

**Beaver Creek Lodge  
Condominium Association, Inc.  
Annual Meeting 2016**

**Date:** April 9, 2016  
**Location:** Beaver Creek Lodge, Juniper Room  
**Time:** 9:00 AM (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 April 9, 2016. Mark Kessler, President of the Association, presided over the meeting. Jim Wear, of the law firm Wear, Travers, & Perkins LLC, served as BCLCA counsel. Athena Marquez kept the meeting minutes.

The following were present:

Beaver Creek Lodge, LP. (Represented by Mark Kessler, President)	Owner, Various Hotel Units
Fravy Collazo, CFO	
Bryan Austin, 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
Gail O'Brien	Owner, Unit 101
Tracy Huang	Owner, Unit 106
Heidi Bintz	Rep, Unit 119
James Power	Owner, Unit 208
Paul Jardis	Owner, Unit 213-A & 218
Jackie Anthony	Owner, Unit 216-A
James Padgett	Owner, Unit 323

By conference call:

Rick Filarski	Owner, Unit 203
Mary Jane Huegel	Owner, Unit 320
Sheri Rosen, Residential Director/HOA Secretary	Owner, Unit 324
Scott McFadden	Owner, Unit 414
Darrell Songer	Owner, Unit 416

**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. He established there was proof of the meeting notice and confirmation of a quorum.

**3.0 Approval of 2015 Annual Meeting Minutes**

Jim stated that everyone should have received a copy of the minutes. There were a couple typographical errors that needed to be corrected. Mark moved to adopt the reviewed and amended minutes of the Annual Meeting of the BCLCA held on April 10, 2015. Dave seconded the motion. The motion carried.

**4.0 "State of the Association 2015" Presentation**

Bryan Austin, GM, reviewed the achievements, accolades and enhancements in 2015. Highlights include:

- Beaver Creek Lodge was exclusively featured on Travelchannel.com as the Daily Escape which increased our overall exposure.
- Conde Nast' Traveler ranked Beaver Creek Lodge 20 Best Hotels in Colorado.
- Hotels.Com provided the Lodge with an award of excellence 4.6 out of 5.
- Booking.Com provided the Lodge with a ranking of 9/10 and another award of excellence.
- Expedia and Travelocity classified us again with an Exceptional rating.
- TripAdvisor awarded the Lodge with a certificate of Excellence
- Revolution Restaurant got off to a great start in 2015 and continues to build momentum and received the people choice award at the Taste of Vail.
- 2015 guest rankings online continue to acknowledge Beaver Creek Lodge for its service, quality and location. Guest reviews relate positively to the quality, cleanliness and the Grand Performers intuitive service levels.

We continue to work to improve our training and development programs through our Kessler Corporate training team by maintaining a commitment to the Kessler Collection culture. Beaver Creek Lodge participates in the Grand Performer survey each year and in 2015 achieved an overall score of 83% satisfaction compared to the industry standard of 81%.

The Kessler collection utilizes the Zimmerman Agency to handle public relations for the lodge. As an industry leader in their field they were successful in securing national writers via FAM trips from popular publications such as Travel & Leisure, Conde Nast' Traveler, CNN Traveler, outside magazines and a number of national and regional bloggers. These events increased overall exposure for the lodge and a detailed list of these articles and rankings can be found at in the Beaver Creek Lodge 2015 Public Relations Highlights which is available in the room for your review.

#### 2015 HOA Budget Actuals and Capital Expenditures

2015 Operating budget finished \$24,089 unfavorable to budget. There were a couple unanticipated expenses that attributed to the loss as follows:

- Insurance – Over budget \$14,228 due to a flood that occurred in November. \$10k of this amount is from the insurance deductible.
- Building – Over budget \$9,960 due to water damage restoration.
- Landscaping – Over budget \$9,426 due to enhancements on the perimeter of the property with additional mulch, flowers and tree trimming.
- Water – Over budget \$10,377 due to a 13% increase in the cost

These events were partially off-set due to operational expense reduction and additional savings in utilities.

Reserve projects for 2015 finished \$2,131 favorable to budget. The following projects were completed:

- Building signage in the heart of the house
- The Boiler Room/ Mechanical Room
- Elevators
- Common area carpet was replaced on the first floor and patched on the second floor
- Railings and exterior painting on the Creekside of the building – Phase 1
- The service elevator oil tank was replaced
- Gutters and heat tape were replaced as needed – Phase 1
- HVAC was upgraded
- The heat in the fitness area
- LED lighting and fixtures in the common area
- Lighting and fixtures in the lower garage
- Plumbing – replaced aging pipes in the heat pump, sub-pump and tank room – Phase 1
- Pool decking repairs and staining
- Roof upgrade – Final phase
- Loading dock ventilation
- Purchased owner service carts

- WiFi upgraded
- PBX equipment replaced

### 2016 Capital Plan

Based upon the Reserve Study, the 2016 annual reserve assessment will be \$160,000. There is no special assessment. The reserve study anticipates capital expenditures for 2016 not expected to exceed \$115,000. Projects to be addressed as needed include work in the following areas:

- Exterior trim and handrails refurbishment – Phase 2
- Building signage - refurbishment of two on the outside of the building
- Gutters and Heat Tape – Phase 2
- Replacement of three chimney caps
- Lighting upgrade to LED in the lobby and fitness center
- Domestic hot water piping – Phase 2

### **5.0 Election of Directors**

Jim explained the election process to the members. The Board seats for (2) Hotel Unit Directors are open for election. The seats are currently held by Mark Kessler and Steve Broadbent who have each decided to run for another term. Darrell Songer who is the co-owner of unit 416 is also running for election. As there are two seats open in the same class for the same term, we will have one election and the top two vote-getters will win the seats. As there is more than one nominee the vote will be by secret ballot. One vote per unit.

