

**PARK PLAZA CONDOMINIUM ASSOCIATION
MINUTES
ANNUAL MEETING
January 19, 2021**

The annual meeting of the Park Plaza Condominium Association was held virtually over Zoom at The Beaver Creek Lodge, 26 Avondale Lane, Beaver Creek, Colorado on January 19, 2021 at 3:00 p.m.

Board members in attendance: Charles Kafadar, President, Les Baledge, Jeff Deem, Commercial Director, Julie Timparo, General Manager and Matt Szmyd, COO and Property Manager

Owners in attendance: Bruce Auerbach, Shari Vines, Bill Dyer, Ray and Vicki Harm, Leslie Westland, Gary Barton, Ross Taylor, Jeri Hurst, Barbie Bayless, Steve Torok, John Hoover, Bob Campbell, Brian McDowell, Nancy Richardson, Phyllis Sullivan, John Whalen, Joe Fallon, Jerry Moen, Diane Conway, Harald Feldhaus, Jill Grebler, William Lambert

Other: David Firmin, Esq., Altitude Community Law P.C., Andrea Cicero, Legal Assistant, Altitude Community Law P.C. and Paul Backas, McMahan and Associates, L.L.C.

Call to Order: 3:03 p.m.

Introductory Remarks: Mr. Szmyd introduced Mr. Deem, Mr. Baledge, Mr. Szmyd, Ms. Timparo, Mr. Firmin and Mr. Backas.

Determination of Quorum: Mr. Szmyd confirmed that of the 72 proxies needed for quorum, 90 proxies were recorded in addition to the owners present via Zoom, for a total of 108 units represented.

Consideration of Minutes of the Previous Meeting: Mr. Baledge made a motion to waive reading of the minutes from the January 21, 2020 annual meeting and Mr. Auerbach seconded. **Motion passed unanimously.**

Legal Update: Mr. Szmyd introduced Mr. Firmin and Altitude Community Law. Mr. Firmin confirmed there are no current legal issues yet, but are currently working with the Association on the remodel project.

Election of Board Seat: Mr. Kafadar's position was up for election and has kindly volunteered to run for an additional three years. Mr. Baledge made a motion to re-elect Mr. Kafadar and William Lambert seconded. **Motion passed unanimously. Mr. Kafadar was re-elected.**

2021 Budget: Mr. Szmyd confirmed the 2021 budget is the same as the 2020 with no dues increase. Inquired if there were any questions regarding the 2021 budget and made a motion to approve the same if no questions. Mr. Torok had a question regarding the operating budget vs. the capital budget. Mr. Szmyd confirmed the budget numbers and that GCE replacement and Residential replacement funds are transferred to the reserve fund savings accounts from the operating budget. The management report will cover the capital budget.

Audit Report:

Mr. Szmyd briefly summarized the Audit Report. Association had an operating surplus this year due to savings in breakfast, employee expenses and general maintenance. An additional \$144K being added to the reserve fund on top of what was budgeted to be added. Mr. Taylor inquired what the plan is for repaying on the PPP loan. Mr. Szmyd confirmed the first draft PPP loan was received for \$209K. The application for forgiveness has been submitted and is currently in-process. It is not included in any of the current audit figures. If the loan is forgiven as anticipated, the \$209K will be transferred to reserves. A second draft PPP loan will also be applied for. There is a good probability (75%+) of getting that second loan as well as having it be forgiven and should be able to submit that application within the next week or so.

Mr. Backas joined in and gave an overview of how his firm performs an audit. He confirmed the Association had a good financial year and is doing better than most associations given the pandemic. The Association has three different funds: operating for day-to day transactions, LCE for residential units (replacement fund for interior) and GCE for things like the roof and parking replacements. Mr. Backas then broke down the Report. Advance deposits and rental fees are down, but that is expected given the pandemic. Mr. Backas is also very confident that the PPP loan will be forgiven, if not already. It will roll through the operating fund as income but the Board has typically approved to transfer operating surplus to reserves, so it can choose to move it to reserves. The revenue deficits experienced have been offset by a savings in expenses. The Association was \$144,286 under budget in operating due to good management of expenses which will be transferred to the reserve fund. Everything is essentially trending as it should. Overall, the books are in really good condition, very organized thanks to Mr. Szmyd. They are of a clean audit opinion. Mr. Kafadar confirmed the reserve study is performed by an independent reserve specialist and the last study was done and the end of summer/fall.

