

**THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION
ANNUAL MEETING
August 9, 2014**

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
CJ Milmoie, Secretary, 308E
Tim Lawler, 102S
Bill Schwartzkopf, 108S

Lorri Heuck, Treasurer, 105E
Terry Lee, 202E
Kirby Martin, 208E

Owners present were:

Ada Anderson, 301W
Shannon Lee, 202E
Gwen Esbensen, 204W
Carolynn Rice, 202W
Michael Yura, 103W/101W
Rick & Barbara O'Brien, 101S
Diane Mikulis, 306E
Alex Milmoie, 308E
Scott Bohnsach, 307W
Darwin Campbell, 306E

Tom Koslosky, 201W
Dan, Jim & Sharon Mikolitis, 301E
Nora & Richard Snyder, 302E
Linda Martin, 208E
Dean & Trish Jacot, 207E
Bill & Ginger Lake, 106S
Barbara Forman, 304E
Clay Barnett, 105S
Don & Karen Unger, 208W
Christie O'Neil, 206W

Alex Nelson of Tolin Mechanical and Chad Christy, Keith Kroepler, Brian Juchno, Peyton Rodgers and Jeff Cospolich of Great Western Lodging were guests at the meeting.

Representing management were Sandra Slights and Robert Wilson. Erika Krainz of Summit Management Resources was recording secretary.

II. STATEMENT OF COMPLIANCE AND DETERMINATION OF QUORUM

CJ Milmoie confirmed that there was a quorum for the meeting. Five proxies were received.

III. APPROVAL OF PREVIOUS MEETING MINUTES

Bill Schwartzkopf made a motion to approve the August 10, 2013 Annual Meeting minutes as presented. Terry Lee seconded and the motion carried.

IV. PRESIDENT'S REMARKS

A. Nelson Litigation

Geoffrey Forman said the litigation had concluded. There was a mutual agreement at mediation at the end of July. There are some financial issues related to the litigation still pending and the details of the settlement are sealed. The defendant's insurance company has paid \$38,000 on the employee theft policy and attorney Dennis Polk was hired

about one month ago to pursue the additional \$62,000. The attorney is confident that the Association will receive the remaining amount.

Geoffrey provided a recap of the reconstruction litigation. The Association filed suit against Tim Curran in 2005 and was ultimately awarded \$7.74 million for the reconstruction projects. After expenses, the Association netted \$5 million.

Ada Anderson commented that there were large expenses for Attorney Eric Fisher reflected in the financials. Geoffrey Forman responded that those expenses would be reimbursed from the Nelson settlement.

V. TOLIN PRESENTATION

Alex Nelson provided a presentation on the company background and progress that has been made on the systems at The Corral. Their vision for The Corral is to maximize resident and guest comfort, provide functional, reliable, efficient heating and ventilation, to ensure a worry free system and to reduce operating costs.

Progress on The Corral equipment included:

1. Rebuilt boiler #2.
2. Rebuilt mixing valves for better temperature control. This should alleviate most of the unit overheating issues. Owners who are still experiencing excessive heat should contact management.
3. Replaced mixing valve controls in East and South buildings.
4. Replaced all system gauges and thermometers.
5. Repaired known leaks on domestic water and heating water main piping.
6. Replaced known failed isolation valves.
7. Tested system pumps in the East, West and South buildings.
8. Repaired pump starters in the East building.
9. Replaced worn out pumps in the West and South buildings.
10. Tested and repaired/replaced bad zone valves.
11. Analyzed the water quality.
12. Installed heating system water filter in the South building.
13. Flushed the snowmelt system in the West and Canyon buildings.
14. Replaced snowmelt mains from the boiler room to the outdoor manifolds.
15. Rebuilt snowmelt heat exchanger in the West building.

Ada Anderson commented that there was discoloration of the hot water coming to her unit when occupancy was low. Alex Nelson said recommended inspection of the domestic hot water storage tanks.

