

**THE CORRAL AT BRECKENRIDGE HOMEOWNER ASSOCIATION  
BOARD OF DIRECTORS MEETING  
May 29, 2018**

**I. CALL TO ORDER & ROLL CALL**

The Corral at Breckenridge Homeowner Association Board of Directors Meeting was called to order by Geoffrey Forman at 4:00 p.m.

Board members participating via teleconference were:

Geoffrey Forman, President, 304E	Terry Lee, Vice President, 202E (present)
Chris Rains, 303W	Kirk Hanes, 204E
Bill Lake, Treasurer, 106S	

Representing Great Western Lodging (GWL) were Ian Patterson, Brian Juchno, Jeff Cospolich, John Bliss, Dan Allen, Erin McGrain and Keith Kroepler. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

**II. APPROVAL OF MEETING MINUTES**

Bill Lake motioned to approve the March 26, 2018 Board of Directors Meeting minutes as presented. Terry Lee seconded and the motion carried unanimously.

**III. FINANCIAL REVIEW**

**A. Year-to-Date P&L Review**

Keith Kroepler reported that as of April 30, 2018, the Association was operating \$28,000 favorable to budget. He reviewed the significant variances:

1. Total Maintenance & Repair - \$15,000 favorable to budget.
2. Total Common Area Operations - \$8,600 favorable to budget.
3. Total Utilities - \$4,000 favorable to budget.

**B. Balance Sheet**

Keith Kroepler noted that the A/R credit balance was due to owner prepayments of dues. There was one owner delinquency, but the owner will be at the property next week and is expected to clear the balance.

Bill Lake asked about \$70,000 balance in Accounts Payable. Jeff Cospolich said \$20,000 was for the boiler repair. As of today (May 29<sup>th</sup>), the balance was about \$21,000.

**C. Reserve Statement**

There was a \$29,000 reimbursement payment to GWL for the boiler repair. The heat exchanger invoice should be received soon. The project was completed last week at a cost of about \$17,000. There was \$160,000 set aside this year for boiler repair and the cost was just over \$50,000, including the change order.

*D. Proposed 2018/2019 Budget*

Keith Kroepler said the insurance policy was put out to bid with Neil Garing Insurance. They have preferred rates with Alliance. The agent believes the bid will come in under the \$48,696 that is budgeted. The current carrier, Farmers, has indicated there will be an increase of at least 10%. All other expenses in the new budget are in line with last year.

Bill Lake asked why there were funds budgeted for telephone. Brian Juchno said they were for monitoring the fire alarm system and elevator, and are required by the regulating authority. The number of lines was reduced from 12 to five when the PBX system was eliminated.

Geoffrey Forman asked when the new management contract would be implemented and how much the fee would increase. Ian Patterson said he was not anticipating a fee change in the new long-term contract.

Chris Raines asked where the 5% mark-up fees appear. Brian Juchno explained that GWL does not charge hourly for working with vendors. The 5% and 10% transaction fees for special projects are listed in the Reserve detail by account. Chris said these fees should be considered when discussing the management fee and it would be easier to calculate the total amount of compensation to GWL if they were all listed in one place.

Chris Raines asked if a communication line item was funded in the new budget. Jeff Cospolich said it was not. A newsletter could be generated but he would need Board input for the content. Chris felt communication with the owners should be increased and he agreed to head up the effort.

Terry Lee suggested a 2% increase to the budget to accurately reflect changes to utilities costs. Kirk Hanes was not in favor of an increase based on the projected \$20,000 surplus in the Operating budget. Bill Lake also did not support an increase and recommended tabling consideration until next year. The Board suspended this discussion pending review of the lobby remodel agenda item.

Following the lobby remodel discussion, Geoffrey Forman motioned to approve the 2018/2019 Budget with a 1% increase this year and a 1% increase next year, to be dedicated to the Reserve Fund. Terry Lee seconded and the motion carried with four Board members present in favor and one abstention.

#### **IV. GWL PROJECT UPDATE**

##### **A. *Boiler Review***

The heat exchangers for the domestic hot water in the west building were completed prior to May 18<sup>th</sup>. Several cracked boiler plates were discovered during the boiler work, resulting in the need for a change order. Two of the cracked center plates were replaced with used plates but the end plate had to be newly fabricated at a cost of \$10,000 for labor and materials. The total project cost will be about \$55,000 versus the original estimate of \$50,000.

There was minimal down time for the heat exchangers. It is now possible to bring the water temperature from 40 degrees to 130 degrees in 1.5 hours. The new plate system is highly efficient and should result in energy savings going forward.

