

**2002 ANNUAL MEMBERSHIP MEETING
OF THE
BLUE MESA LODGE HOMEOWNER ASSOCIATION
Tuesday, December 17, 2002, at 10:00 AM
Held at
Telluride, Colorado**

The 2002 Annual Membership Meeting of the Blue Mesa Lodge Homeowner Association was held on Tuesday, December 17, 2002 at 10:00 AM at Telluride, Colorado.

Roll Call and Certification of Proxies

Present via teleconference were: Fred Cone, Jack Brady, Kerry Klimes.

Present by proxy held by Joe Daniels were: Marsha Raeburn, Kathy Kennedy, Susan Bufone, Jennifer Dunbar.

Present in person were: Joe Daniel, Len Conway, Ed Schlapfer, Polly Leach-Lychee, Florence Van Putten. Steve Hillyard joined the meeting during the explanation of the financials.

Joe Daniel announced a quorum was present.

Reading of Minutes

Jack Brady moved that the reading of the Minutes of the previous meeting be waived and all members be provided with copies of the Minutes. The motion was seconded and passed.

Establishment of Numbers of Terms and Executive Boards

A proposal was made that the members of the Board be increased from three to five and include representation from the new ownership. Current Board members are: Fred Cone, Jack Brady and Len Conway. Jennifer Dunbar and Edwin Schlapfer were nominated as additional Board members. Upon motion made and seconded, Fred Cone, Jack Brady, Len Conway Jennifer Dunbar and Edwin Schlapfer were elected as Board members for 2003.

Budget

Joe Daniels explained the current financials, stating that the information from Resort Quest was incomplete and, therefore, the members would not be able to complete the budget approval process at this meeting. He suggested that the balance sheet as it exists be reviewed at this meeting and later reviewed with the new management in order to formulate the budget for 2003. Upon question about a "positive cash flow," he stated that there was no reserve. It was noted that Mr. Ricciardelli recently paid \$15,000 of the approximately \$25,000 he owed. In addition, with the termination of the rental pool, the HOA has been paying the residential condominium utilities. The utility amounts have

2002 Annual Membership Meeting

been billed to the members, but not yet fully paid. The receivables are approximately the same as the payables; therefore, there is no reserve. The agreement with Mr. Ricciardelli and his tenants for repayment of the balance due was explained. Discussion followed.

The balance sheet was further reviewed and discussed. Joe Daniel stated that in the past special assessments were made for capital improvements, rather than increasing dues and building up reserve funds. However, this process can be reviewed and revised as the new membership desires for the future. Discussion continued concerning this and instructions for management concerning payment of accounts payable. It was noted that disputed accounts payable include charges for: the garage common area; building painting/roof work; Keycon.

The income statement was then reviewed and discussed. Thermostat problems were discussed. The "assumptions page" was reviewed and discussed. Note was made that the snow removal company is now working on an hourly rate and that because Metro increased its rates for trash removal, Waste Management has been hired. Insurance premiums will increase slightly; upon recommendation made, management was requested to find out what premiums would be at different "break points", then the Board may review the policy to make certain there is enough coverage. Tax return preparation rates have increased; it was suggested the new management company might want to review this matter. The Fire Marshall has required repairs to the emergency lights and exit signs. Cost of the 2nd phase of deck work is not included in the budget. The Town is going to require the trash area be enclosed with a roof because of a bear problem (estimated cost of \$6,000 to be shared with the Phase I building). There is a foundation leak near the entryway that may need to be repaired.

Membership must decide whether to incorporate the expenses into the budget (excluding the capital projects??) or start billing members in January for the anticipated capital projects

A suggestion was made by Fred Cone that the capital items be included in next year's budget and that the budget be "interim" until the new management company can review the budget and make adjustments. Discussion followed. Suggestion was made that a reserve be started. Discussion was held explaining the deck project. Suggestion was made that approximately \$12,000 would be necessary in order to complete the most important projects and still have a small reserve. Additional discussion was held concerning: painting and otherwise upgrading the hallways; locking the building for security.

Motion was made by Kerry Klimes that \$15,000 be added to the budget to cover the most pressing projects and provide for a small reserve fund. The motion was seconded by Florence Van Putten and passed.

Discussion was held concerning payment for the painting downstairs ("from the bathrooms out") that was done by Paulo, the restaurant owner. The residential portion is paying for 3/4 of that paint job which was done for considerably less than market.

2002 Annual Membership Meeting

All members were encouraged to attend Board meetings. Recommendation was made that the next meeting be held at a time when there may be input as to the new management company. The timeframe for hiring a new management company will depend on the time required for the Board to research prospective management companies. A written job description will be prepared and given to prospective management companies prior to any interview/bid. References will be reviewed. Then, the Board will make a decision. Discussion continued regarding issues of management company service and the cost thereof.

Discussion was held concerning the effects of increased dues/assessments on Paulo and the restaurant and ways the Association can help the restaurant's business.

Request was made by Len Conway that "The only other thing, I guess, we need a formal motion on is to adopt the budget as presented subject to the add. . we added the number, but we didn't approve the budget, so we have to, I guess, just approve the budget as presented as Fred suggested understanding that it's an interim budget until we review things. . whenever we review them with the new management. . we'll start billing ourselves as proposed here adjusted upward for the pro rata share of the \$15,000. . starting January 1." Florence Van Putten "I make a motion to approve the budget as presented." The motion was seconded by Edwin Schlapfer. The motion passed.

Jack Brady said he had to leave, but had "three" things he wanted to confirm: The Board will look at breaking out the commercials and different ideas; there will be a letter for the increase in HOA dues; the members should adopt something formally now regarding owners who don't make payments timely; and the Board will research new management companies.

Fred Cone suggested wording for a letter to members such as: "When you're late more than 30 days, calculated on the receipt by the management company, you will be charged 5% penalty; if it goes beyond 60 days, on top of the 5% you will be charged 10% interest on an annual basis from the date of the arrears. If you are more than 60 days late, notice will be sent stating that if payment is not made by the 90th day, the Association will proceed to shut off their power."

Joe Daniels stated that in a week he will have a letter drafted to be sent to businesses that might be qualified to bid for the new management position. A meeting will be called at such time as there are prospective new management companies to be presented to the Board/membership.

At this point the Resort Quest representatives left the meeting.

It was suggested that the Board send a separate communication to or telephone those not in attendance, stating the decisions that have been made concerning turnover of management; if they need information, they should call a Board member.

2002 Annual Membership Meeting

There being no further business to come before the meeting, a motion was made, seconded and carried, the meeting was adjourned.

Respectfully submitted,

Joe Daniels