Projects in progress and for the future:

1. Ongoing preventative maintenance.
2. Spot repairs to the snowmelt system by the East and West buildings.
3. Repair snowmelt systems on the condominium patios.
4. Fine-tune the water treatment program.
5. Perform an energy analysis.

Owners were encouraged to report problems to the management company by submitting a maintenance request form. The forms are available on the website.

VI. RECOGNITIONS

Geoffrey Forman and the owners recognized Lorri Heuck and Terry Lee for the extensive hours they have spent on behalf of the Association, as well as Robert and Brooke Wilson, Sandra Slights, Nikki Giordana and Leon.

VII. GREAT WESTERN LODGING PRESENTATION

Geoffrey Forman said Great Western Lodging (GWL) would be taking over the management of the Association as of September 1, 2014. The contract is being drafted by Wayne Brown. The two main issues in choosing a new management company were continuation of on site management and staff continuity. Both issues were resolved. GWL will be providing on site management and they agreed to interview the existing CAB employees for positions in their company. GWL also provides rental management.

An owner asked why the Board did not solicit other management bids. Tim Lawler explained that the Board was operating under a very short deadline. In addition, the management contract was put out to bid in 2005 and there was an in depth investigation of four management company options. The GWL proposal addressed the key issues.

An owner asked why the Board thought it would be better to hire a management company. Lorri Heuck explained that CAB was not financially viable on its own and the Association has been subsidizing it. There have not been a sufficient number of rental units to sustain the program.

The GWL contract has a three-year term with a 90-day termination clause. The basic management fee will be \$54,000 with other revenue generating areas such as project management. Areas that will be billed separately include snow removal, hot tub maintenance and common area cleaning.

The rental management contracts could have been sold, but in effect GWL bought them by assuming the \$40,000 CAB debt to the Association, which they will repay over the next two years. Tim Lawler pointed out that the decision to hire a management company does not reflect on the current staff. It was strictly a business decision based on an unsustainable model. GWL is willing to interview the existing staff for positions and GWL will be working with the Association this month during the transition at no cost.

There have been some issues with financing for unit resales due to the litigation and the check-in facility. The Board is considering elimination of the check-in facility since GWL has a front desk. This would eliminate the financing hurdle associated with the condo-hotel designation.

An owner commented that he was told that his outside management company could not attend the meeting. Geoffrey Forman said this restriction was prescribed in the Bylaws. In addition, proxies can only be assigned to owners. The owner encouraged the Board to communicate with the owners in a timely manner about the upcoming management changes.

Chad Christie introduced his staff. Brian Juchno will be the contact person for the Board. Chad and Jeff Cospolich provided an overview of the company. The company was founded in 1997 and manages three Associations and over 160 rental units. The goals are to maximize owner rental return with a low cost approach and maintenance focusing on service and scale. They work with travel operators and GWL pays the fees. They also offer rental management with a 60/40 split, including cleaning and credit card fees. Owners will be charged for maintenance of private hot tubs. About 50% of their business is direct versus the industry standard of about 36%. The staff has 12-year average tenure. GWL also manages Sawmill Creek, Park Avenue Lofts and One Breckenridge Place.

For rental management, GWL benefits include local operation and ownership, an excellent rental history, an outstanding reputation, member affiliations, local experience and an office on Main Street. GWL is distinguished from the competition by an on site presence, individual property marketing, a balance of service with reduction of unnecessary expenses and continued investment in marketing.

The marketing plan is based on detailed market research and includes internet with SEO and PPC, email and direct mail campaigns and key relationships with OTA's and wholesalers. Owners were invited to contact GWL to set up a meeting for an in depth explanation of their program.

The website is showing growth compared to previous year. Select properties are showcased on a network of affiliate sites, and there are real time booking calendars, online booking, reviews and automated discounting. Guests can create favorites for property comparisons. The website can showcase featured units or buildings for added exposure, and provides automated pre-arrival, post check-in and post-departure email communication and return customer incentives. There will be a landing page for The Corral on the website and every unit on the rental program will be listed.

