

SKI AND RACQUET CLUB, LTD.

BRECKENRIDGE, COLORADO
ANNUAL HOMEOWNERS MEETING
MAY 17, 2003

Call Meeting to Order:

The Breckenridge Ski & Racquet Club Association Homeowners Meeting was called to order by the President, Earl Haworth, at 10:45 a.m. on Saturday, May 17, 2003, in the Ski & Racquet Club Recreation Center.

Board Members Present Were:

Earl Haworth, President
Jan Bowman, Secretary

Board Members Absent Were:

Paul Davis, Treasurer
John Botterell

Representing Basic Property Management Were:

Dan Ulmer, Owner, Basic Property Management
Laura Stiglich, S&R HOA Accounting
Marcel Polasek, On-Site Manager
Rick Barron, Partner

Homeowners Present:

Lawrence & Mary Augustyn
Gloria Emerson
Drew & Barbara Ewing
Steven Fritch
David Finkleman
Susan Griffin
Don Hall
Sally Swartz
Bill Hudgins
Robert Josephson
Robert Kelly
Mark Lawlis

Mary Logan
Bill & Imi Mager
John McCallister
Lorraine McGowan
Susan Griffin/Monaghan
James Powers
Dave Rossi
Tom & Else Routhieaux
Roy & Annetta Schwalm
Norman & Andrea Stein

Homeowners Represented by Proxies were:

William Batton
John Botterell
David Clark
Mary Edwards
Daniel Fanelli
Peggy Freeman
Brett/Mary Goodwin
James/Jessie Harris
Charles Harrison
Tom Hausman
Ronald/Beverly Haynes
Andrew Kessler
Bill/Susan Lascurettes
James/Michelle Nevelle
Christina Phillips
Daniel Rivard
Neil/Elna Romano
Lester Watts
Tiffinie Wyers

Approval of the Minutes of 2001 Annual Meeting:

Jan Bowman read the minutes from the June 22, 2002 Annual Homeowners Meeting. Norman Stein made a motion to approve the minutes as presented. Bill Hudgins seconded and the motion carried.

Officer's Report

Earl Haworth reviewed some of the work that had been done during the prior year and complimented Marcel Polasek for the fine job he has done managing the complex. .

Manager's Report:

Marcel Polasek presented the Manager's Report. The repairs to the bathroom leaks in Buildings A and C were completed and the missing insulation was reinstalled. Several roof patches were completed on Buildings B and C although there is still major repair to be completed to the roof on Building C. Building C was repainted last year although there are several areas that need to be touched up. That work will be completed by the painting contractor under warranty once the weather improves at no cost to the Association. Marcel reported there had been ten parking violations over the winter and one vehicle was towed at the owner's expense.

Dan Ulmer reviewed the Delinquency Report. He stated that as of December 1st of last year, there was approximately \$30,000 in outstanding receivable delinquent dues. However, with considerable work on the part of Laura Stiglich, the HOA's accountant and the assistance of the attorney, Eric Fisher, delinquencies have been reduced to approximately \$7,900 as of April 1, 2003. Of that total, approximately \$5,000 is due from one owner and that owner's unit has now entered the foreclosure process. He noted that all attorney fees related to delinquent fee collections are paid by the individual homeowners and not by the Association. He further added that the \$500 Fine approved by the members of the Association at last year's Annual Meeting has been helpful in reducing the number of homeowners who do not pay their fees as required by the Association Rules and Regulations. Dan brought out that the Association is a non-profit organization and can only meet the monthly expenses when all Association Dues are paid in a timely manner. He stated that the implementation of the four payment options for this year's Dues has been very helpful in the Association being able to pay its bills in a more timely manner, especially the automatic bank withdrawal system which is now used by approximately 75% of homeowners, and provides income for bills due at the beginning of each month. He stated that those owners who had elected the Quarterly Payment Plan were also very helpful in that it provided a larger amount of cash flow for several large bills that had to be paid bi-monthly and quarterly, especially the sewer bill, which is approximately \$5,500 per billing period. With the Association's Dues income being received on a more regular basis, he

reported that it has also substantially reduced the interest and late charges that accrued in previous years when there were not sufficient cash to pay them when due.

