

**THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION
ANNUAL MEETING
August 11, 2018**

I. CALL TO ORDER

The Corral at Breckenridge Homeowner Association Annual Meeting was called to order by Geoffrey Forman at 9:00 a.m.

Board members present were:

Geoffrey Forman, President, 304E
Bill Lake, Treasurer, 106S
Chris Rains, Member, 303W
Kirk Hanes, Member, 204E

Terry Lee, Vice President, 202E
CJ Milmoie, Secretary, 308E
Michael Yura, Member, 101W/103W

Owners present were:

Shannon Lee, 202E
Ginger Lake, 106S
Barbara Forman, 304E
Dean & Trish Jacot, 207E
Phil & Sheila Martin, 208E
Kevin Patterson, 203E
Bill Schwartzkopf, 108S
Sharon Hanes, 204E

Jim, Dan & Sharon Mikolitis, 301E
Tim & Mary Lawler, 102S
Don & Karen Unger, 208W
Gary Duffens, 208S
Stephen Weitz, 104S
Harold & Ada Anderson, 301W
Steve & Michelle Smith, 101E

Representing Great Western Lodging (GWL) were Justin Desola, Steve Wahl, Aleks Matthews, Chad Christy, Erin McGrain, Keith Kroepler, John Bliszcz, Dan Allen, Josh Marquis and Ian Patterson. Andrea Kriegler of Summit Management Resources was recording secretary.

II. ROLL CALL & PROXIES

Keith Kroepler verified that there was a quorum for the meeting with 16 units represented in person and 16 proxies received.

III. VERIFICATION OF NOTICE

Notice of the meeting was confirmed.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

A motion was made to approve the August 12, 2017 Annual Meeting minutes as presented. The motion was seconded and carried.

V. PRESIDENT'S REMARKS

Geoffrey Foreman noted that two long-time GWL staff members, Brian Juchno and Jeff Cospolich, have left the company, and that Terry Lee, Board member, will be selling his unit and moving out of state. Geoffrey recognized Terry for his work with the Board and dedication to the Association. The Board presented Terry with a plaque and gift certificate.

VI. MARKET & TOWN UPDATE

Justin Desola, General Manager of GWL, provided the update and introduced himself with a summary of his background.

Occupancy in June increased as much as 10%. July followed strongly with an 8% increase, in line with what the Town and forecast was predicting. From May 2018 through August 11, 2018, compared with the same period in 2017, gross revenue was up more than \$100,000. In the future, Justin will pinpoint areas of strongest growth and provide an analysis of the market.

Justin reported that the music festival events run through September 12, 2018 and Oktoberfest is coming up. The Breckenridge Backstage Theater performances are on-going and the Breck Epic Mountain Bike Race just concluded. Summit Bike Share has introduced URbike, which are smart, dock-less bikes. Justin also noted that a new restaurant has recently opened nearby.

Ian Patterson, new owner of GWL, explained that the new vacation rental restrictions in Breckenridge affect only VRBO, stand-alone owners not located in town who do not have a local management company. The new ordinance specifies a timeframe for resolving problems. Fines for violations of this new policy will be enforced by the Town. The Town will create a task force and use new software to ensure that owners who rent obtain short term rental licenses. John Bliszcz stated that Airbnb will report owners who rent so that list can be compared with owners who are paying taxes on the income. Justin will continue to provide updates on any new developments in the newsletter.

Geoffrey Foreman asked if there was a way to partner with the local mountain bike races to increase rentals since the Corral units have garages for storing bikes. Ian Patterson did not think there would be enough of a return to justify the spending on advertising. Ian stated that he is partnering with an Australian group to build Breckenridge packages for the Asian ski market.

Geoffrey asked about the real estate market. There has been an increase of 11% in people moving to the area and prices are rising. There are limited growth and development opportunities in Breckenridge and the Town is now in a sustainability mode.

VII. FINANCIAL REVIEW

A. Profit & Loss as of June 30, 2018

As of June 30, 2018, the Association was operating \$44,000 favorable to budget. It is anticipated the Association will end the fiscal year \$35,000 favorable to budget.