##### **B. *Lobby Area Refurbishment Project***

Kirk Hanes reported that a motion was passed to spend up to \$10,000 to engage designers. The lobbies no longer serve a business purpose but do have value for unit sales and also on occasion as an informal meeting or gathering area by guests and owners. There was about \$103,000 allocated to pay for the remodeling. Three designers were approached. One of the three has been on site twice and provided a design at a cost of \$1,700, which was about half of what one of the other designers would have charged.

Potential upgrade of the conference space was also mentioned. This might include AV equipment, tables and a sofa. Kirk said that in his discussions with Ian Patterson, GWL is open to potentially providing up to \$10,000 of funding for the upgrade instead of having payment for the use of the space go to the Association. GWL could potentially also provide some financial assistance for the lower level of the west lobby.

Since the last meeting, two other potential sources of funding for the project have been identified. They are the \$20,000 of Operating savings from this year and \$11,000 of unspent landscaping budget from 2017. This would bring the total available funds to \$135,000.

The design concept moves away from image of cowboys and ranches to incorporate the Breckenridge mining town heritage, "Mountain Modern with Historical Nuances." In the west lounge there will be places where people can sit, talk or wait. The space will have a coffee shop feel with a fresh grinding coffee machine and taller café tables. Glass will be installed in the two main east and west lobby doors to open up the view. The interior timbers and window trim will be stained a darker color to match the outside. Historical touches will include mining rails, cables and iron. The separation will be removed from the west lobby and lounge and replaced with a sliding door. The east lobby will have the same motif. In the west lounge area, the stair bannister and spindles will be replaced with railroad rails and cables. The fireplace rock will be

extended to the ceiling and the mantel replaced with a floating wood or stone mantel with iron brackets. The cupboards in the coffee area will be stained a darker color and the television will be moved to replace the office windows. The elevator lobbies in all the buildings will be treated with cables, steel tubing and dark lumber trim to match the lobby décor.

The total estimated cost for all this work is \$156,000 (excluding shipping, project management, designer fees and taxes, which are estimated to be about 30%) against available funds of \$135,000. There are some high cost items that could be eliminated such as patio furniture for all three lobbies (\$6,800) and the fresh grind coffee maker (\$6,000). Other potential cost savings areas would include changing the railing and bannister design, leaving the office window in place, reducing the amount of rock for the fireplace and eliminating the sliding door. The next step is for the Committee is to trim the project expenses to a target of \$110,000.

The project should be marketed to the owners over the summer. The presentation boards could be displayed in the lobby. A series of three emails would be sent to the owners. The first would introduce the idea of the lobby remodel and emphasize that it would be an owner decision. The second would explain why it should be done now, the potential for doing it without an assessment, the business proposition with GWL and the value of the lobby to the units. The third email would include the final design and costs, funding sources, timing and completion date. If approved by the owners at the Annual Meeting in August, it could be scheduled to start in the fall during shoulder season. The Board agreed to present the high cost proposal to the owners and to discuss the cost reduction options if there is resistance to the price.

*C. Remainder of Landscaping*

The contractor is planning to start planting the week prior to Father's Day.

**V. OLD BUSINESS**

*A. Review of Proposed Reserve Study Investment & Records Inspection Policies*

The attorney will provide information regarding the missing Reserve Policy as soon as possible. The other required Policies were adopted in 2012 and 2014.

*B. Update on Signage in Units Regarding Trash & Pets*

The consensus of the Board at the last meeting was to memorialize the signage regarding the most common issues of parking, trash, noise and pets either in the unit or in a mailing to all owners and management companies. Jeff Cospolich recommended posting a short version of the House Rules in all units and mailing it once annually to all stakeholders.

Geoffrey Forman motioned to authorize GWL to update the signage in the units and to send the full version of House Rules by email to owners and other management

companies that have rentals at the property. Terry Lee seconded and the motion carried.

**VI. NEW BUSINESS**

**A. End of Season Market Recap**

Jeff Cospolich reported that about 80% of the bed base in Breckenridge is reporting metrics. Occupancy this past winter was flat or 0.5% ahead but ADR on average was 3% – 4% higher. GWL followed this trend. The average length of stay is getting shorter during the winter. Summer occupancy is declining a bit but ADR and length of stay are increasing.

**B. Window Washing**

Window washing is not recommended in the spring due to the pollen release. It is difficult to schedule this work in the summer based on high occupancy. Historically window washing is done in October. It was agreed that once annual window washing should be continued.

**VII. ADJOURNMENT**

Kirk Hanes motioned to adjourn at 6:04 p.m. Terry Lee seconded and the motion carried.

Approved By: \_\_\_\_\_

  
Board Member Signature

Date: \_\_\_\_\_

8/16/18