Trails End Condominium Owners Association
Annual Meeting Minutes
December 3rd, 2022, 9:00 a.m. MST
South Branch Library and Zoom

I. Call to Order – Vic Fowler called the meeting to order at 9:08am.

II. Introductions
   A. Board Members: Vic Fowler, Peter Davidson, Patrick Jobin, David Hayutin and Bob Springer
   B. Homeowners in attendance: 109 Fowler; 110 Pinewski; 111 Parker; 113 Blumenthal; 117 Venner; 118 Koenig, 201 Jock; 206 Gonsholt; 207 Mylar; 210 Lawrence; 213 Allen; 216 Parikh; 217 Springer; 218 Tobin; 306 Falster; 307 Hughes; 309 Hosier; 406 & 408 Kogan; 412 Hayutin; 414 Lawrence; 502 Davidson; 505 Dion; 511 Boston; P1 Laris; P3 Wyatt, P5 Keeling, P7 Jobin, P11 Federici
   C. Vic asked if there were any new Owners in attendance. Mr. Venner, unit #117, purchased their unit just a week ago, Steve Montgomery said he recently purchased #309 from his family.
   D. Vic formally introduce Abbey and Wood Winds. Abbey related that she has been with Wood Winds since the mid 80's and purchased WW more recently. Managing condominium Associations is WW main business and they manage the Cedars next door, Chimney Ridge nearby and the Upper Village Pool Association. Abbey is excited to manage Trails End and looks forward to helping with some changes to the property. Kyle is the Resident Manager whose duties include daily maintenance and cleaning of the building and whose work schedule is Tuesday thru Saturday. Wood Winds office is at 300 N. Main Street in Breckenridge. Abbey's first contact with some Homeowners was informing them of fireplace maintenance and replacement needs after the recent annual inspections.

III. **A quorum was established with 34.96% of the Ownership represented in person or virtually and 22.54% of the Ownership represented by proxy for a total representation of 57.5% of the Ownership**.

IV. The minutes from 2021 were reviewed. **A motion to approve the minutes was made by Vic Fowler, second by Megan Lawrence. None were opposed, the motion carried by acclamation**.

V. President's Report: Vic Fowler reported on some items from the past year.
   - The HOA implemented an EV charging policy and the Board was reviewing options to install an EV charging station at the complex.

   <u>Property Management Company Contract</u>
   - The Board had been trying to work with the previous management company, Four Seasons, to improve their response time to Board requests and maintenance issues. Bob Springer developed a periodic property inspection and updated status report. Some issues were not resolved after significant discussion. On August 8, Four Seasons resigned and the Board felt this was due to staff problems, maintenance deficiencies and Owner complaints about the building condition that went unrectified.

- The Board met almost immediately to develop a plan to select a new property manager. The Board identified possible management candidates, created selection criteria, identified tasks needed and provided candidates with a comprehensive RFP. Four finalists qualified for further negotiations and Wood Winds was chosen by the board in early September, with final agreement mutually executed on September 15th and Wood Woods services commencing on October 1st.
- The Board hired Wood Winds to take over the management effective October 1, 2022. Wood Winds agreed to start some of the projects and needs before that term began. Their proposal included having an on-site resident manager to handle the day to day needs of the Association, he is living in unit 101. The resident manager is on-site to handle and maintain the HOA and common areas; he is not a handyman for personal interior projects or there to meet deliveries or guests.

Vic announced that after serving as a Director for 22 years he was not seeking election for another term on the Board of Directors. His current tenure expires with the close of the meeting. Vic thanked the many people who have provided communication, assistance and support for him and Trails End during this time.

VI. Old Business

A. Financial Review: Peter Davidson provided a summary of the financial status of the HOA through October which was 10 months of the fiscal year. Peter and Wood Winds had been working closely to try and gather more accurate information as to the financial status of the Association. A new CPA has been chosen for our Audit and Tax returns as the previous CPA notified TE, they would no longer handle our account. Peter said new FSL had issues providing accurate and timely accounting which they would not correct.
   - Henning Falster inquired about losing financial revenue from unit 101 because it is now occupied by a Wood Winds employee. Abbey Browne explained in detail the differences within the profit and loss report as well as the proposed budget where the savings of having an on-site resident manager in a salaried position would offset the rental income the Association was previously receiving. Ultimately, it is financially beneficial to the Association.
   - Wood Winds had performed a deep reconciliation of financials to ensure the retained earnings and equity accounts were correct (they were not previously being tracked). What they found is that the Association had been funding operating shortfalls through reserves which is not a proper method, Wood Winds was recommending repaying the reserve account for the HOA over the next several years in order to fund those shortfalls. Moving forward Owners will be able to see accurate balances on the balance sheet for the equity and retained earnings accounts.
   - Peter said Abbey has done more to clean up the financials in a short period than new FSL ever provided. Peter said the Operating P&L projects expenses over budget by $12,000 for the year due to overages in maintenance and utilities.
   - Peter feels new FSL was nickel and diming TE. Cable and Internet will be over budget this year reflecting FSL accounting error for 13 months.

