrier that is glued to the foundation along with a fan to vent the

space. Terry Lee said an estimate of \$18,000 was provided for mitigation of one pod of the building, so the cost would be more than \$500/unit. Terry said the Board agreed in writing that it would take any reasonable and prudent mitigation efforts required to address any issues uncovered in a reasonable time after the long term test. Marlene said that her unit had been excluded from the long term test. Terry responded that the Board did not make that decision; it must have been made by the previous Manager. Marlene said she had tried to communicate with the Board but did not receive a response.

Other owners made the following comments:

1. Making the buildings more energy efficient could exacerbate the radon problem.
2. There are differing recommendations for running the tests depending on the type of kit. The Board needs to decide which method of measurement is valid and/or would satisfy a buyer, i.e. testing units with routine ingress/egress or completely closed up during the test.
3. This radon situation is more of a marketing issue than a health safety issue. The levels are meaningless in terms of health and safety for the residents.
4. If the Summit County measurement is accepted as the standard, the tests should be repeated and the Board should issue a statement based on the test results.

A motion was made to do additional radon tests and to get a bid for remediation so the cost is known. The motion was seconded and carried.

Gene Warrington made a motion to adopt the methodology for measuring radon as prescribed by EPA guidelines and to use that methodology as the basis for analysis. The tests should be rerun for the unit with the above average reading. If the new reading is below 4.0, the Board will issue a statement indicating that the units in the south building passed the test. The motion was seconded and carried. The Board agreed to run an additional test in Unit 105S.

An owner was concerned about creating more issues by doing more tests. It was noted that owners only need to disclose that tests have been done, but buyers do have the right to demand a test.

E. CAB Management Formation – Review

When the Association changed to self-management, Wayne Brown recommended separating the rental function from the Association. It was determined that this did not occur when some purchasers recently tried to get financing. The Board recently formed CAB Management, Inc. as the management entity for the rentals. It is a C Corporation company and only Corral owners can invest in it. CAB is owned and controlled by the same people as the Association but it is a completely separate entity.

An owner commented that for financing, the property is still considered a condotel. Terry Lee said this issue was addressed by the attorney several years ago. Lorri Heuck said most properties have issues because of short term rentals. Wells Fargo has a special financing program called "Resort Condo" for properties in Summit County. Ada Anderson recalled that the Board had done some investigation and found it was going to be very expensive to remove the condotel designation so it was not pursued.

There was general discussion about how the establishment of CAB was funded. Geoffrey Forman explained that it was funded out of the reconstruction settlement proceeds. The leftover settlement proceeds were originally designated to be transferred to Reserves but the transfer was never made. A no-interest loan was established to set up the self management program. The Association is making monthly payments into Reserves from the rental profits until all funds are repaid. A loan was also taken from Reserves to buy C1 and C2. It is an interest bearing note at 3%. This was done based on the attorney recommendation.

An owner said the objective of the CAB was to lower dues. The dues are going up 5% so that objective has not been met. In addition, only the owners who buy a share of CAB for \$100 will benefit. A suggestion was made to lower the share cost to \$1 so all owners would participate. This should be reviewed by legal counsel.

The Association Board is supposed to have seven members and CAB should have five. As of today, there are three Association Board members and two for CAB. A communication was sent to owners soliciting new members and two responded.

The meeting was recessed for lunch at 12:33 p.m. and resumed at 12:55 p.m.

VII. FINANCIAL REVIEW

A. FY 2012/2013 Financial Highlights

Lorri Heuck reviewed the year-to-date financial highlights.

B. FY 2013/2014 Budget Discussion and Ratification

The new budget includes a 5% increase. The Association has been operating at a deficit for the past several years. Terry Lee noted that dues had not been increased since 2007.

A motion was made to accept the Treasurer's recommendation for a 5% dues increase in the 2013/2014 Budget. The motion was seconded and carried.

