

**THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION
ANNUAL MEETING
August 8, 2015**

I. CALL THE MEETING TO ORDER

The Corral at Breckenridge Homeowner Association Annual Meeting was called to order by Geoffrey Forman at 9:06 a.m.

Board members present were:

Geoffrey Forman, President, 304E
CJ Milmoie, Secretary, 308E
Tim Lawler, Vice President, 102S

Lorri Heuck, Treasurer, 105E
Terry Lee, 202E
Bill Schwartzkopf, 108S

Owners present were:

Ada & Harold Anderson, 301W
Dan, James & Sharon Mikolitis, 301E
Bill & Ginger Lake, 106S
Barbara Forman, 304E
Don & Karen Unger, 208W
Chris Rains, 303W
Roger Bretting, 206S
Kristin & Lee Ryder, 306W
Jason & Tricia Edelmann, 102W

Shannon Lee, 202E
Kristin Yura, 103W/101W
Diane Mikulis, 306E
Clay Barnett, 105S
Christie O'Neil, 206W
Susan Burrow, 106E
Joe Pisciotta, 303S
Steve & Michelle Smith, 101E
Dean & Trish Jacot, 207E

Representing Great Western Lodging were Chad Christy, Keith Kroepler, Brian Juchno, Jessica D'Angelis, Jeff Cospolich, Pete Vanderlinden, Tyler Brook and Leanne Hamilton. Alex Nelson and Leslie Beu of Tolin Mechanical were guests at the meeting. 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 based on 23 units represented in person and receipt of 18 proxies.

III. APPROVAL OF PREVIOUS MEETING MINUTES

Bill Schwarzkopf made a motion to approve the August 9, 2014 Annual Meeting minutes as presented. Lorri Heuck seconded and the motion carried.

IV. PRESIDENT'S REMARKS

Geoffrey Forman thanked the Board members for their assistance, and in particular Lorri Heuck and Terry Lee. He also thanked the Great Western Lodging staff. He said they have done an incredible job after taking over last year and rentals have been strong.

V. FINANCIAL REVIEW

A. *FY 2014/2015 Financial Highlights*

Keith Kroepler reviewed the year-to-date financial highlights. The Association is projected to end the year with an \$18,126 surplus due to savings in Utilities. Ada Anderson requested inclusion of the Balance Sheet in future meeting packets.

As of the end of July, the Reserve balance was \$205,000. Painting is listed as an upcoming capital expense.

There was general discussion about the Reserve Study. Brian Juchno explained that the Reserve Study includes a list of all common elements, their expected useful life and projected replacement costs. It looks five to ten years into the future. It is reviewed and updated annually. It is an estimate and it is a moving target. Reserve Funds are typically 60 – 70% funded. It was noted that 10% of Operating expenses should be contributed to the Reserve Fund annually in order for units to qualify for traditional FNMA/FHLMC financing.

The Association website is www.gwlhoa.com and all insurance information and financials are posted.

B. *FY 2015/2016 Budget Discussion and Ratification*

Keith Kroepler explained that the Other Heating and Boiler Repairs expenses were moved to the Mechanical Systems Service Agreement line item for a total of \$29,532 next year. The 2015/2016 Budget reflects no dues increase and some expense category changes. The year-end surplus will be spent on capital projects for the building but the actual expenses will be reflected in the Operating Maintenance and Repair account.

Bill Schwartzkopf made a motion to ratify the 2015/2016 Budget. CJ Milmo seconded and the motion carried.

VI. PROPERTY MANAGER'S REPORT

A. *2014/2015 Completed Projects*

1. Removed front desk check-in and central phone service (PBX system) in order to eliminate the condotel rating and the associated limitations on mortgage options.
2. Implemented phone service for the units with a Comcast bundle. The Comcast bill went up but the PBX repair expenses of \$2,000 – 2,500/year have been eliminated. The phone is through the internet and includes unlimited national long distance calling but no international calling. Owners can individually upgrade their television service. Brian Juchno will talk to Comcast about getting

an updated channel guide in a table card format. Voice mail can be accessed by dialing *99. More information is available on the Comcast Xfinity website.

