

**Three Seasons Condominium Owners Association
Board of Directors Meeting Minutes
Monday, June 16, 2008, 2:30 PM MDT
Three Seasons Conference Room
Mt. Crested Butte, Colorado**

Call to Order

The meeting was called to order at 2:39 PM by Board President, Josh Quentzel.

**Roll Call/Establish Quorum:
Board Members Present In Person**

Josh Quentzel
Jeff Steere
Tony Sansing
Walt Mauro
Wanda Bearth

Management Company Present
(Crested Butte Lodging & Property Management-CBL)

Wanda Bearth
Patrick Seaman
Grant Benton

Homeowners Present

Susan Florian
Craig Korn
Ian Leeming

A quorum was established with 5 of the 6 Board Members present.

Election of Officers

Josh Quentzel made the following:

Motion: to maintain current Board positions: Josh Quentzel as President, Jeff Steere as Vice President, Walt Mauro as Treasurer, Wanda Bearth as Secretary, Tony Sansing and Dan Zeroski as Directors.

2nd: Jeff Steere

Vote: Unanimous Approval

Reading and Approval of Past Minutes

Josh Quentzel made the following:

Motion: to waive formal reading of the minutes from the June 18, 2007 and May 6, 2008 meetings and accept as presented

2nd: Jeff Steere

Vote: Unanimous Approval

Reports

CBL did not have any additions to the financial and management reports delivered at the Homeowner's Association meeting held earlier in the day.

Old Business

Website Bids – The BOD had asked CBL to provide a few different bids for the re-design of the Three Season's website. Three bids were discussed, analyzed, and reviewed online. The BOD expressed that they would like to see a bulletin board for homeowners to be able to post comments applicable to the membership. An e-mail link to send a mass e-mail to the entire membership, the BOD, or management is also desired. The website should also prompt owners for address or other informational changes.

After review, Jeff Steere made the following:

Motion: to accept the proposal put forth by W M Domains and Hosting

2nd: Walt Mauro

Vote: Unanimous (Wanda Bearth abstained from voting)

High Country Property Management Balances – Currently High Country owes the association \$1,368.31. In consideration of the fact that Three Season's owes High Country for final management fees the BOD directed CBL to post payment to High Country's account from the management fees due to them and to pay Walt Mauro's accounting fees, CBL's accounting fees, refunded check fees, and any other CBL fees for time that was used to reconcile the financials upon the change of management companies from High Country to CBL from the remaining balance. If the balance of these items is negative, it is to be written off as bad debt.

Homeowners In Arrears – It was discussed that there were owners in arrears as of 5/31/08 amounting to \$11,263. One owner had to file for bankruptcy and owes the association \$5400. All owners in arrears had been contacted and several are working to pay down their balance. Wanda Bearth mentioned that the Association can call in the yearly dues as soon as an owner is 60 days in arrears, and that CBL will call in all outstanding balances on July 1st, 2008.

Correct Negative Capital Fund Balance – CBL recommends that this be done annually so that fund balances remain positive. Wanda Bearth and Lee Friedman said they would review the auditor's reallocation of operating fund to the capital fund and advise the board if additional funds need to be reallocated to the capital fund.

Wanda Bearth made the following:

Motion: to have CBL make a fund transfer recommendation to the BOD

2nd: Walt Mauro

Vote: Unanimous

Management Contract – Some concern was expressed regarding the markup language in section 6 of the contract. CBL clarified that there is only a mark-up if a personal credit account has to be used by a CBL employee. The BOD and CBL decided it would be in the best interest of the association to have its own debit card to avoid any mark-ups or liability on CBL's behalf. In addition, the mark-ups on capital projects was discussed and the language will be changed in the contract from "Manager shall receive a construction management fee to be based on scope of work of any Capital Improvement job in excess of \$10,000, payable at completion of such job" to "Manager shall receive a construction management fee to be based on scope of work and negotiated prior to commencement of the project of any Capital Improvement job in excess of \$10,000, payable at completion of such job". Walt Mauro, an accountant, expressed that he would

like to review the association's financial position regularly and would like periodic access to all bills, statements, and financial statements which CBL assured would be no problem to provide.