Mr. Kafadar asked if there are any questions regarding the Audit Report or the 2021 budget. With no other questions, the motion was made to approve or oppose the 2021 budget. It was seconded and approved by the other owners. **Motion passed unanimously.**

Management Report:

Mr. Szmyd thanked everyone for the opportunity to manage and discussed operations and projects that will be completed. The 3rd floor "second" bathrooms have all been remodeled. The remaining sections of the roofs have been replaced and should last for 25 years. Internal plumbing will be done as needed. Better breakfast options, renovating the fitness/pool/spa areas, adding an additional hot tub, windows, paint and carpet replacement are all upcoming projects. While not all projects can be done at once, the remodeling work should occur before the carpet replacement. Upgrading the fitness and hot tub areas will increase value and buyer interest in the property. As there have not been any plumbing or elevator issues nor have any major problems come up, non-emergency items can be focused on.

A commercial project has been proposed to relocate the stairs that lead down from the 01/02 side of the building to the outside ice rink plaza as there are no stairs that connect to the lobby. So the proposal is to connect those stairs to the lobby so that the stairs go across the elevator up to the residential floors. This will make the commercial space "whole." To accomplish this requires an amendment to both the Declaration and the Map. The goal is to swap a portion of a long hallway to Commercial and in exchange the Association will get the area that will connect the stairs to the lobby. There is also a pool patio deck that is on the next lot over and is actually owned by Vail, so in this "trade" this will also become a residential Limited Common Element, so it will be owned by the residential Owners. As this is a commercial project, there would not be costs to the residential Owners. Owners would need to vote on both amendments, with 67% approving, to make this land swap possible. Mr. Firmin confirmed that the Owners will be sent the draft amendments along with a solicitation letter explaining the project and process and a ballot for them to vote on each amendment separately. A hearing has also been scheduled with the County in March to discuss the pre-application form. Mr. Deem confirmed Vail is in full support of this commercial project and is ready to proceed once the Association moves forward and completes the vote. Mr. Firmin confirmed a motion is not needed to move forward with the amendments as it is a Board decision that will become an Owner vote. Mr. Szmyd confirmed the community entrance to the Plaza will stay the same and there will not be any changes to the elevators. Mr. Deem advised the fire department has approved the limited exit in case of fire as well and ties in to two other existing fire exits. The exit to the Plaza will be cut off, it will wrap around to the lobby. The stairs can be used to go up and down from the rooms to the lobby, just like the elevators. Mr. Taylor suggested maintaining some type of passcode protection on the door leading to the stairs. Mr. Baledge noted that the Board would look into this, it seems to be a reasonable request and simple to do.

Discussion regarding the fitness/pool/spa renovations. Mr. Kafadar confirmed last year's approval to spend a small amount of money to pursue the second option for the renovation project. Mr. Szmyd confirmed the top priority is the commercial land swap project and obtaining the amendments to the Declaration and the Map. Then, the spa can be moved onto the patio and the fitness area expanded. The viability of converting round section of the pool to a large hot tub was discussed and the sauna to be enlarged and upgraded. The bathrooms would need to be renovated to be more "family" style with showers.

Owner questioned what would happen if the amendments do not receive approval. Mr. Szmyd confirmed that the renovations can still occur without the land swap, but it makes more sense to have the extra space to expand the spaces.

