

Bay Club Condominium Association
Minutes of the Annual Membership Meeting
Old Town Hall
Frisco, Colorado
May 8, 2004

President Jim Rizzi called the meeting to order at 1:05 pm.

1. Rizzi introduced the Bay Club Board of Directors, all of whom were in attendance at the meeting.
2. Greg Clarke, Secretary of the Board of Directors, certified that a quorum of the membership was represented at the meeting. 29 of the 32 units were represented as follows:

- a. Attending the meeting in person were the owners of 17 units:

Unit 101:	Langley
Unit 102:	Samimi
Unit 103:	Stark
Unit 105:	Moritz
Unit 109:	Lederman, Love and Lederman
Unit 110:	Reedall
Unit 112:	Orton
Unit 201:	McLaughlin
Unit 203:	Den Braber
Unit 205:	Malyszko, Lange
Unit 206:	Rizzi
Unit 207:	Robinson
Unit 209:	Wickert
Unit 213:	Clarke
Unit 214:	Oliver
Unit 215:	Best
Unit 216:	Sparling, Helmick

- b. Represented by proxies were the owners of 12 units:

Unit 104 (Menzel):	Proxy to Greg Clarke (Abstain on all votes)
Unit 106 (Abston):	Proxy to Victor Lederman
Unit 107 (Ehmsen):	Proxy to Lederman
Unit 108 (Grossman):	Proxy to Lederman
Unit 111 (Waddell):	Proxy to Lederman
Unit 113 (Braden):	Proxy to Clarke
Unit 114 (Hostvedt):	Proxy to Lederman
Unit 115 (Beeson):	Proxy to Clarke (Vote with majority of Owners)

Unit 116 (Milton): Proxy to Lederman
Unit 204 (Dwyer): Proxy to Ken Stark
Unit 211 (Ainsworth): Proxy to Clarke
Unit 212 (Nielsen): Proxy to Lederman

- c. Not represented in person or by proxy were three units:
- Unit 202 (Peays)
Unit 208 (Knees Kern)
Unit 210 (Hines)
3. The minutes of the last annual meeting were reviewed and, after a change requested by Fariba Samimi and Randy Beeson to use the word audit rather than validate to describe the objectives of the Audit Committee formed at the meeting, the minutes were unanimously approved.
4. Rizzi led a review of the status of action items from the last annual meeting.
- a. An audit committee was formed and had undertaken a review of the HOA financial statements and supporting documents. Rizzi reported that the committee had found areas where the presentation of the financial information could be improved. It did not find evidence of any material inaccuracies.
- b. George McLaughlin, Director, discussed the review of the Bay Club legal documents requested by the membership at the last annual meeting. He reported that a number of attorneys had been asked to bid on the review project, but that Victor Lederman had been able to find an attorney (Tony Rechlitz) who specialized in HOA documents and who had drafted the form of documents used by Bay Club. Rechlitz was significantly less expensive than the other bidding attorneys. Rechlitz reviewed the documents at the request of Lederman and provided written answers to a number of specific questions posed by Lederman. McLaughlin reported he had been authorized by the Board to have further discussions with Rechlitz to determine if there was a need for additional legal review of the documents, and that he may incur additional legal fees not to exceed \$500 in this endeavor. McLaughlin stated that he expected to draw upon the expertise of the new Bay Club property management company (see below) in its review of Bay Club legal documents before any further consultation with Attorney Rechlitz.
- c. A Board member (Greg Clarke) had been assigned to be the liaison with the Architectural Committee.
- d. The capital budget had been updated and reviewed by the Board (attached). The operating budget for the coming fiscal year incorporated contributions to the Bay Club capital reserve accounts in accordance with the revised capital budget. The Board also expected to draw upon the expertise of the new Bay Club property

management company (see below) in its ongoing review of capital needs.

- e. The issue of ongoing deck repairs was discussed. Rizzi reported that the developer had agreed to repair the decks at its cost, in return for an agreement from the Bay Club not to pursue additional warranty work in the future. An attorney retained by the Board advised that the developer is under no obligation to take financial responsibility for the deck repairs. In addition, the attorney advised that, given the age of Bay Club, the developer is under no responsibility to provide any additional warranty work. Therefore, agreeing to the release did not represent a release of any rights by Bay Club, but was merely an affirmation of the status quo. Lederman reported the repairs were underway and that the application of the waterproofing membrane would begin on Monday May 10, 2004. The work remaining would take 2-3 weeks from that date.