Josh Quentzel made the following:

Motion: to accept the management contract with the above language change to section 6 of the contract

2nd: Tony Sansing

Vote: Unanimous (Wanda Bearth abstained)

Boilers – A discussion was started regarding what the true problems are with the failing and non-functional boilers. Grant said that he would get another professional to inspect the system and find out if the boilers could be fixed or maintained to be more efficient. As the association has only been using 1.5 boilers for the past year, maybe Three Season's needs to only purchase one, and keep the other functional boilers as back-up. Grant indicated that he would follow up as soon as possible and figure out what options the association has so that a plan can be made before the fall.

New Business

Commercial Units C2-C6 – Ian Leeming, the new owner of these spaces, attended the BOD meeting to help clarify his intentions for the space, and communicate his desire to work with the BOD to have a good relationship. Ian is primarily a caterer, but would like to have open restaurant hours of 7am-5pm daily for breakfast and lunch service opening this summer, but realistically opening for the ski-season. He believes most of his daytime business will be carry-out which would not affect parking very much as it would be temporary. If overflow parking was needed, he mentioned that the lot across Gothic could be used. Unless Ian is catering, he would mostly walk to work, and deliveries would be brief and shouldn't affect parking too much. He would have seating for approximately 20 people but would like to be able to use the outdoor deck area for extra seating. Three Season's guests would be able to sit around the pool area to eat while other restaurant patrons will have to use Ian's interior seating, deck seating, or pick up their meals. It was discussed that Ian could put up signage for 4 parking spots located in front of the slider door that would be his main entrance. Ian mentioned that he purchased a new slider door for this entrance, and using it as the main entrance would not be an issue. Ian would be able to put up signage directing people where to park and where the restaurant is located. Ian said he would present a proposal to the BOD for the signage he desires. Ian offered to purchase/rent his own dumpster with a lock to only be used for his businesses waste. Materials such as grease/cooking oil would be disposed of properly and not end up leaking or being placed on association property. A number of concerns were raised in which Ian said he would find out the answers and respond to the BOD including: insurance coverage for beer/wine sales, insurance for accidents that take place on association property, who is responsible for shoveling in front of Ian's entry, common area bathroom usage, and the cleaning of any common area property that may be used by Ian's guests (i.e. bathrooms, THS guests eating near pool or outside). Ian asked about the possibility of extending the deck on the South end of the building to cover where his sliding door/main entrance is and will be. The BOD asked CBL to get quotes on the deck and it could be discussed further. Possibly the BOD would allow Ian to extend the deck at his own expense. Ian is currently working on a re-model of the space including getting the commercial kitchen up to code.

2008-2009 Operating Budget – The BOD looked over the budget and thought that it looked good overall. The BOD would like to find out what type of fireplace/chimney inspections were done last year to determine how thorough of an inspection needs to be done this year.

Tony Sansing made the following:

Motion: to accept budget as is, but have CBL determine whether a level 2 inspection was done during the previous fiscal year, and if not, double the amount budgeted for the inspection to cover for a level 2 this year

2nd: Jeff Steere

Vote: Unanimous

IRS Excess Income Resolution – This was briefly discussed and in regard to IRS Revenue Ruling 70-604 which allows excess membership income over membership expenses to be applied to the following fiscal year.

Josh Quentzel made the following:

Motion: to accept and sign resolution ruling 70-604

2nd: Jeff Steere

Vote: Unanimous

Short-term Rental Options – Tony Sansing led the discussion and told the BOD that he is meeting with CB Property Management but had already been told by CB Property Management that they were not interested in managing short-term rentals in Three Seasons. Wanda Bearth said that it would be good to have another short-term rental management company in the building as there are multiple units that CBL will not rent short-term due to the quality of the unit. CBL would rent these units long-term or just manage the unit as a non-rental if owners are interested. Tony said he would continue to evaluate options and return to the BOD with his findings.