Hot tub servicing will be done in-house by CAB employees. There are a number of individual hot tubs. Owners pay \$100/month to CAB for hot tub service. Repairs and maintenance will still be done by subcontractors. Between the two entities there will be three full time office staff and two full time maintenance staff, and two part time office and one part time maintenance staff mainly for snow removal. Having the on site maintenance staff will reduce costs for owners.

An owner asked about the cost of supplies for the rental units. Sandra Slights said it was included in the cleaning fee. She determined that the fee did not cover the actual costs so the Board decided to start charging the difference to the renters.

An owner asked if the CD was part of the Reserves. Geoffrey Forman confirmed that it was. The total balance is about \$182,000 plus the assets of the two notes of about \$120,000. Under previous Managers, the loan payments were not being made. The

Balance Sheet will be revised to reflect this. Starting in September the payments will be made to the Reserves separately from the regular Reserve contribution.

Boiler maintenance will be \$20,000 ó 30,000 based on the new preventative maintenance contract. The locked gas rate is being negotiated. Usage was lower last year because it was a milder winter. Electric costs have increased. The gas contract expires at the end of August.

VIII. ELECTION OF DIRECTORS

Candidates were CJ Milmoe, Tim Lawler, Christie O'Neil and Kirby Martin. A motion was made to elect the four candidates by acclamation. The motion was seconded and carried.

IX. NEW BUSINESS

A. Boiler/Heating System Initiatives

Alex Newman provided an overview of the company. The services Tolin can provide include comprehensive maintenance programs, emergency service and repairs, facilities staffing, mechanical retrofits, boiler plant upgrades, energy services, utility data analysis, building automation and energy management services. Tolin has full time energy engineers on staff to maintain the most efficient buildings. Preventative maintenance is done to maximize efficiency and to increase the longevity of the equipment. All maintenance task are computerized and maintenance is scheduled quarterly.

There are also full time energy engineers on staff who can help obtain LEEDS and Energy Star certification for the property and reduce energy costs. The goals are to eliminate inefficiencies at the property, to create a worry free system, to maximize comfort and to reduce costs.

Their first exposure to the property was to address major complaints about overheating in the winter. They rebuilt the mixing valves in each building to help maintain a more comfortable heating level. They replaced all gauges and thermometers, repaired leaks in the snowmelt heat exchanger and domestic and heating water system. They are still trying to locate some other leaks and expect to complete this work before winter.

They would like to fix or upgrade the control system. They plan to improve the water quality by flushing all the loops and treating with the proper chemicals.

A Board member commented that the cold water often comes out hot in the east building; it may be due to a leak in the heat exchanger.

Current initiatives:

1. Preventative maintenance.
2. Address leaks.
3. Repair boiler #2 in the west building by September. It may be possible to file this cost as an insurance claim. The heat exchanger has to be replaced but some of the boiler parts will be retained for reuse in future repairs.

4. Several repairs needed for the snowmelt system have been identified.
5. Flush the system once all leaks are identified and repaired.
6. Discuss a centralized consistent control system with the Board.

Preventative maintenance options include:

1. Basic Preventative Maintenance Service - \$10,000/year.
2. Preventative Maintenance Service including labor - \$20,000/year. This is the service level that was included in the budget.
3. Preventative Maintenance Service including labor and parts - \$30,000/year.

A Board member asked if Tolin would be willing to consider a cost plus, not to exceed contract. Alex Newman said he would consider it and try to come up with a price.

B. Comcast

The cable signal will be switched to all digital in the fall. All units will need to have a digital receiver or converter for each set.

C. Recycling

An owner commented that the recycling area was very messy. Sandra Slights said Timberline accepts single-stream recycling materials but will not take items that are in plastic bags. She will follow up with Timberline.

D. Tree Trimming

An owner commented that the aspen trees had grown to the point that his view was blocked. Geoffrey Forman said the Landscaping Committee would be addressing tree trimming. The owner was asked to contact Sandra Slights.

X. SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, August 9, 2014.

XI. ADJOURNMENT

A motion was made to adjourn at 1:49 p.m.

Approved By: _____

Board Member Signature

Date: _____