

**Beaver Creek Lodge
Condominium Association, Inc.
Annual Meeting 2017**

Date: March 11, 2017
Location: Beaver Creek Lodge, Juniper Room
Time: 9:00am (MST)

Minutes

1.0 Introduction, Roll Call, and Proxy Review

The Annual Meeting of the Beaver Creek Lodge Condominium Association, Inc. BCLCA was called to order on March 11, 2017. Mark Kessler, President of the Association, presided over the meeting. Jim Wear, of the law firm Wear, Travers, & Perkins LLC, served as BCLCA counsel. Erin Burnett, executive assistant at the Beaver Creek Lodge, kept the meeting minutes.

The following were present:

Beaver Creek Lodge, LP (Represented by Mark Kessler, President)	Owner, various units
Fray Collazo, CFO	
Kevin Shields, GM	
Steve Broadbent, Hotel Unit Director	Owner, Unit 301
Dave Rivard, Hotel Unit Director	Owner, Unit 211
Liz Jones, Commercial Unit Director	BCRC, Unit 118
Sheri Rosen, Residential Director/HOA Secretary	Owner, Unit 324
Gail O'Brien	Owner, Unit 101
Tracy Huang	Owner, Unit 106
James Power	Owner, Unit 208
Paul Jardis	Owner, Unit 213-A & 218
James Padgett	Owner, Unit 323
Pat and Bob Lium	Owners, Unit 421
Carolyn McGinnis	Owner, Unit 325
Louise Reiter	Owner, Unit 110
Mary Ann and Charlie Goodin	Owners, Unit 504
Michael Barry	Owner, Unit 212
Jackie Anthony	Owner, Unit 216A

2.0 Proof of Meeting Notice and Confirmation of Quorum

Mark, on behalf of the Beaver Creek Lodge Condominium Association, (BCLCA), welcomed the members of the Association. Jim Wear established there was proof of the meeting notice and confirmation of a quorum.

3.0 Approval of 2016 Annual Meeting Minutes

Jim Wear stated that everyone should have received a copy of the minutes and requested that everyone take some time to look over the minutes. Mark went on to entertain a motion that everyone approves the reviewed and amended minutes of the Annual Meeting of the BCLCA held on April 9, 2016. Liz motioned. Dave seconded the motion. The motion carried.

4.0 "State of the Association 2016" Presentation

Kevin Shields, GM, reviewed the enhancements and achievements in 2016. Highlights include:

- Changes in staffing
 - Athena Marquez no longer works as the executive assistant and home owner liaison. Erin Burnett has been hired in her place.
 - Penny Clough no longer works as the property controller. Bill Fackler, who previously worked as the BCL controller, has returned to the property in her place.
 - Bryan Austin no longer works as the general manager. Kevin Shields, who has previously worked with Kessler and BCL, has returned to the property in his place.
- Liquidation of Kessler Canyon
 - Kessler Canyon has been sold and is no longer part of the Kessler Collection.
- Zimmerman PR company assistance with marketing
 - BCL was featured in Posh Seven magazine
 - BCL was featured in Southern Brides magazine
 - BCL was featured in Rocky Mountain Brides magazine
 - BCL was featured in Denver Life magazine
 - BCL was featured in Colorado Meeting and Events magazine
- Exceptional ratings from third party booking websites
 - Expedia rated BCL as 4.6 out of 5
 - Hotels.com rated BCL as 4.6 out of 5
 - Booking.com rated BCL as 9 out of 10
 - Travelocity rated BCL as 4.8 out of 5
 - Trip Advisor rated BCL as 4.5 out of 5 and awarded the Lodge a certificate of excellence

2016 HOA Budget Actuals and Capital Expenditures

Kevin stated that the 2016 ordinary income came in slightly ahead as budgeted at \$927,549.89 from operating and utility assessments.

- Expenses – Over budget \$11,618.32 due to administrative expenses being over budget \$9,154.81
 - Cable TV/Internet – Over budget \$2,844.71 due to upgrading our plan to high definition services with our current provider, Comcast.
 - Professional fees – Over budget \$6,821.00 due to the filing of liens on hotel units in which the owner had gone through bankruptcy.
 - Telephone – Over budget \$2,052.54 due to an upgrade in services.
 - Property operations and maintenance – Over budget \$5,711.03 due to a water leak in a condo unit caused by a broken roof tile.
- Utilities – Under budget \$4,559.92
 - Electric – Under budget \$11,708.00 due to changes in lighting, such as changing out old light bulbs with LED light bulbs that are more energy efficient.
 - Water – Under budget \$1,886.44 due to being more energy efficient and cutting back on water usage.