Dave Rossi inquired whether it was possible to look into redesigning the roofs on the building in order to end the constant repairs and replacements of the existing flat roofs. Dan Ulmer agreed to follow up on the suggestion by having a contractor look into the feasibility of a new roof design and whether or not it would be cost effective.

Dave Rossi also commented that several areas on Building C, which were painted last year, are already peeling. Dan explained that the work by the painting contractor was under warrantee and the affected areas would be repainted at no cost to the Association.

Laura Stiglich reviewed the three budget proposals presented for the homeowners' consideration, and stated that they had been developed as an alternative to the special assessments that had been required in recent years. She reported that the operating expense portions of each of the three budgets were the same, and that the lion's share of projected Dues increases were to be used for capital repair and replacement needs that were overdue but had to be let go due to lack of funds.

She stated that while amounts allocated to projected operating expenses reflected a small increase in operating costs, this was due primarily to the extremely tight budgets of the last couple of years, increases in vendor and service costs over the last year or two, and unplanned expenses resulting from several leaks and insurance claims where the Association either had to pay the entire repair cost because it was below the insurance deductible or had to pay the \$1,000 deductible portion of the repairs.

She said that Budget "A" called for a \$95 per month dues increase for each homeowner and would allow for approximately \$61,000 of the estimated \$180,000 in capital improvements currently needed. She explained that this increase was the maximum that could be justified at this time but that it would still not be enough to begin contributions to the Reserve Fund.

Further discussion of the proposed budgets was tabled until later in the meeting.

Resolutions:

Earl Haworth stated that the resolutions would be discussed and voted upon prior to the election of new Board members.

Resolution A: To increase the Board of Managers from three to five members. The purpose of this Resolution was to clear up conflicting areas of the Declarations and By-Laws along with insuring a quorum is present for each Board of Managers meeting.

Lawrence Augustyn made a motion to approve the Resolution and David Finkleman seconded. Lawrence asked why the Resolution was to increase the Board to five members when the ballot called for the election of seven Board members. Dan Ulmer suggested that once this Resolution had been voted upon, a motion could be made from the floor to increase the Board of Managers to seven members.

Bill Hudgins inquired about the potential liability of the Board members and Dan explained that the Association carries Errors and Omissions Insurance to protect the Board members. Earl Haworth asked if there was any homeowner present, and not already on the ballot, who had an interest in becoming a Board member. Dave Rossi asked to be added as a nominee from the floor. Earl asked each of the three new Board candidates - Bill Hudgins, Dave Rossi, and Larry Augustyn - to introduce themselves.

Earl Haworth called for a vote from the homeowners on Resolution A and it carried unanimously. Roy Schwalm then made a motion to increase the Board of Managers from five to seven members and Bill Mager seconded. The motion carried unanimously.

Resolution B: To amend Item 3.3 of the By-Laws to change the dates for Annual Meetings from the current requirement that they be held between December 1 and December 31 to between May 15 and June 15. Steve Fritsch made a motion to adopt Resolution B. David Finkleman seconded and the motion carried unanimously.

Resolution C: To amend and clarify the definitions of the Declarations term "Owner in Good Standing" to mean "An Owner whose Association Dues and Assessments are current and paid in full" and to make this amended definition of "Owner in Good Standing" a condition of voting eligibility at all Annual and Special Meetings of the Association. Mary Augustyn made a motion to accept Resolution C. Bill Hudgins seconded and the motion carried with 21 owners voting yea, and one nay vote.

Resolution D: To amend Article 9, Item 9.6 "Liability Insurance" of the Declarations to specifically exempt and hold harmless the Ski and Racquet Club Ltd. of any and all liability for property damage within owners' units and/or insurance claims for damages in connection with or resulting from (a) A unit's heat having been turned off or set below 60

degrees during winter months (October-April), and (b) A toilet, sink, or tub, having overflowed, and to amend Section 5, Item 5.2 “Responsibilities of the Owners” regarding maintenance within his/her/their Unit, to include the cost of all repairs of such damages to their Unit, and any units below or adjacent to their unit, which might result from (a) and (b) above. Laura Stiglich pointed out that as the Resolution was drafted subsequent to mailing of the Annual Meeting Package, it would need to be voted upon by both members and proxy holders today. Larry Augustyn made a motion to adopt Resolution D. David Finkleman seconded and the motion carried unanimously.