3. Snowmelt repairs were completed for the east building patios and driveways by Tolin Mechanical. They maximized the efficiencies for the existing system. They made efforts to provide energy savings by adjusting the tolerance settings for the snowmelt and heat systems.
4. The buildings are being painted. The project was scheduled for the fall but the contractor had an opening in his schedule so the timing was accelerated to ensure the work would be finished prior to the winter season. The color scheme was selected with the assistance of an interior designer. The painters will clean up the paint on the driveways.

B. Pending Projects

1. Heat tape repairs will be made and paid for out of the year-end surplus.
2. Window washing will be scheduled in the fall.

C. Owner Questions

Questions and comments included the following:

1. Can owners control the temperature in their unit? Brian Juchno said each unit is controlled by an individual thermostat. If the thermostat does not seem to be controlling the heat, there could be a problem with a zone valve. Chad Christy noted that the heating system was very slow to respond and the temperature only changes about 2 degrees/hour. Zone valves are an individual owner responsibility. They can be accessed through a panel in the owner closet or bathroom. Management companies should be checking on the valves regularly. Britannia Plumbing, Mech Tech, Summit Services are vendors who have worked on zone valves in the past. Brian will post a list of preferred plumbers on the website.
2. The water often has very strong chlorine smell. Brian Juchno said the Town controls the treatment of the water.
3. An owner requested a key to the game room for access after 5:00 p.m. when it closes. Brian Juchno said there was a security concern with individuals sleeping on the couch. Management is continuing to work on providing access while maintaining security. The security gate in the stairwell is not being locked because it is against fire code. Owner keys open the glass door.
4. The hot tubs were cleaner than they have ever been.
5. The towels are wonderful but the sheets are still way too small. Brian Juchno said he was working on a system, as mattresses now come in a variety of thicknesses.
6. An owner asked about the new cleaning company. Brian Juchno said he has worked with the contractor for many years at other properties. The contractor is bonded and insured.
7. There is a security problem related to the back door being left open.

8. An owner commented on the lack of amenities in the units. Brian Juchno said the decision was made to provide soap but not shampoo or body lotion since the building is not a hotel. Guests are given a list of items that are provided.

VII. OLD BUSINESS

A. *Employee Theft Coverage*

Geoffrey Forman said the litigation from last year had been settled. The Association has now hired Dennis Polk to file a lawsuit on behalf of the Association related to the employee theft policy. There were some issues with the legal fees for Eric Fischer, which the Association should not have been responsible for paying. The attorney will be taking on litigation with Trucker's Insurance to obtain the balance of the employee theft coverage (about \$65,000) and any legal fees that should not have been paid by the Association based on the coverage from the policy. He will be paid on a contingency basis, under which the law firm will receive 1/3 of any award. The Association will be responsible for paying expenses such as court and deposition costs, which the attorney estimated would be \$8,000 – \$10,000. These fees are also recoverable. The total amount that could be recovered is about \$160,000. There is a case being decided in the Colorado courts on this specific area of insurance law. It would allow for double damages for bad faith on the part of the insurance company. If collected, the funds will be applied to Reserves.

VIII. NEW BUSINESS

A. *Real Estate Market Update*

Chad Christy reviewed the real estate report. There have been ten sales in the past year, no pending sales and two units are currently listed for sale. There have not been any issues obtaining financing since the condotel designation was removed. Lorri Heuck recommended using local lenders.

B. *Driveway Snowmelt Discussion*

Chad Christy said the snowmelt system in the canyon is failing and is at the end of its useful life. Some elements have accelerated it. The original tubing was not designed to be used for snowmelt tubing. The tubing used now is designed with expansion and contraction capability. The old tubing has failed and water and glycol are leaking into the ground. Tolin made some repairs and found the tubing split lengthwise because it was not reinforced. Repairs are being done to keep the large areas working but smaller side zones are being shut down when they leak or fail.