2% Fee From CBL's Short-term Rentals – Wanda Bearth mentioned that CBL currently is voluntarily charging a 2% fee on all Three Seasons rentals that will be given to the Association to help cover "wear and tear" of the common amenities by rental guests. CBL has raised the rates accordingly so, effectively, the 2% does not reduce an owner's rental revenues. She said there could be a challenge getting other management companies to comply to a voluntary fee such as CBL has done. Also, there are many long-term rentals in the building currently that are not under CBL's management who do not pay the fee. The issue will be discussed further at a later date.

Assessments: Per Square Foot – Tony Sansing started the conversation by saying that the assessments need to be equitable to all homeowners. Currently commercial space pays less than a two bedroom unit pays per square foot. Tony would like to see all homeowners including commercial owners pay equally based on square footage. Voting rights are based off square footage, so he believes assessments should be as well. There were some concerns as to whether commercial space should pay the same amount as it is usually thought of as a benefit to have businesses operating in your building, especially having an on-site property management company.

Pets Rental Properties (Long-term & Short-term) – This was briefly discussed and per the Association's operating documents, pets are only allowed for homeowners. No guests (short-term renters, long-term renters, or owner guests) are allowed to have pets.

Association Owned Property – Tony asked what the closets are being used for. Wanda mentioned that CBL stores items in the common closets such as linens and supplies for the upkeep of THS units that CBL manages.

Security Keypads for Exterior Entrances – The BOD would like to see keypad locks installed on the four public entrances on the building. There would only be one entry for CBL's check-in desk which would be located at the West entrance of the building. A lockbox and phone could be placed in the West side foyer. The West entrance would remain unlocked during CBL's business hours while the other three exterior doors will remain locked at all times. CBL would place signage directing people to park and enter from the West side of the building.

Game Room Door – Grant Benton mentioned that he thought a lock on the upper door that leads down to the game room would make more sense for security reasons. It would also probably be cheaper to place a lock on the upper door than replace the damaged push-bar door lock in the basement. Grant said he would get a bid for this and report back to the BOD.

Access/Use of Pool, Hot Tub, & Sauna – There was some concern with groups that occupy multiple properties, including Three Seasons, that the entire group may be coming over and using the pool. The BOD and CBL agreed that this should not be allowed and never has been. CBL will continue to monitor the pool/hot tub areas and educate all groups on this matter. Only owners, owner guests, and renters of Three Season's units may use the common amenities. The BOD would also like to see new signage on the pool and hot tub dictating that no persons under the age of 14 will be allowed to use these amenities without adult supervision.

Unit Water Shut-offs – Walt Mauro mentioned that there are 2 valves that should be replaced: one for the unit and one for the hot water heater. It was also noted that it would be a benefit for owners to shut off the water to their unit when it will not be occupied for a lengthy period of time to help avoid leaks and issues that may not be noticed in an un-occupied unit. Grant Benton noted that Timberline had quoted \$200 per valve to replace, but Grant thought CBL could do it for cost of around \$155 per valve. When the valves are replaced, each unit's water heater should be evaluated as to whether it needs to be replaced or not.

Emergency Lighting – Grant spoke about how the emergency lighting in Three Season's is not currently functional. It was recommended that two lights be placed on each floor of the North end of Three Season's. Grant mentioned that he would have Rick Ems of the Mt. Crested Butte Fire Department inspect the lighting to make sure it is up to code.

Josh Quentzel made the following:

Motion: to allow CBL to spend up to \$4,000 to fix and augment the emergency lighting after speaking to Rick Ems and Crested Butte Electrical.

2nd: Walt Mauro

Vote: Unanimous

Meeting adjourned at 8:35 p.m.

Approval: _____

Date: _____