Kevin discussed the property updates that occurred in 2016. Reserve projects for 2016 finished \$3,357.00 under budget. The following projects were completed:

- Building signage
- Indoor/Outdoor pool
 - Pool furnaces/burner
 - Painting of pool deck
 - Addition of heated mats for outdoor pool area to prevent ice accumulation in winter season
- New carpet in owner ski locker room
- Roof tiles and gutters

- Lighting and fixtures in common areas
- Domestic hot water piping
- Heat tape

2017 Capital Plan

Based upon the Reserve Study, the 2017 annual reserve assessment will be \$160,000. There is no special assessment. The reserve study anticipates capital expenditures for 2017 will not exceed \$158,500.00. Projects to be addressed as needed include work in the following areas:

- Common area carpet/flooring – replace fitness center and laundry room flooring
- Elevator – replace floor tiles in service elevator
- Parking garage – re-seal floor in owner garage
- Heat tape – continuation of heat tape replacement on building
- Ice machine – replace 3rd floor machine (original to the building)
- Plumbing – replace hot water holding tanks and heat exchangers
- Pool/Spa – replace automated chemical feeder and automatic pool cleaner
- Public restrooms – replacement of restroom faucets and fixtures
- Ski lockers – replacement of ski locker keyhole with a keypad
- Lighting upgrade to LED – new LED fixtures for all stairwells

5.0 Election of Directors

Jim explained the election process to the members. Voting by owners for the election of directors is based on one vote per unit. The Board seat for (1) residential unit director is open for election. The seat is currently held by Sheri Rosen, owner of unit 324, who has decided to run for another term.

Upon unanimous acclimation of the members, Sheri Rosen was reelected to the Board for another term.

6.0 Review of 2017 Budgets

Mark advised the HOA they should have received a copy of the 2017 budget packet which includes the operating budget and reserve fund budget. He stated from this point forward we will refer to these two items as the budgets. He stated the BOD reviewed and approved these budgets in December 2016. Please note that certain statements made at this meeting about the association's future activities are based on the board's current expectations and assumptions. Actual results and figures could differ from anticipated. Mark then turned the floor over to Fravy Collazo, CFO Enterprise Hotels of Colorado.

Fravy stated the 2017 budget was created based on the provisions of the BCL amended and restated declarations. The declaration provides for how these assessments are determined by owner class. Assessments are broken down by electric, gas, and operating and reserve assessments. The electric and the gas assessments are assessed to those owner's classes which use those utilities based on the projected utility expenses. It should be noted all common area utility costs are incorporated into the operating assessment. The operating assessment for commercial, residential, and hotel owners are based on the Denver, Boulder, Greeley, CPI Index which for the current year was an increase of 2.71%. The current year budgeted operating expenses were based primarily on the actual expenses incurred in 2016 and we made adjustments for inflation on any non-routine expenses as well as anticipated savings. The total operating expenses are budgeted at approximately \$946K for 2017.

Fravy continued with the reserve assessment side. The reserve assessments were based on the third party reserve study of the Beaver Creek Lodge prepared in 2013. The reserve study addresses all the long term assets of the Lodge, the replacement values, and their respective useful lives and more importantly, their remaining useful lives. The intent of the reserve study was to better understand when the funds would be needed to upkeep the property. The reserve study also provides for a consistent

reserve assessment stream to meet the capital demands of the property. Based on the recommendations of the reserve study, the Board approved the annual reserve assessment in the amount of \$160K for 2017. We assess reserves on a general assessment basis. It was determined by the Board that an actual reserve expenditure in the prior year for any limited common elements would be credited back to commercial owners in the following year. In 2016, the HOA spent approximately \$9,300 on limited common elements. As such, 2017 budget includes the credit for such amount for commercial owners, as well as a correlated assessment to the residential and hotel owners. We will continue this practice going forward for any actual expenditures of limited common elements. The reserve study estimated reserve expenditures of \$158,500 for the projects previously described by Kevin, primarily the re-sealing of the owner's garage and replacing the hot water heating tanks.

Fravy then opened the floor to questions.

