

**BRECKENRIDGE SKI AND RACQUET CLUB LTD.
ANNUAL HOMEOWNERS MEETING
JUNE 4, 2005
Breckenridge, Colorado**

I. CALL TO ORDER

The Breckenridge Ski and Racquet Club Ltd. Annual Homeowners Meeting was called to order by Earl Haworth at 10:40 a.m. on Saturday, June 4, 2005, in the Breckenridge Ski and Racquet Clubhouse. He noted that it would be necessary to limit all owner comments to five minutes due to the amount of material to be covered during the meeting.

Board Members Present Were:

Earl Haworth, President
Norm Stein, Treasurer
Dave Finkleman
Joe Casey

Larry Augustyn, Vice President
Jan Bowman, Secretary
Shannon Saramaa

Representing Basic Property Management Were:

Dan Ulmer
Lanelle Barnett

Owners Present Were:

Andrea Stein, A101	Nikolai and Valentina Alexeev, A103
Michelle Munafo, A104	Wendy Tancheff, A105
Janice and Robert Kelly, A202	Thomas O'Lear, A204
Brett Levins, A206	Roy Schwalm, AG1
Richard and Holly Foubister, AG4	Jussi Saramaa, B201
William Mager, B206	Misty Brown, BG3
Chad Hanley, BG4	David Rathbun, BP1
Lorraine McGowan, C101	Sally Swartz, C103
Mary Augustyn, C106	Carlin and Amy Rogers, C203
Mary Kissock, C206	Gloria Emerson, CG2
Thomas Baugh, CP1	Gene Congdon, CP3
Mike Griffin, CP4	Anthony Karahalios, CP6

Proxies were received from the following owners:

Bill & Susan Lascurettes, AP3	Bill & Judy Mandigo, AP4
Mary Edwards, AP6	Lester Watts, B105
Andrew Roach/Allison Tyner, B204	Steve & Leslie Kingman, B205
Steven and Amy Fritsch, BP5	Neil & Elna Romano, C104

With owners present and proxies received there was a quorum.

II. LOAN PRESENTATION

Alan Seilhammer of Community Association Banc outlined the proposed loan package. The Association would draw on a line of credit and after six months the loan would be amortized for the total amount borrowed. There are no liens involved and no individual owner will have to sign for the note since the Association is the borrower. The loan will eliminate the need for a Special Assessment.

Alan further explained that the interest rate on the line of credit will be one point over prime, about 7% in today's market. At the end of the credit line the loan will be fixed at 5% for the first five years and will then be adjusted and fixed for the next five years. There is a one-half point origination fee and no pre-payment penalty. The only closing costs will be for the legal work. The loan is secured by the income stream and the assignment of collateral from the Association dues. There are no demand obligations on the loan.

Dan Ulmer explained that his company manages twelve associations in Summit County, many of which were built in the 1970's. In many instances the dues have been kept low and as a result the Reserve Funds are not adequate to cover capital improvement projects. The improvement project for Ski and Racquet has been broken out in two separate budget options, Budget A and Budget B. Budget A totals \$64,055 and includes basic building repairs and upgrades, such as roof replacement, drainage, carpeting, and sidewalks. Budget B totals \$731,395 and includes all items in Budget A along with Clubhouse remodeling and upgrading, carport ceiling repair and building residing. The loan would cover either of the budgets if approved and debt payments would be included in the monthly dues.

Dan presented a slide show illustrating the current condition of the complex and outlining the proposed capital improvements.

1. The Manager's unit will be upgraded with new kitchen cabinets, appliances, tile and carpeting.
2. The stairs between the buildings are a hazard and in most cases the concrete has eroded. These will be replaced along with the Clubhouse steps.
3. The retaining wall consists of old railroad ties and needs to be replaced at a budgeted cost of about \$65,000. The new wall will be built of split faced keystone type block with two four foot tiers. All railroad ties will be removed and only two trees will have to be removed.
4. The Clubhouse will be remodeled including shower replacement and new locker room tile to modernize the facility. The small meeting room will be converted to an exercise room. All the carpeting will also be replaced. The buildings furnaces are original units which are obsolete and have carbon monoxide leakage. The pool will be re-epoxied and the deck area will be completely re-done. The tennis courts are badly cracked; one court will be resurfaced and the other court will be converted to a basketball court at a cost of \$6,800. A new product for recoating