The estimated cost to replace the snowmelt mechanicals and concrete is \$709,000. With other required work and a contingency, the total cost is estimated to be \$800,000. The new system will have a useful life of 20 – 25 years. The existing system is operating at about 50% efficiency and it is not balanced. The new system will dramatically improve efficiency. The alternative to replacement would be manual

snow removal at an estimated cost of \$35,000/year. Manual removal would also entail snow storage and removal with heavy equipment, would create a noise nuisance and would cause further damage to the failing concrete. The building was not designed for manual snow removal.

The project duration will be about two months. The units will not be available for rental during this period. Parking will be an issue but it may be possible to stage the project or approach the Town about parking by the greenbelt. The south building snowmelt system was replaced as part of the settlement so this project will only address the areas around the east and west buildings.

The expense will be paid through a Special Assessment on all units at an approximate cost of \$10 per sq.ft. The Board has decided to proceed with the project and no owner vote is required.

An owner was in favor of paying for the project over several years instead of through a Special Assessment. Geoffrey Forman explained that financing the project would result in a significant dues increase, which would affect real estate sales. Lorri Heuck noted that owners could get a home equity loan at a good rate. Chad Christy said the funds for the project would need to be collected by May 1, 2016 in order to start the project in May 2016. The Board might be able to arrange for payment of the assessment in two segments with half due this year and half next year.

Dean Jacot made a motion to recommend proceeding with the project, to levy a Special Assessment due in one payment on February 1, 2016, and to reflect that the owners support it. Ada Anderson seconded and the motion carried unanimously.

Alex Nelson and Leslie Beu from Tolin offered to answer owner questions. Leslie Beu said she had been working with the technicians to identify cost saving options. She drafted an energy study based on what she saw with the technicians and things that have already been implemented. Gas consumption has been reduced.

An owner asked what magnitude of efficiency improvement there would be with the new snowmelt system. Leslie Beu responded that based on the past three years, she projected a savings of \$30,000/year (30%) in gas, based on current rates.

CJ Milmoie asked if there was any opportunity for gas usage conservation in the units. Leslie Beu said turning down the thermostats, taking care of zone valves and adjusting the boiler set points could provide savings.

Dean Jacot asked if a long-lasting concrete could be specified. Alex Nelson said the concrete company would provide the specifications. Good quality subsoil should also be in place.

Geoffrey Forman asked if the new system would have any effect on the boilers. Leslie Beu said the system should not affect the boilers.

Geoffrey Forman asked if the Maintenance Agreement would need to be modified. Alex Nelson said the system would be replacing an existing item in the agreement so it would not be necessary to make any additions to the Maintenance Agreement.

C. *Landscaping*

Brian Juchno said he was continuing to maintain the landscaping within the budgetary constraints. Dean Jacot said there had been discussion about thinning or removing some trees that were blocking the view from their unit. Brian said the Town would require replacement of any trees that are removed. He will work with the arborist on trimming. The Board will be working on an overall landscaping plan after completion of the snowmelt system project.

D. *Delinquencies*

Ada Anderson asked if there was a plan for owners who do not pay the Special Assessments. Keith Kroepler said it might be possible to turn off the wi-fi or cable for any delinquent owners but turning off the water is not allowed as it creates a health hazard. A lien can also be filed on the property. Funds can be drawn from Reserves to pay for the snowmelt project while collection is pursued.

IX. ELECTION OF DIRECTORS

The terms of Geoffrey Forman and Terry Lee expired and they indicated their willingness to run again. There were no other nominations from the floor and CJ Milmoie made a motion to re-elect the two incumbents by acclamation. Tim Lawler seconded and the motion carried.

X. SET NEXT MEETING DATE

Bill Schwarzkopf made a motion to set the next Annual Meeting for Saturday, August 13, 2016. The motion was seconded and carried.

XI. ADJOURNMENT

Bill Schwarzkopf made a motion to adjourn at 11:43 a.m. Tim Lawler seconded and the motion carried.

Approved By: _____
Board Member Signature

Date: _____