B. Proposed Budget for 2023:

- The Board was recommending an 8% dues increase. The increase will not only properly fund the operating expenses but will also maintain a strong reserve contribution.
- Abbey explained some differences in the budget with a resident manager: most maintenance, hot tub, landscaping and shoveling costs would all be covered by their employee, the cost of which was included in the management fee. Patrick Jobin remarked about the benefits of having more eyes on the building with a resident manager.
- Henning Falster brought up unit 103, which was owned by the HOA and how it effects the financials. Vic described an analysis completed by a CPA with sale proceeds, recapturing depreciation, income tax to be paid and limited investing options reduced any benefits if the unit was to be sold. Without a specific use for the funds the Board did not recommend selling that unit. Having the property allows the Assoc to procure loans offsetting special assessments using it as collateral for a loan. This situation has been studied five times by the Board with a reasonable decision to keep the units.
- The Board will review the existing management agreement with Ski Country to see if there is a better option moving forward.

C. Reserve Study: The Board worked with Wood Winds to review the 10-year Reserve Study for the Association.
- Trail's End had a policy which required reserve expenses to be more than $5000, otherwise they would be paid out of operating expenses. Wood Winds had recommended several changes on the study and had moved forward several projects that they deemed urgent. For example, the entire complex exterior would be stained in 2023, the interior hallways would be painted in December, hot tub mechanics would be improved, etc.
- The Board was requesting a color committee be formed to immediately come up with a color scheme for the interior of the building common areas, but also to look at the exterior for the following year. Patrick asked for a straw poll on Owners agreeing to lighten up the paint colors in the lobby and the poll showed support for this.
- There was discussion by the Ownership on increasing dues to cover these projects or levying special assessments. Historically Trails End did not special assess for the projects, but several Owners were interested in a combination of dues increases and special assessments. Abbey explained that most HOAs found the balance between the two that worked for their complex. She did recommend the dues increase for 2023 in order to get some important projects completed, but the Board would review the funding philosophy to discuss with the Owners at the 2023 annual meeting.
- Dan Pinewski asked what a comfortable number is for reserves and suggested the amounts need to be obtained and spend the money on the projects. Peter said Abbey has a can-do attitude and the Board wants changes to operations. Henning Falster noted the elevator tile replaced with carpet he does not care for and wants a different carpet. He noted the hallway carpet has held up well. John Jobin said he does not care for the carpet. Jim Kogan said tile is used in elevators in a nearby condo complex which has held up well. Patrick said he would like to see the hallway carpet replaced in 2024.
- Mitzi Hughes asked if it was possible to improve the washers and dryers and add a credit card feature rather than just quarters. A company owns and maintained those machines, but options could be solicited for improvements.

D. Governance Committee: Megan Lawrence began presentation and her research on possibly adding Board term limitations to the Assoc governing docs noting Board members need a good

year to learn the job and processes the Assoc has. Current terms are two years with five Directors, situations of vacancies during terms and resignations were discussed. Megan presented options for changes to the Association's Bylaws regarding the Board of Directors terms and term limits, the number of Directors and compensation.

a. The number of Board members could be adjusted to an odd number between 3 and 7.
b. Directors could have a 3-year term but could only run for 2 consecutive terms.
c. While it is legal for the Trails End Board to be compensated based on governance documents, Megan noted it is strongly recommended that there is no compensation because it can create potential liability concerns for Directors.

Megan asked Owners to consider these ideas and submit feedback to the Board or Committee so that changes could be reviewed. Patrick Jobin noted the Board would solicit feedback from Owners on the various sub-components of the governance change proposals.

E. Lock Box and Entry Security System Committee Update: the committee consisted of 10 people. Megan Lawrence presented an overview of the current process and findings, noting the following:

- The front door system is not secure and is difficult for Owners and managers to manage.
- The current vendor for the door system has been nonresponsive.
- The committee was working with multiple companies for options and should have hard numbers soon for review. Some of the options included in the search was a system that could electronically connect the front door and a unit door and still have a hard key for Owners, management and emergency access.
- Megan said all of the systems considered so far contain a physical master key and the current Knox box used by fire department is outdated. After proposal receipt and clarification, the committee will forward the proposals to the Board for consideration and push for approval and funding of the project.
- Sam Hughes commented on the need for an overall vision of upgrades to the building. Ron Boston said it is important to have a physical override and actual key for the unit doors and entry system. Jean Pierre Gorgue asked if the resident manager will be tasked with troubleshooting individual unit locks and it was noted that WW will rectify these issues but Owners will be responsible for controlling all door codes to their units and WW/TE Assoc will not be the first point of contact for guests/contractors etc.
- Ron Boston asked where the funds for this project would be found? Megan said she thought Reserves could be used.
- Vic revisited the discussion on By-Law changes reminding all that changes would require a 67% Owner approval. Bob Springer said any proposed changes would require additional specific steps before any vote, including notices to Owners, public notices, certain time frames, etc. Sam Hughes said he would want Owners to provide feedback to be done in separate parts to determine if there is consensus from Owners on each aspect of the proposed changes.