The cost to fully renovate the fitness/pool/spa is approximately \$1.8M. The Association is also considering renovating the

entrance/lobby/front desk/breakfast area at the same time. This will be around \$500K but no official work scope or drawings have been obtained yet. Will seek Owner approval for a construction loan to speed up the project, as this project could not begin until around 2026 by just saving Association dollars and increasing dues by 5% alone. There is a lot of benefit to having this project completed sooner than later. Mr. Kafadar called on Mr. Baledge to give an overview of options to finance the renovations. Mr. Baledge believes completion of these projects will enhance the value of the community and make it highly desirable for years to come. Dues have been increasing by 5% annually to build reserves to fund big projects like the windows and the spa renovations. There is a chance the A/C can be added to the spa renovation project as it is highly desirable for some units, but no concrete answers on that yet. If Owners would like these projects completed sooner, they can be done next Spring of 2022, but that would mean the Association would need to finance \$1-1.5M. Some of that depends on the existing PPP loan getting forgiven and the opportunity for the 2nd PPP loan which has great terms. Any balance would need to be bridged with a conventional loan but it will add cost. While debt can negatively affect value and resale, Mr. Baledge believes the completion of these projects will truly make the building more attractive and values will be improved.

Mr. Taylor inquired how the window and door replacement project may be impacted by the other projects. Mr. Szmyd confirmed there are two different accounts to fund this project, the GCE funds the window and the Residential. Without a loan, the windows can be replaced by 2026/2027. Good reason to suspect the windows will last. This project can be sped up in the same fashion as the spa renovation project but the payoff would not be the same. Owners were asked by the Board if it was desired that the spa project be completed in 2022 and many agreed it was preferable to have it done sooner rather than later. It was suggested to also look into installing skylights and Mr. Szmyd will add that for review. Mr. Kafadar requested a motion to approve pursuing the spa project and loan for 2022. The motion was made and was approved by other Owners, with the exception of Mr. and Ms. Harm who opposed. **The motion passed.** Mr. Kafadar really believes this will be money well spent. On the subject of adding A/C, there has never been an engineering study of the air flow in the Park Plaza, so Association would like to have an independent engineer report of the air flow to determine if its feasible to implement a cooling system.

The effects of the COVID pandemic were discussed. Mr. Szmyd confirmed the skiing reservation system has been working better, but there had been some impacts over Christmas. Restaurants have been limited. The sauna and steam room have been closed per the State. There will not be any breakfast served until pandemic conditions improve, hopeful for summer. There have been no reported quarantining issues. Rentals have, of course, been affected. This winter is not looking as promising as last year. Overall, Beaver Creek is down 15 – 30% day-to-day with

occupancy. These are the usual international/out-of-town travelers who will usually come no matter what and spend the highest rates. December revenue was down 40% from last year and January is down 60%. But February is only down 25% so things are starting to look encouraging.

Mr. Szmyd discussed real estate sales report. There were 12 fractional residents sold, the most in one year in recent history. Real estate in the market is doing well overall, which trickles down to the Association. There are multiple brokers in the Village actively selling. On average there is about 10% for sale.

Open Discussion:

Mr. Harm noted the wood storage space in the garage is now filled with stuff. Inquired if more lockers can be added or parking can be arranged. Mr. Szmyd confirmed the Board will look into the feasibility of this. The only concern with adding a room for lockers is that the room would need to be sealed because the winter dirt from the vehicles makes a mess. Additional bike storage was suggested.

Mr. Moen asked if anything has changed in regard to the shortened ski season. Mr. Baledge confirmed the Association is currently petitioning Vail to extend the ski season and is considering getting the media involved to put some pressure on Vail. Ms. Murdoch requested to know why ski season was shortened. Mr. Szmyd confirmed it was a Vail decision and not one of the Association

Ms. Vines inquired as to the electrical vehicle charging stations. Mr. Szmyd confirmed this is still being investigated.

It was noted the last day of ski season will be Easter.

Adjourned:

Mr. Kafadar made a motion to adjourn and Mr. Baledge seconded. **Meeting adjourned at 4:29p.m.**

Submitted by:
Andrea Cicero
Legal Assistant
Altitude Community Law P.C.