

Draft

The Residences of Old Town Condominium Association Annual Homeowner's Meeting August 4, 2007

The Annual Homeowner's Meeting for the Residences of Old Town Condominium Association was held on Saturday, August 4, 2007, 9:30 AM MST, in the conference room at the Phoenix Condominiums, in Steamboat Springs, Colorado.

A quorum was determined and the meeting was called to order at 10:15 AM.

Those Board Members present were:

Jim Kerr	B8
Joe Winsett	B2

Those members present were:

Michelle Krasilinec	A1
Kevin Nelson	A7
Richard & Erika Oversteg	B1
Karen DeLine	C1
Carolyn Corogin	B3
Jeanne Buck	B5
Bill Manley	C2
Paul & Nicole DeCrette	C5

Those members represented by proxy were:

Steve & Marcia Pinetti	A2	BOD held vote
Melwood Union & Company	A3	Jim Kerr held vote
Terri Briels	A4	Jim Kerr held vote
Doug & Suzanne Stultz	A5	Jim Kerr held vote
Jennifer Stultz	A6	Jim Kerr held vote
Devon Purdy	B6	Carolyn Corogin held vote
Matt McLeod & Allison Miriani	C6	Anthony Miriani held vote

Also in attendance were Lynaia South, Attorney of Sharp, Steinke & Sherman, Richard Lickteig representing Management and Stefanie Lickteig, as recording secretary.

Approval of 2006 Annual Meeting Minutes

The August 5, 2006 Annual Meeting Minutes were presented for review, a motion was made to approve the 2006 Annual Meeting Minutes as written. The motion was seconded and passed unanimously.

Review of Financial Condition of Operations

Richard presented an overview of the first 6 months of the Operating Budget, ending June 30, 2007. There are 3 funds that the Residences utilized: the Operating Fund, Operating Reserve Fund and the Reserve Fund. The total assets of all Funds as of June 30th are \$99,019.65. Total liabilities are \$53,493.59; these in combination with the total fund balance equal \$99,019.65

The Income Statement shows a total income of \$53,044.58, with total expenses of \$71,735.08, for a net loss of (\$18,690.08) as of 6/30/07. The main area of the budget that is over was the legal expense.

Next the Owners Accounts Receivables as of June 30th were presented and reviewed. A motion was made to accept the financials as presented; the motion was seconded and passed unanimously.

President's Report

Jim reported that this is the third complete year of operation. Some of the things accomplished this year included re-grading and repaving the alley side of parking lot last fall. This has substantially improved drainage. New parking signs were installed and a sign that reads "Assigned parking others towed." There is a settlement dollar value achieved for the construction defects. But unfortunately the dollar amount was going to put too much of a burden on the association so the Board of Directors instructed the attorney to proceed with filing the lawsuit.

Some of the ongoing challenges include the Howelsen Place construction, which we will be dealing with for the next 18 to 24 months, Jim wanted to remind owners that if there are any problems regarding the construction to let the Board of Directors know so these can be taken care of in a timely manner. There is an agreement between the Residences of Old Town & Howelsen Place Nominee, LLC, which states among a number of other provisions that anything damaged by construction will need to be replaced/repared by the developers within twenty-four hours or they will not be allowed on the property until the issue is resolved. This agreement was developed in part to allow the contractor access to the Residences property so they could complete some of the initial stages required for this project. In addition the developers are paying \$1000 to go towards attorneys fees to complete the agreement.

Some of the benefits gained as a result of the agreement include the Developer replacing the existing sidewalk between the Residences and Howelsen Place and adding hot water piping in order to heat the walk. The heat will come from the Residences boiler heating system. In addition the roof drain on the alley side of the building, which goes under the parking lot next to the dumpster, was connected to a new underground drain by the Howelsen Place contractor at no expense to the Association.

Repainting of the building and repairing roof soffits is to be put off until after construction defect issues are resolved.

Old Business

- **Litigation Issues**

Lynaia South, the Attorney for the Association, is working with the Board to resolve the issues with the Developers concerning building and warranty issues. The complaint was first filled on

February 9, 2007. The complaint included: negligence and gross negligence, breach of express warranty, breach of implied warranty, failure to turn over to management of project as required under the Colorado Common Interest Ownership act, breach of fiduciary duty, deceptive trade practices, and individual liability. The series of defects include the roof and water circulation system. The Board of Directors obtained an estimate for all repairs and compiled a settlement offer of \$384,000.00. The developers countered this offer with an offer of \$150,000.00. At this time the Board of Directors presented a final offer of just the price to fix the roof, which totaled \$266,230.00, which the developers rejected, so the Board of Directors told counsel to continue with legal proceedings. On August 23, 2007 there is a meeting with the judge to set a court date; we are hoping this date will be in the next 18 months.

- **Insurance Review**

The association-building insurance policy was reviewed. Richard brought up that the flood insurance policy had been revised and policy limit had been increased to match current building limits. The insurance company had only required coverage of 80% of buildings current building limit. It was brought up that the flood exposure comes from Butcher Knife Creek which runs under Highway 40 in a pipe which is undersized and if flooding was to occur it would back up and come over US 40 and down through the area around the Residences. It's determined it would be only at a maximum of 1-2 foot depth and of concern to the lower level occupants. As a result of one of the owners doing a recent re-finance the lender requested the flood policy be equal to 100% of the building policy. At the time the Association only carried 80% and the expense to cover the difference was paid by the owner. There was a motion to change the flood policy to 100% of building coverage at renewal, it was seconded and passed unanimously.

New Business

The parking lot needs to be striped and sealed; this is an expense that is already budgeted. Jim brought up the importance to keeping the parking lot up. At the last meeting there was a discussion to install a hot tub on the property. At this time there was discussion regarding the hot tub and how it would not be easily located on the property and maintenance would be difficult. There was a motion to never have a hot tub installed at the Residences of Old Town, the motion was seconded and passed unanimously.

2008 Proposed Budget

Richard presented the 2008 proposed operating budget for review. The only significant change to the budget from last year was legal expenses, which increased to \$60,000.00. There was discussion on whether or not to approve attorneys fees; it was decided to make the attorneys fees a special assessment to be collected over five quarters. A motion was made to accept the special assessment for legal fees; it was seconded and passed unanimously. There was a discussion regarding the possible removal of the security cost from the budget, there was a motion, but it died after conversation. A motion was made to accept the 2008 budget as is, adding the special assessment for attorneys fees; the motion passed unanimously.

Election of Board of Directors

There is one two (2) year term and one three (3) year term open, one being Joe Winsett's position. There was a motion to re-elect Joe for a three (3) year term and Paul DeCrette was elected to the board for a two (2) year term.

Adjournment

There being no further business presented a motion was made to adjourn the meeting; it was seconded and passed unanimously. The meeting adjourned at 12:51pm. The next Board of Directors meeting is going to be Wednesday November 7, 2007.

Approved:

Director

Director

Director