- the surface when cracks appear is available. This can be done by on-site personnel.
5. The interior hallway carpet will be replaced in all three buildings at a projected cost of \$26,825.
 6. Chimney repair will be completed. Many of the chimney caps are missing, causing many roof leaks.
 7. All of the press board siding will be replaced with a stucco finish and the vertical cedar siding will be repaired and replaced. Siding replacement is currently being done on Building A and all three buildings will be resided if the loan is approved. Siding along the balconies is now being replaced in conjunction with the painting projects.
 8. The roof is in very poor condition; the rolled roofing material does not hold up well in a mountain environment. The roof has been patched many times and now puddles form, causing some of the leakage. The old roof would be torn off, a new sub-deck installed, and then a rubber roofing membrane would cover the entire surface. Turner Morris would be the contractor to do the work and their bid includes all the flashing and heat tape work along with a twenty year guarantee. The Association is currently spending \$40,000 a year in patching alone. If approved the roofs would be completed this season.
 9. The parking areas and garages will be re-striped.
 10. All of the balconies, many of which are leaking, will all be brought up to standard.
 11. The drainage issue by the elevator in Building C will be addressed. Currently the water does not flow away from the building and ice builds up presenting a slip and fall problem. A new 12" x 12" trough with a low voltage heat system will be installed to drain water out of the area. The trough will drain the entire 220 foot section by following the natural drainage flow and discharge into the landscaped area.
 12. All concrete in front of the dumpsters will be replaced.
 13. In the garages and carport areas the pipes in the ceiling have frozen repeatedly and all of the insulation and heat taping will be replaced. All of the plumbing will be inspected when ceiling repairs are underway.
 14. The heat tape will be replaced in conjunction with the roof replacement.

Dan suggested hosting an open house for the area realtors after all work is completed. This would be a good public relations event and should help increase property values. A question was raised about assuring quality work. Dan explained his background is in construction management and he will deal personally with the contractors. The Board will also ensure that the work is done as promised and warranted.

Earl Haworth asked the owners present to voice their opinions about the loan proposal.

Sally Swartz stated that she was in favor of Budget B and she would like to have all the improvements completed.

Wendy Tancheff said she was also in favor of Budget B and thanked the Board for all the work they have done. She was concerned about higher dues and said she would favor a small Special Assessment in order to keep the dues low.

Nikolai and Valentina Alexeev said they were in favor of Budget B and they would like to see as much done as possible. Their major concern was controlling the contractors to ensure that high quality work is done at an affordable price.

Dave Rathbun was also in favor of Budget B but was concerned about the possible negative effect of the higher dues. He felt that the improvements would increase property values.

Gene Congdon indicated he was in favor of Budget B.

Bob Kelly was in favor of Budget B but said he would support an assessment for part of the loan amount in order to keep the dues low.

Janice Kelly was in favor of Budget B but voiced concern about higher dues and the effect on resales.

Carlin Rogers asked if the Board had contacted other lenders. Dan Ulmer stated that Community Association Banc was the only lender that specializes in loans to associations and noted the Board was comfortable with Community Association Bank. Dan further explained that the bids for the improvements are on the high side so the actual cost for some of the repairs should end up lower. The extra money currently in the budget for the capital expenditures will be put in the Reserve account. The \$10,000 expense for carpeting for 2005 would go into the Reserve account and the new carpeting would be paid for from loan proceeds. Carlin said he would also support some type of Special Assessment to keep the dues low.

Norm Stein commented that the Association needs to build the Reserve Fund. The loan should be paid off in ten years and by that time the Association should have enough in the Reserve Fund to avoid the need for another loan or Special Assessment.

Joe Casey stated that a great deal of work went into preparing this proposal and he thanked Shannon Saramaa for her engineering expertise. He believes that property values will increase. He supported the loan proposal and was in favor of the dues increase. He also believes the dues are way below average for comparable properties and agreed that building the Reserve Fund was essential.