Resolution E: To amend Article 5, Item 5.6 of the Declarations into agreement with the By-Laws regarding amounts and approvals required for common area alteration or improvements not previously voted upon and approved by a majority of the members and proxy holders at the Annual Meetings from “in excess of \$5,000” and “prior approval by at least 80% of the total number of votes outstanding and entitled to be cast” to “in excess of \$10,000” and “prior approval of a simple majority of the total number of votes outstanding and entitled to be cast.” (This Resolution was drafted subsequent to mailing of the Annual Meeting Package, and was therefore voted upon by both members present and proxy holders.) James Powers made a motion to adopt Resolution E. Sally Swartz seconded and the motion carried unanimously.

Resolution F: To establish a Declarations and By-Laws Committee to review and recommend other updates and amendments needed to bring the Association documents into conformity with current HOA practices and policies. Mary Augustyn made a motion to adopt Resolution F. Norman Stein seconded and the motion carried unanimously.

Ratifications:

Ratification of the fiscal year February 1, 2003 through January 31, 2004 Operating and Capital Budget was discussed. Laura Stiglich reviewed the three budget proposals, stating that the projected “operating expenses” were the same for each of the three budgets – with the only difference between the three proposed budgets being the total funds each budget would make available for some of the most important of current capital repair/replacement needs.

1. Budget A would increase homeowner dues by \$95 per month and allow for \$60,200 in Capital Improvements.
2. Budget B would increase homeowner dues by \$65 per month and allow for \$47,200 in Capital Improvements.

3. Budget C would increase homeowner dues by \$35 per month and allow for \$23,700 in Capital Improvements.

There followed a general discussion of the three budgets, after which David Finkleman made a motion to vote on the Budget Proposals and Norman Stein seconded.

Of the twenty-two owner proxies received prior to the meeting, six voted for the proposed "Budget A", seven voted for the proposed "Budget B", nine voted for the proposed "Budget C". (One additional proxy voted for Budget "B" but was not included in the above count or votes listed below as it was not received until Monday following the Annual Meeting.) The voting was as follows:

	Proxies	Present	Total Votes
Budget A	6	6	12
Budget B	7	9	16
Budget C	9	8	17

Earl Haworth announced that based on the vote, Budget "C" was adopted, and because the Association's Fiscal Year runs from February 1 through January 31, the Dues Increase called for in the Budget would be retroactive to February 1, 2003. He said that all homeowner would receive an invoice for the additional \$35 per month, commencing with the February 2003 Dues.

As the Association's Fiscal Year runs from February 1st to January 31st and the budget is not approved until the Annual Meeting held in May, Laura Stiglich suggested that the membership consider changing the Association's Fiscal year to July 1st through June 30th, which would enable the Owners to review and ratify the budget prior to year-end.

Bill Hudgins made a motion to change the fiscal year for the Association to July 1st through June 30th so that the budget can be approved by the homeowners prior to the beginning of the fiscal year. Mary Augustyn seconded and the motion carried.

Bill Hudgins asked if it was the responsibility of the Board to maintain a Reserve Account. Laura Stiglich said that while the Declarations call for setting aside Reserves for estimated capital repair/replacement needs, the budgets of the past couple of years have not provided sufficient revenue to fund the Reserves, and the Reserve Account currently has only about

\$1,500.

Earl Haworth then requested Ratification and Approval by the membership of all proceedings and acts of the Officers and Board members taken since the last Annual Meeting of the Owners and Board Members of the Ski and Racquet Club, which have been taken in good faith and furtherance of the Corporation's business. Bill Hudgins made a motion to accept that the proceedings and acts of the Officers and Board members taken since the last Annual Meeting be and are ratified and approved. Dave Rossi seconded and the motion carried unanimously.