B. FY 2018/2019 Budget Discussion and Ratification

The FY 2018/2019 Budget as proposed does not include a fee increase from GWL or a dues increase. Maintenance expenses will be decreased and utility expenses are anticipated to increase. Keith Kroepler is working with the insurance company and anticipates reducing the premium by \$7,000/year.

Harold Anderson motioned to move any year-end surplus to Reserves. Dean Jacot seconded and the motion carried.

Dan Mikolitis motioned to approve the FY 2018/2019 Budget as presented. Kirk Hanes seconded and the motion carried.

VIII. PROPERTY MANAGER'S REPORT

A. 2017/2018 Completed Projects

1. The heat exchanger was replaced and the boiler in the West building was repaired. Everything was re-plumbed so the heat exchangers can be isolated when necessary. The new heat exchangers are more efficient. There was a discount of \$10,000 negotiated with the vendor.
2. The final phase of the landscaping project was finished.
3. The elevator vendor assessed the elevators and determined that they have 10-12 more years before replacement is needed.
4. Gary Duffens asked what was stained during the recent project. Dan Allen replied that all the horizontal and vertical railings in the common areas were stained. Gary stated that some appear to still need stain. Dan will follow up to make sure that everything is stained, including the unit decks. Dean Jacot mentioned that there is a crack in his deck. Owners were encouraged to report issues to management.
5. The roofs were checked by a contractor, who determined that there are no major repairs needed at this time. Minor repairs are made as needed.

B. Pending Projects

1. There has been continued maintenance by GWL to maintain the appearance of the property.
2. Dan Allen will meet with Tolin to assess the state of the boilers and perform an energy audit.

C. General Discussion

A new Reserve Study is being prepared. Bill Lake reviewed the purpose of a Reserve Study is and noted it should be redone every three years. Since the roof will need to be replaced within about ten years, there was discussion about how to fund this project, with one suggestion being a separate roof fund. This will be discussed in the future.

The heat tape issue in Unit 208S will be handled after the meeting.

IX. OLD BUSINESS

Mike Yura reported on the progress of the empty lot north of the property. Mike worked with Anne Murphy and Tony Overlock from the town. Boulders will be placed in the lot in order to prevent snow storage on the lot. The next phase will be to install trails to redirect the flow of pedestrian traffic away from the Corral. Trees and wildflowers will be planted before the end of

the fall. There will be a switchback, steps and possibly lighting leading to the empty lot so the steep hill will not deter people from using the trail.

CJ Milmoie discussed giving the Warriors Mark members an alternative path.

CJ spoke with Mark Johnston, Deputy Director of Public Works, about the poorly lit sidewalk near Main Street and the drainage problem. The addition of lighting is in the Town plan, and hopefully will be installed by winter. The Town agrees that drainage is a problem in the area, but they need to work with CDOT since there is a right of way issue. There was a suggestion to move the sidewalk up to the highway like it is on the other side and to create a drainage ditch to divert the water into the creek. Dan suggested a connecting path across the highway because it is a dangerous place to cross. CJ will ask the Town.

X. NEW BUSINESS

A. Remodel Proposal

Kirk Hanes presented an overview of the lobby remodel. Bill Lake and Michael Yura are on the Remodel Committee. Kirk explained that owners are voting on whether or not the Association has the funds and if it is the appropriate time to remodel the lobbies.

Kirk researched other lobby designs for similar properties (Park Avenue Lofts, Beaver Run, Blue Sky, Crystal Peak, Grand Timber, Hyatt Main Street Station, Mount Thunder, One Ski Hill Place, River Mountain Lodge and Waterhouse) provided pictures of the Corral lobbies. Other lobbies are open and have sitting areas. Kirk requested bid from three contractors. Two responded with bids, while the third wanted payment before they submitted a bid. Anita Pendleton and another designer referred by Brian Juchno were the two bidders.

GWL has offered a capital investment to remodel the lobby in return for developing a plan to rent it. The Board has received bids for new games in the game room.

The Board had previously authorized \$10,000 to obtain bids from the vendors but Kirk did not want to spend all the money on two bids. Kirk stated that poster boards with design ideas have been displayed all summer. The posters reflected a move toward a historic mining town concept instead of the current cowboy theme. The estimate for the remodel of all three lobbies and the lounge was \$150,000, including tables, paint and coffee makers.