Michael Griffin asked what the projected Reserve Fund balance would be in ten years. Dan Ulmer responded that the \$40,000 budgeted annually for repairs will be funneled directly into the Reserve so the balance should be about \$400,000. Any unforeseen major expense in the next few years would be covered by insurance or in the worst case scenario, a Special Assessment.

Tom Baugh was in favor of the Budget A proposal. He asked if it would be possible to fund the Budget B items with a Special Assessment. He would like to take care of the essential items in Budget A and then proceed with the more cosmetic items in Budget B. He also asked if some of the stairways could be eliminated. Dan Ulmer doubted that the county would allow it.

Anthony Karahalios felt the repairs needed to be completed and was in favor of Budget B.

Gloria Emerson was in favor of Budget B. She asked for an update on the assessment for the elevator repairs. Dan Ulmer stated that all of the problems with the elevator were resolved and the Association now has a maintenance agreement for the elevator to cover repairs.

Lorraine McGowan was in favor of Budget B. She also noted that if the snow was pushed further away from the dumpster near Building B, part of the ice build up issue could be solved.

Mary Augustyn was strongly in favor of Budget B. She felt the Board should get a minimum of three bids for all projects. She added that she would like to see the Clubhouse updated

Mary Kissock was in favor of Budget B. She felt it would be important for the stucco contractor to provide references and a warranty for the work.

Brett Levins said he supported Budget B. He voiced concern about security at the complex, noting that his truck was vandalized and broken into six times in the past year.

Rich and Holly Foubister indicated they would prefer Budget A.

Chad Hanley said he supported Budget B. He asked if the exterior lights had been inspected recently as the fixture outside his door has not been working for some time. He also noted that the exterior door painting was poorly done.

Emmy Major was in favor of Budget B but she would prefer not to pay a Special Assessment. She noted that over the past ten years they have paid \$15,000 - 18,000 in Special Assessments. She asked about the balcony repair. Dan Ulmer stated that all of the balconies in the complex will have tiling done under Budget B.

Tom O'Lear said he would like to see Budget B implemented. He commented that repairing the carport roof areas was more important than the tennis court repair. He asked how much was budgeted for repair of the carport roofs. Dan Ulmer said the preliminary amount budgeted was \$45,000 and if more money is needed it could be taken from operating funds.

Misty Brown was in favor of Budget A. She would prefer to have only the essential repairs done first. A Special Assessment would be difficult financially and she was not in favor of a large dues increase. She believes the dues are already the highest in the area.

Michelle Munafo voiced concern about an increase in dues. She would not support a Special Assessment and was in favor of Budget A

Andrea Stein felt the proposal was a good investment and that repaying the loan through the dues would be preferable to a Special Assessment.

Jussi Saramaa was in favor of Budget B as the work will vastly improve the property. He thanked the Board for their work on this proposal.

Larry Augustyn thanked all present for their input and pointed out that there is only a \$7.00 per month difference in dues between Budgets A and B. He agreed that there should be three bids for each project. He noted that the loan can be paid off early if the Association is healthy financially. He indicated he was in favor of Budget B

Earl Haworth noted that although the roof replacement would not help the “curb appeal” of the property, it was essential to maintain the value of the complex and each individual unit.

Shannon Saramaa commented that the overall response of the owners at the meeting has been a pleasant surprise and that she is in favor of Budget B

Jan Bowman stated that she has served on the Board for thirteen years and the goal has always been to keep the complex in a good state of repair with the money available; at this point the loan is the only way to get all the repairs done at once.

Earl Haworth explained that each unit has one vote for the loan proposal. Mary Augustyn made a motion to on accept Budget B and the motion was seconded by Janice Kelly. Earl said the bids and payment process will be overseen by the Board. If the loan proposal is approved the dues increase will be effective July 1, 2005, which is the beginning of the new fiscal year.

In a vote on the motion, including owners present and proxies, thirty were in favor of Budget B. Since this was a majority of the votes, the motion carried and Budget B was adopted.