Election:

Bill Mager made a motion to elect the new Board of Managers members and John McAllister seconded the motion. Earl Haworth then directed the homeowners present to complete and turn in their ballots. The ballots were collected and Earl Haworth announced that the results would be presented prior to the adjournment of the meeting.

One of the owners stated that she would like to change her prior vote on the budget to a vote for Budget "B". There was general discussion about the possibility of re-voting on the Budget Proposals. The consensus was that this would violate the rules of the Association and Earl Haworth determined that the previous vote would stand.

Old Business

A. Open Space West of the Tennis Courts

Earl Haworth explained that no offers have been made on the property nor has anyone contacted the Association regarding a potential sale of the parcel. Those present were concerned about selling the property and the possibility of it being developed at some future date. Dave Rossi made a motion to explore the situation more fully. James Powers seconded and the motion carried.

B. Resolution to Amend the By-Laws

The feedback on the Resolution to amend the By-Laws to increase the percentage of membership votes required for approval of a sale or takeover of the property was as follows: thirteen owner proxies voted to amend the percentage of membership required to 85%, six owners voted not to amend the percentage, and two owners felt 51% was too low but 85% was too high, and preferred an increase of 62% to 75%. There was general discussion on this issue and Mary Augustyn made a motion to

amend the By-Laws to require an 85% approval of the membership in order to sell the complex. James Powers seconded. The Resolution failed, with sixteen in favor and nineteen opposed (including proxies).

Motion was then made by Steve Fritsch to bring up the issue for a vote at the next Annual Meeting with three options, at which time owners would be given a choice of three options to authorize sale of the complex -- 51%, 66%, or 85%. Mary Augustyn seconded and the motion carried.

New Business

A. Dog Waste Station

Dave Rossi asked if it would be possible to place an additional dog waste station in the open space area west of the tennis courts, as that has become quite a mess. Earl Haworth stated that the Rules and Regulations of the Association were going to be strongly enforced, including the rule that no renter is permitted to have pets in their units. He further stated that after July 1, 2003, any homeowners allowing renters to keep pets will be fined.

B. Windows and Trim

James Powers mentioned that several units have improper trim and the wrong color windows in their units. Dan Ulmer said that he and Marcel would pursue the violators. James also asked that the rules be enforced regarding what can be kept outside the units on the walkways and balconies, as some residents use their balconies as storage areas.

C. Association Website

Dave Rossi said the website for the Association had been established but that it was not yet complete. He explained that the Rules and Regulations and the By-Laws of the Association would be posted on the website, making it easier for realtors to obtain that information when they sell a unit. The website address is www.SkiandRacquet.org.

D. Rules and Regulations

Laura Stiglich reported that updated Rules and Regulations were being prepared and that within the next month, they would be sent to all homeowners by certified mail, return receipt requested to make sure that each Owner had received them. She said the updated Rules and Regulations will serve as official notification by the Association to all homeowners, and that no further warnings will be required prior to the assessment of late charges or Fines for violations, including assessment of 18% finance charges on all Dues not paid within ten days of the Due Date, and assessment of the \$500 fine for Dues 60 days past due that

was approved by the membership at its 2001 Annual Meeting. Owners were requested to keep a copy of the R&R in their unit, and to make sure their renters reviewed and agreed to abide by them, as Owners would be held responsible for any violations by their tenants.

E. Board of Managers Election

Earl Haworth reported the results of the Board of Managers election: Earl Haworth received thirty-five votes, Paul Davis received thirty-four votes, Jan Bowman received thirty-five votes, Lawrence Augustyn received thirty-four votes, Bill Hudgins received thirty votes, Dave Rossi received thirty-three votes and John Botterell received twenty-seven votes. Earl Haworth announced that all seven candidates would serve on the Board of Managers.

Next Annual Meeting & Adjournment

Lawrence Augustyn made a motion to set the next Annual Meeting for May 15, 2004, at 10:30 a.m. in the Clubhouse. James Powers seconded and the motion carried.

There being no further business to come before the meeting, upon motion made and duly seconded, the meeting was adjourned at 2:15 p.m.

Respectfully Submitted

Jan Bowman
Secretary

Approved April 23, 2005 Board of Directors Meeting