A motion was made by David to continue the door committee and to make recommendations to the Board. The motion was seconded. None were opposed so the motion carried.

F. Old business: Alec Blumenthal asked about the legal opinion on rental of association property. Vic said legal counsel agreed the Board has the authority to solicit bids for rental management of Association property. Alec asked if the Board is considering this and Vic said we are at the end of the current contract term in the spring. Vic noted the Board has the authority to solicit proposals from Owners, directors, and other rental managers to manage/rent either association unit, providing the net rental proceeds benefit all Owners.

VII. New Business

A. Upcoming Projects:

a. Painters will be starting the interior common areas and lobby in mid-December. They'll get the lobby done first, then have a couple of people at a time working in the hallways as unobtrusively as possible . A Color Committee was formed with volunteers: Mitzi Hughes, Suzanne Cory & Wendy Wyatt. They will come up with color recommendations for the Board to choose from.

b. 2023 projects included exterior painting, hot tub improvements, roof work, landscaping improvements. Exterior paint color changes must be approved by Breckenridge Planning Department.

B. 2023 Budget and Reserve Study Review: The Board was recommending an 8% dues increase which would take effect January 1st, 2023.

- Owners expressed how pleased they were with Wood Winds to date and were excited about moving forward.
- The new roof membrane was significantly slicker than the previous surface causing snow to slide off the roofs. Wood Winds was working with the contractors on the repairs and to install snow bars in certain areas.
- Jean Pierre asked if a structural review of the building had been done, reminding all of the building collapse in Florida recently. Vic said a structural engineer firm had completed a review two years prior, found no structural issues and provided a good report for the building. Trails End has a much different foundation than those found in Florida.

A motion to approve the budget with the 8% dues increase was made by David Hayutin, the motion was seconded by Jean Pierre Gorgue. There was discussion on using existing reserves rather than a dues increase, but the Board and Abbey recommended the dues increase and to review the balance between dues and reserves the following year. The Board may also consider creating a base number for the reserve level moving forward. Sam H. asked for a straw poll on the 8%. Abbey counted responses in person and electronically saying there was strong feedback in favor of the 8%. Owners currently on the ACH plan would have their dues amount automatically adjusted for January. Jason Lawrence said it was better to have a dues increase than a special assessment for tax purposes. Patrick J. said with 91 units, surveying Owners on various issues for feedback would be a good process. New dues amounts will take effect in January.

A motion was made by Bob Springer to retain the excess 2022 reserves to be applied against future expenses. Motion was seconded by Peter D. and the Resolution passed by acclimation.

VIII. Other & Owner Forum:

- Jason Lawrence said this was the best meeting he's attended in the last seven years.

- Dan Pinewski asked that the garage heaters be serviced, they were rumbling and causing excessive noise. Abbey Browne from Wood Winds said she would coordinate inspection to make sure the units are functioning property and not causing excessive noise.
- Some Owners inquired about the missing trash cans and were told they would be replaced.
- Sam H. spoke on the aesthetics of the building, proposing a survey of the Owners to ascertain the level of interest in a major renovation to the lobby, spa and interior spaces including the level of funding Owners would be willing to spend. Sam said this would be very helpful to the Board in planning. The group was in agreement with this idea and Sam offered to create a first draft of questions for the survey. Sam said the Association units could be leveraged to help provide some renovation costs possibly lowering a special assessment for this project. The Board will send out a survey to Owners to receive feedback on what Owners were concerned about and what they wanted to see be done around the complex. This could include options for a major exterior remodel, or even a small exterior improvement based on what Owners wanted to spend. The Owners will also be asked about dues increases vs. special assessments.

IX. Board Elections: Nominations for the Board of Directors were David Hayutin, Peter Davidson, Tim Uebele, Dan Jacobs and Mark Mylar. Abbey stated that three Director seats are open for election. There being no additional nominations from the floor, Abbey directed the group to the Owners whose biographies were included in the meeting packet. She instructed the Owners present and attending via zoom to vote for three candidates. After collecting the in-person attendees votes and counting votes sent electronically, **Abbey stated Peter Davidson, David Hayutin and Tim Uebele were elected as Directors.**

Meeting Adjourned at 11:46 am on December 3rd, 2022.

Respectfully submitted,

Abbey Browne
Acting Secretary
Trails End Condominium Owners Association