The Board analyzed the budget to identify potential funding, in light of the roof and elevators replacements in the future. There is \$27,000 budgeted now for common area refurbishment, \$18,000 available in a few years and operational savings of \$35,000 and \$25,000 allocated for the West basement.

Kevin Patterson reviewed the Reserve report and updated it to reflect actual costs incurred. He included the lobby remodel project and stated that there are not many upcoming projects in the next five years. They forecast the future Reserve balances.

It was discussed that the landscaping has been improved and the interiors should be remodeled to keep up with the other properties in the area. The lounge was originally decorated at a cost of approximately \$15,000. Owners commented that small improvements could be made to the existing furniture in the lounge instead of a complete remodel and there is a risk of theft. Solutions were discussed such as anchoring furniture to the floor or installing cameras. The insurance policy has a \$5,000 theft deductible. The lounge is locked at night, but the lobby remains open.

Ian discussed having a check-in desk in the lobbies again and how it affects the condo/hotel designation. Since the Association and management are no longer comingled, it would not affect lending. He did not feel it was worth the investment to have a check-in desk but he did support remodeling the lobbies and security cameras would deter theft. Other options would be coded door locks to limit access to owners only and placing a tracking device on lobby furnishings so they can be tracked on an app if stolen.

The Board stated that the remodel timeline of December is off the table since it appears there needs to be more discussion about the project.

The targeted budget is \$150,000, including shipping costs. If the owners were to opt for funding the project with a special assessment, it would be \$2,300 per unit. Dan Mikolitis was in favor of a special assessment to keep the Reserve balance strong. Geoffrey Forman noted that one third of the estimate of \$150,000 is already covered in the budget. There was discussion about creating a separate fund for the roof to provide adequate funding for the roof replacement, increasing dues to allow for a larger Reserve contribution.

Dean Jacot motioned to move forward with the refurbishment project. Barbara Forman seconded and the motion carried.

A motion was made to obtain another design from Anita Pendleton. The motion was seconded and carried.

Geoffrey Forman asked for input from the owners. Owner comments included support for keeping the horse theme, including contemporary western furniture and having Anita Pendleton provide a design that maintains the current look and ambiance but modernizes it.

A motion was made to approve a budget of \$120,000 to \$150,000 for the remodeling project. The motion was seconded and carried.

The Board thanked Kirk Hanes and the Remodeling Committee for their work on the project.

B. Other New Business

Stephen Weitz asked who was responsible for replacement of deck gate hardware. Geoffrey Forman stated that it is a limited common element but based on precedent, it should be covered by the Association. Erin McGrain will put it on the repair list.

Dan Mikolitis asked about window and window screen replacement. Geoffrey Forman stated that window replacements were required to match the existing. Screens can be repaired at True Value.

Jim Mikolitis commented that parking would be an issue if the conference room is rented. Terry Lee said the idea would be to have attract groups to stay at the Corral based on the availability of the room. It is estimated that rental rates could be \$200 for a half day and \$400 - \$500 for a full day.

Geoffrey Forman brought up the concept of a separate fund for future roof replacement, which he estimated would be \$700 to \$800 a year per unit. GWL will research the legality of this type of line item funding and provide a proposal.

XI. ELECTION OF DIRECTORS

The Board seats of Terry Lee and Geoffrey Forman were up for re-election. Terry Lee is selling his unit and was not running again. Geoffrey Forman indicated his willingness to serve another term. The Board has discussed reducing the number of Board members to a minimum of three and a maximum of five.

Kirk Hanes motioned to change the Board from seven to six members by not electing a replacement for Terry Lee. Harold Anderson seconded and the motion carried

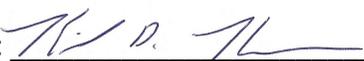
Kirk Hanes motioned to re-elect Geoffrey Forman to the Board. Harold Anderson seconded and the motion carried

XII. SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, August 10, 2019 at 9:00 a.m.

XIII. ADJOURNMENT

Jim Mikolitis motioned to adjourn at 11:37 a.m. Barbara Forman seconded and the motion carried.

Approved By: 

Date: August 31, 2018

Board Member Signature

Kirk D. Hanes