Bill Langley raised the issue of damage done to lower level units by leaks from the upper decks. Lederman reported that the issue was not covered in the release agreements signed by Bay Club and the developer. It was suggested that the scope of the repair work be discussed with the developer to try to bring the necessary repairs to the units under the umbrella of the agreement. By unanimous voice vote, the Board was instructed to pursue the issue to closure with the developer.

- f. Gainey Best, Vice President, reported on the process the Board went through to get bids for property management. The goal of the project was to see if there was an opportunity to maintain the level of service of the current provider, while reducing cost. After reviewing bids from six management companies and interviewing two finalists, the Board, excluding Victor Lederman for conflict of interest reasons, determined that substantial cost savings could be achieved for the same service level. The Board (excluding Lederman) therefore voted unanimously to change the Bay Club property management to Mount Royal Properties, for effect July 25, 2004.
5. Victor Lederman, Treasurer, reported on the financial condition of the Association.
 - a. The package of financial statements reviewed by the Board on a monthly basis was discussed, and an abbreviated year-end version was handed out to the attending members (attached).
 - b. During the fiscal year ended 4/30/04, the Association had increased its capital reserves by \$12,840 (plus interest). This equaled the amount budgeted to be set aside during the year.
 6. Greg Clarke, Secretary, presented the budget for the fiscal year 5/1/04 – 4/30/05 (attached).

- a. The budget included a recommended assessment increase of approximately 5% (\$12/month for 3-bedroom units, \$11/month for 2-bedroom units). The increase, the first in two years, was necessitated by increases in costs and a desire to increase the capital reserves of the Association by approximately \$14,000.
 - b. The budget continued the practice of charging a \$25/month hot tub fee for units that are rented. The appropriateness of this charge was debated at the meeting. A number of owners felt the charge is discriminatory, in effect forcing the owners of rental units to subsidize the cost of the hot tubs for non-renting owners. Other owners felt the majority of usage of the tubs is by renters and therefore the fee appropriately matches the cost of maintenance with the usage.
 - i. Malcolm Orton proposed a motion to eliminate the hot tub fee. Jim Rizzi seconded.
 1. The motion was defeated by a vote of 26 to 2, with one abstention.
 - c. The budget also included a \$2,500 line item for landscape improvements. Clarke explained that a number of owners had expressed concern about the state of the landscaping at Bay Club. While no specific plans for improvements had yet been developed, the Board wanted to include funding, in the event such improvements were desired by a majority of the owners.
 - d. A number of other line items were discussed in detail, including trash removal. Lederman reported he had renegotiated the contract for this service, resulting in a \$2,280 (50%) annual savings.
 - e. Fariba Samimi proposed a motion that the budget be approved as recommended by the Board. The motion was seconded by a number of owners.
 - i. The motion was approved by a vote of 28 to 0, with one abstention.
7. An election of two new Directors to join the Board was held. Fariba Samimi and Laurie Helmick were nominated by the assembled group and unanimously elected to two-year terms.
- a. In addition, the membership of the Architectural Committee was reviewed. Greg Clarke is the Board liaison to the AC. Other members include: Lynn Best, Malcolm Orton, Steve Malyszko, Mimsi Milton and G. R. Sparling.
8. The management team of Mount Royal Properties was introduced, gave a short presentation regarding the approach MRP takes to property management and answered questions posed by the attending owners.

9. A motion to eliminate one hot tub was proposed by George McLaughlin and seconded by Ken Stark.
 - a. After discussion, the motion was defeated by a vote of 17 to 11, with one abstention.
10. Virgil Robinson re-iterated the need to resolve the issue of damage done to lower level units by upper level deck leaks. While no formal motion was proposed, there was unanimous agreement.
11. Steve Malyszko brought up a number of topics:
 - a. High-speed internet access – Malyszko asked if it were possible for the HOA to make this service available. A number of owners reported that dial-up remains the best alternative available in Frisco at this time.
 - b. The heat tape on the roof and in the gutters is not effective. Lederman reported that the cost of operating the heat tape was a significant drain on the HOA resources and the tape did not seem to melt the snow and ice as it should. Malyszko indicated he had designed such systems before, and offered to assist the Board in determining alternative approaches that would be more effective.
 - c. Again drawing on professional experience, Malyszko discussed the waterproof membrane to be installed on the decks and the likelihood that it would require replacement every 2-3 years because of wear and tear.
 - d. Malyszko pointed out some inconsistencies in the rules and regulations of Bay Club.
 - i. A motion was proposed and seconded that the Board should review the existing rules and regulations, make appropriate changes and circulate the revised rules to the membership.
 1. The motion was approved by a vote of 28 to 0, with one abstention.
12. The meeting was adjourned at 3:30 pm.