Jim opened the floor for additional nominations. Hearing none, he entertained a motion to close the nominations. Paul Jardis so moved. Dave Rivard seconded.

Jim advised it was time to proceed with the vote. Athena handed out the ballots. Jim asked for volunteers on the election committee to oversee the tabulation of votes. (Paul Jardis and Jim Padgett volunteered).

There was a short break while Paul, Jim, and Athena collected and counted the votes.

Jim reconvened the meeting after the count and announced that Mark and Steve been dually elected to the Board of Directors for the 3-year term of Hotel Unit Director.

### **6.0 Review of 2016 Budgets**

Mark advised the HOA they should have received a copy of the budget packet it 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 on December 17<sup>th</sup>, 2015. Please note that certain statements made at this meeting about the associations future activities are based on the boards' current expectations and assumptions. Afterwards actual figures could differ from anticipated. He then turned the floor over to Fravy Collazo, CFO Enterprise Hotels of Colorado.

Fravy stated the 2016 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, operating and reserve assessments. The electric and the gas assessments are assessed to those owner's classes which use those utilities based on the protected utility expenses. It should be noted all common area utility costs are incorporated into the operating assessment. The operating assessments for commercial, residential and hotel owners are based on the Denver, Boulder, Greeley, CPI Index which for the current year was an increase of .799%. The current year budgeted operating expenses were based primarily on the actual expenses incurred in 2015 and we made adjustments for inflation on any non-routine expenses as well as anticipated savings. The total operating expenses are budgeted at approximately \$926k for 2016.

On 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. The reserve study estimated reserve expenditures are \$115k for 2016. Those projects were described by Bryan previously and they primarily include building signage, common area lighting upgrades, and domestic water piping replacement.

He then opened the floor to questions.

Q. Paul Jardis – The reserve assessment is \$160k multiplied by each owner’s percentage of interest?

A. Correct

Q. Paul – This is something that has come up in the past. The commercial owners are specifically restricted use of certain amenities in the building. It is my understanding there had been an agreement that commercial owners do not pay for those amenities.

A. Correct

Q. Paul - Last year there was \$10k spent on HVAC in the fitness center. How is it processed for commercial owners whose money has gone into the pot with everyone else not pay for that item?

A. In the past when we were doing special assessments and items were specifically identified as to what the uses were for those dollars it was easy to segregate the assessments between the different owner classes. Now, because we are using the reserve study and assessments are being done on a general basis with no true project identified, it makes it impossible to go in and isolate the assessments based on owner type.

Q. Paul - Our declarations state that you shall do it that way so you should find a way to do it.

A. Jim Wear – The declaration is actually very ambiguous about it. There is one provision that says everything is in the same pot and another provision that says everything should be segregated. The segregation was for special assessments as opposed to general reserves.

\*Paul asked that this topic be researched further by the Board feeling the declarations are clear. Commercial owners as a class are excluded from certain things and therefore, as a class not supposed to pay for those items. He feels the commercial owners are due a credit for the HVAC.

As there were no other questions, Mark entertained a motion to ratify and approve the 2016 budget by the Association as presented. Dave so moved. Liz seconded. All approved and the motion carried.

Upon the recommendation of the Association’s accountants, he entertained a motion to approve a resolution all reserve assessments for capital replacements for the year ending 12/31/2015, 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 motioned carried.

## **7.0 Old/ New Business**

### **New Business**

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

A. Bryan – Athena has completed the required coursework and passed the M-100 test. She just needs to take the CAM examination which she tried to do last week but got stuck on the I-70 for five hours due to snow. She is re-scheduled for next Tuesday. Additionally, I have signed up to begin the coursework in preparation for the M-100 exam.

Q. Dave – Has there been any further study as to amending the required 86% required vote needed to change the Bylaws.

A. Jim – Our Bylaws cannot be amended without 86% of the Association vote to do so. He would recommend having an easier process to amend the Bylaws such as the BOD or a majority of the owners being able to amend the documents but in order to get there we would have to get 86% percent of the owners to vote on changing the current documents.

\*Steve recommended this topic be added to the agenda for next year’s Annual Meeting to be voted on to reduce the percentage to the appropriate threshold.

Mark spoke about Marriott advising there are still on-going conversations regarding partnering with them to make this property a part of the Autograph collection. While both parties want to ultimately agree on a potential affiliation, there are various complexities embedded within the condominium structure that is making it difficult to

agree on basic franchise terms. We are continuing our discussions and will notify the association of our intent and when we can reschedule the Marriott presentation.

#### Old Business

Q. Paul – Can we get an update on the umbrella insurance policy that Kessler has for the HOA?

A. Jim – The HOA is named as insured under the Kessler policy in addition to our own insurance. We have \$25 million dollars of umbrella liability insurance. We spoke to the insurance company about raising the dollar amount and were advised that it is not worth it. The Association has been named on the policy and carries \$1million of coverage combined with the \$25 million from the umbrella policy is \$26 million. If the association wanted to increase the amount they could.

\* Steve – Suggested Fravy go to the agent and get the pricing for increasing it and present it to the board on our next call.

Mark opened the floor to those on the conference call for any questions or comments. The moderator advised there no questions pending.

#### **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 motion carried.