On the Association side, the team will address overall property issues and try to figure out how to manage the utilities, since they are the largest expense. Chad Christy was asked to send all owners an email with a list of the contact people at GWL.

The meeting was recessed at 11:53 a.m. for the CAB Shareholder Meeting and reconvened at 12:48 p.m.

VIII. PROPERTY AND LANDSCAPING UPDATES

Robert Wilson reviewed the year's activity:

1. Preventative maintenance resulted in no after hours calls in rental units over the winter.
2. The water supply line was completed in October.
3. The entry signs were repainted.
4. The D9 dumpster room has been cleaned up and the tools secured.
5. The boiler was replaced and the snowmelt system was repaired.
6. The entry to the property was enhanced.
7. The meeting room was upgraded.
8. The staff ski and snowboard room was well utilized.
9. The storage rooms were organized.

10. The housekeeping service was overhauled.

Current projects:

1. A new pedestrian gate is being built at the north end of the property. It will have a punch code lock.
2. Ordered a new powerwash wand.
3. Heating repairs are being completed in the East building.
4. The snowmelt system is being repaired.
5. Owners were encouraged to contact management about any telephone issues. Several owners indicated they had strange single rings in the middle of the night.
6. The exterior hallways will be repainted.
7. The garage numbering system will be clarified.
8. The landscaping damage caused by the fiber optic installation will be remediated by the contractor.

Owner comments included:

1. The owners recognized Brooke Wilson for her work on the landscaping. There was general agreement that the grounds looked great.
2. An owner asked if the high windows could be washed at individual owners' expense.
3. Geoffrey Forman asked if the window frame staining could be finished to preserve the exposed wood. Robert Wilson will follow up.
4. An owner asked how to replace missing screens. Robert Wilson will follow up.
5. An owner said there were significant drafts around her windows. Robert Wilson will inspect the windows.

Robert Wilson encouraged owners to contact him about any heating issues. He asked owners to provide him with keys to locked closets that contain valves so he can gain access in an emergency.

IX. FINANCIAL REVIEW

A. FY 2013/2014 Financial Highlights

Lorri Heuck reviewed the year-to-date financial highlights. The Association was operating ahead of budget because of the Special Assessment. Legal Fees and Snowmelt System were over budget.

A Reserve Study was done in 2010 and is now being updated. The new Study should be completed by the end of the year. There should be \$14,000 extra per month from the Special Assessment flowing to the Reserve starting in September. The Special Assessment will end in December.

B. FY 2014/2015 Budget Discussion and Ratification

The 2014/2015 Budget includes a \$4,700/month contribution to Reserves and no increase to dues.

A motion was made and seconded to ratify the 2014/2015 Budget. The motion carried.

X. ELECTION OF DIRECTORS

The term of Lorri Heuck expired and she indicated her willingness to run again. There were no other nominations from the floor and a motion was made to elect Lorri Heuck by acclamation. The motion was seconded and carried.

XI. NEW BUSINESS

A. Reserve Study

Murray Bain will be developing a new Level II Reserve Study for the property. Robert Wilson and Brian Juchno will be working with him on this project. The Study should be updated every three to five years. The cost for the Study will be \$3,500.

B. Homeowner Communication

An owner asked about the frequency of owner communication. Chad Christy said the website would be updated as soon as possible. Meeting minutes are generally posted within one month. Chad said he would be open to sending a quarterly newsletter. Robert Wilson was asked to work with GWL on this. The Board will receive monthly financial reports. An owner suggested sending emails over the next few months with highlights and status updates on the management transition.

C. Automatic Dues Payments

Chad Christy said setting up automatic dues payments for the units was included as a requirement of the new contract. The automatic payments will be started no later than November 1st and will save the Association a significant amount of money.

A motion was made to convert the Association dues payment to an ACH withdrawal effective no later than November 1, 2014. The motion was seconded and carried.

XII. SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, August 8, 2015.

XIII. ADJOURNMENT

A motion was made to adjourn at 1:51 p.m.

Approved By: _____ Date: _____
Board Member Signature