Q. Why are there adjustments usually in the first quarter billing?

A. Fravy – The answer to that is that the billing usually goes out prior to the presentation of the budget to the Board of Directors. That meeting usually happens in the last week of December, and the billings go out prior to that. We will make a concerted effort going forward to either have the billing go out later or try to have the Board meeting a little earlier.

Q. On the replacement of the water heating tanks, will that be done at a time when the building is closed?

A. Kevin – Yes, we are not going to interrupt service or occupancy.

A. Dave – Yes that is going to be done in April when we are closed.

As there were no other questions, Mark entertained a motion to ratify and approve the 2017 budget by the Association as presented. Dave so moved. Liz seconded. All approved and the motioned carried.

Upon the recommendation of the Association's accountants, Mark entertained a motion to apply the excess of any operating income over Association expenses for the year ended December 31st, 2016 to subsequent year assessments as provided by the RS code revenue rulings. Steve motioned. Dave seconded. All approved and the motioned carried.

Upon the recommendation of the Association's accountants, Mark entertained a motion to approve a resolution that all reserve assessments for capital replacements for the year ending December 31st, 2016, be segregated into a separate bank account and allocated to capital components as provided by tax regulations. Steve motioned. Dave seconded. All approved and the motion carried.

7.0 Old/New Business

New Business

Mark discussed that the Kessler group has been in discussions with Marriott for some time now regarding a potential Autograph Collection relationship to Beaver Creek Lodge. There's no specific action to be taken by the Association at this time as these discussions are still ongoing. However, immediately following this meeting a representative from Marriott will be giving an informal presentation with Q&A for anyone interested in attending. Please note, should an agreement be reached between Kessler and Marriott, there will be a special meeting of the Association to seek such approval.

Mark then opened the floor up to any questions for new and old business.

Q. Scott McFadden – Kevin, regarding the bad debt of a little over \$1,300.00 last year, I'm assuming that that was in relation to one of the bankruptcy situations you previously mentioned, and since it's been run through the income statement I'm assuming the Association has come to the realization it is not collectable.

A. Kevin – Yes that is correct. That's exactly what happening with that debt of about \$1300.00

Q. Scott McFadden – Ok. And one question on this year’s budget, I see we have banking changes of \$4,500.00 a regular of \$375 a month, which seems rather high. Could you tell me what kind of services we are getting other than straight checking? What all are we getting for that \$4500.00?

A. Kevin - That is our lock box service for payments. All owners send their payments in via lock box.

Q. Scott McFadden – Ok, so that is just a monthly charge?

A. Kevin – Correct.

Q. Neal Maslan – Is it possible at all to have the monthly distributions wire transferred to a bank rather than snail mail?

A. Fravy – Yes we can definitely look into that and do that for you.

Q. When might we hear a response on that, because it sure makes it easier for those who travel a great deal and the mail just sits there?

A. Fravy – Yes we’ll get an answer on that for you here in the next couple weeks. I will work with Bill on that.

Old Business

Q. Paul - Does the Association have a Colorado licensed Community Manager?

A. Mark – The Community Manager was previously Athena Marquez, however now that she is no longer with the Kessler group, Kevin Shields has begun the coursework in preparation for the M-100 exam.

Q. Paul – Do we face any increased liability for not having a licensed Community Manager?

A. Jim – The Association does not, however the management company does. So they are in the process of taking care of that.

Q. Paul – Last year there was a long discussion about whether the Association would be truly covered for insurance under Kessler’s umbrella, and I don’t think we received any feedback on that.

A. Fravy – Yes so after that conversation at last year’s meeting we had a subsequent Board call and the issue was addressed. It was determined that the Association is covered under Kessler’s \$25 million insurance umbrella policy.

Q. Could you say something about the nature of the agreement in discussion between Kessler and Marriott? What type of agreement is it?

A. Mark – Again we will discuss this in further detail later but it would ultimately we would have a management agreement with the hotel unit owners and a franchise agreement between Kessler and Marriott. It would be two separate agreements.

Q. So it is not HOA management?

A. No it is rental management.

At this time there were no further questions.

8.0 Adjournment

Mark thanked the owners for their participation in the Annual Homeowners meeting and for the interest everyone has shown in the Association. He then entertained a motion to adjourn the meeting.

Liz motioned. Dave seconded. All agreed and the motion carried.