III. BUDGET REPORT

Lanelle Barnett stated that the Association had \$62,000 in assets as of April 30, 2005, and that the outstanding balances were minimal.

Total income was slightly ahead of budget due to late fee collections. Office Expenses were over budget due to the purchase of a new computer. Management Fees were slightly under budget and overall Utility expenses were very close to budget. Capital Repairs expenses were nearly double the amount budgeted due to replacement of more siding. Net Income was budgeted at \$33,000 against an actual balance of \$25,000. Lanelle said the Association should be close to budget by year-end since some projects will be funded through the loan. Tom Baugh made a motion to approve the Financial Report. Janice Kelly seconded and the motion carried.

IV. PRESIDENT'S REPORT

After the extensive loan presentation Earl Haworth had nothing further to report.

V. MANAGER'S REPORT

Dan Ulmer read Ann Evison's report (she was out of town due to a family emergency). She thanked the Board for their help with the projects especially in the pool area. She provided a summary of work completed, including rebuilding the hot tub pumps, new sand in the filter, and other extensive mechanical repairs. The storage and boiler rooms have been cleaned, numerous Clubhouse tile repairs were completed and the storage rooms in Buildings A, B, and C have been thoroughly cleaned. The grass has been fertilized and she urged all owners to clean up after their pets.

Several owners thanked Dan for all the work Ann has done around the property.

Brett Levins commented that many of the short term renters leave trash in the stairwells or throw trash onto the lower decks. He suggested posting a short list of Rules and Regulations in rental units.

Dan noted that individual owners can be fined for tenant rules violations. He said the Board reaffirmed the \$100 dog littering fine at the previous meeting. He also stated that the new digital security system was nearly operational, including six security cameras in the Clubhouse and some cameras on the outside of the building. It may be possible to install cameras in the garage areas in the future.

Earl Haworth said the Board will provide the website address to the owners once the site is up and running. The schedule of capital projects will be posted on the website and on the unit doors.

VI. ELECTION OF DIRECTORS

Joe Casey stated that due to changes in his career he must resign from the Board. William Mager made a motion to retain the remaining members of the Board. Gene Congdon seconded and the motion carried. Anthony Karahalios expressed his interest in serving on the Board. Thomas Baugh made a motion to elect Anthony Karahalios to the Board. Joe Casey seconded and the motion carried.

VII. OLD BUSINESS

A question was raised about updating the owner address list. Dan Ulmer stated that the Association must now have written approval from each owner to disseminate this information, which makes the task nearly impossible.

VIII. NEW BUSINESS

Dave Finkleman sent a letter to the County regarding the vacant land west of Ski and Racquet. In 2001 the County responded that the complex was fully built out, but now it appears that the Association is well below the allowed density and actually has more land than is shown in the County records. The letter that Dave Finkleman prepared should get a response from the city planners explaining what type of development would now be allowed on the parcel. The Board would like to pursue a joint venture with a developer in the future to build three or four high end townhomes on the parcel with the Association receiving a share of the profits. Such a project could provide a means to quickly pay off the loan and to create a substantial Reserve Fund. Earl Haworth explained that this was a preliminary investigation and the owners would have to approve any proposal submitted. The Bylaws state that in order to sell any or all of the Association property, a two-thirds majority vote of the owners is needed.

With the improvement projects now approved and the amount of money involved Larry Augustyn proposed forming a committee to oversee the projects. Carlin Rogers, David Rathbun and Valentina Alexeev volunteered to serve on the committee and Jan Bowman, Shannon Saramaa, Norm Stein and Dave Finkleman will serve as the Board representatives.

IX. APPROVAL OF PREVIOUS MEETING MINUTES

Anthony Karahalios made a motion to approve the minutes of the 2004 Annual Meeting as presented. Tom Baugh seconded and the motion carried.

X. SET NEXT MEETING DATE

A motion was made to hold the next Annual Meeting on Saturday, June 10, 2006 at 10:30 a.m. The motion was seconded and carried.

XI. ADJOURNMENT

With no further business, Janice Kelly made a motion to adjourn at 2:19 p.m. Gene Congdon seconded and the motion carried.

Approved By: _____
Board Member Approval

Date: _____