

PARK PLAZA CONDOMINIUM ASSOCIATION
MINUTES
ANNUAL MEETING
January 26, 2023

The annual meeting of the Park Plaza Condominium Association was held virtually over Zoom at 46 Avondale Lane, Beaver Creek, Colorado on January 26, 2022 at 3:00 p.m. The Zoom meeting was managed by Park Plaza's law firm, Altitude Community Law.

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: Micahel & Karen Michalczyk, Lisa Shearer, Nancy Davisson, Janice Potts, Greg Utter, David Cort, Gary Barton, Jeri Hurst, Cherisse & David Stevens, Dale Rouch, Hilda Lyons, Jack Modzelewski, Sue Kiner, James Fallon, Joanna Mitchell, Don Simecka, Diane Conway, John Westerberg, David DePenning, Patricia Murr, Tac Justi, Shari Vines, Robin Olson, Jim & Cheryl Fairchild, Susan Josephs, Steven Torok, Renee Chelm, Chris Stalder, Bruce Auerbach, Stephanie Jones, Ben Thorsen, John Whalen, John Juech, John Best, Sarah Beth Hoefert, Kathy Gentry, John Haynes, Kelly Koehn, Xavier Garza Benavides, Jack Butler, Ross Taylor, Mike Cooper, Marty Fritz, Hank & Christina Richard, Malia Ludden, Tom Boova, Bobbie Yates, Lisa Richman, Frank Stasiowski

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

Call to Order: 3:01 p.m.

Introductory Remarks: Mr. Kafadar welcomed everyone to the meeting and introduced Mr. Firmin, Mr. Szmyd, Mr. Backas, Ms. Timparo, and Mr. Juergens.

Determination of Quorum: Mr. Szmyd confirmed that of the 72 proxies needed for quorum, over 100 proxies were recorded in addition to the owners present via Zoom, for a total of 152 units represented.

Consideration of Minutes of the Previous Meeting: Mr. Kafadar asked for comments on the January 25, 2022 annual meeting minutes. As there were no comments, Mr. Szmyd requested a motion to approve the minutes from January 25, 2022. Mr. Auerbach made the motion to approve and Mr. Baledge seconded. **Motion passed unanimously.**

Legal Update: Mr. Kafadar introduced Mr. Firmin and Altitude Community Law. Mr. Firmin went over the bills passed into legislation in 2022 which impacted enforcement and collection procedures, as well as regulating the public right-of-way. One of the bills greatly effecting Park Plaza relates to ensuring the Common Elements, such as the pool and hot tub, are available to all Owners as much as possible. The Common Elements may be closed for maintenance and repair, but notice must be posted informing the nature of the closure. The budget must also reflect the ability to maintain the Common Elements. Another bill impacting Park Plaza is regarding proxies. An Owner had previously been able to give a proxy for a meeting for a number of years. Now, the Association is required to obtain updated proxies on an annual basis to ensure Owners are being properly represented at

meetings. While the new enforcement procedures do not greatly impact Park Plaza operations, the delinquency notice posting requirements for collecting assessments does. As delinquency notices are now required to be posted on the front door of the Unit and Owners are not always at their Units year-round, please do not remove any letters found affixed to front doors.

Mr. Firmin also noted a reserve study bill from 2022 that was ultimately vetoed by Governor Polis. This bill would require associations to be fully funded in their reserve study, although very few associations are actually fully funded. This bill may make a comeback in 2023, so it is important to be aware and to keep track of the reserves and how it is funded.

Another bill was just introduced that would create a "homeowner association taskforce" comprised of owners in associations, a senator, an owner advocate and an HOA attorney. They will be reviewing issues in communities to determine how to best address them. This is still in the very early stages and more legislation on this is likely to show in 2024.

Mr. Kafadar noted that Park Plaza has not had a material problem in collecting annual assessments and attributes this to all of the Owners being on top of their payments. The Association will be sure to follow the new laws should a collection matter arise.

Mr. Szmyd noted the pool and fitness areas will be closed this Summer for the remodel projects and hope to have them re-opened by Thanksgiving.

Mr. Auerbach asked if there is an Owner who is not current in their dues, will the remaining Owners then need to pay more to cover the shortfall? Mr. Firmin confirmed associations do budget for anticipated cash requirements. With the new payment plans, there could be potential cash flow issues if an Owner becomes delinquent. The remaining Owners will have to make up for the shortfall.

Election of Board Seat:

Mr. Kafadar noted there is one seat up for election for the Residential board. Proxies and votes are being submitted to Altitude Community Law for tabulation and the results will be announced at the end of the meeting.

Audit Report:

Mr. Backas introduced his firm and discussed the Audit Report and audit. Discussed how financial statements are noted and logged and how numbers are verified. Internal controls of the Association are reviewed, along with the cash and investment balances to ensure that what is reported is correct. Billings are reviewed to confirm check payments are coded to the right account. Park Plaza is such a great location and historically have had very minimal delinquency issues. All payables are reviewed for timely payments. The ultimate goal is to produce financial statements that can be used by the Board, Owners and anyone looking at the Units.

The Independent Auditor's Report was presented and discussed. The opinion is referred to as unmodified or a clean opinion. This means this financial statements can be used by anyone as the numbers are verified to be correct. The Balance Sheet was presented and discussed. Park Plaza had a strong financial year, with \$3.5M in cash and investments, which is higher than the previous year. Accounts receivable is very low, meaning almost everything is collected. Assets totaled almost \$4M at year end, which is also up from the previous year. After liabilities are accounted for, there is \$36K in the operating fund, \$1.94M in the residential replacement fund and \$984K in the general replacement fund. The Income Statement was presented and discussed. There was \$2.4M in revenue, \$700K was added to the residential replacement fund and \$425K to the GCE replacement fund.

Mr. Backas then discussed realized and unrealized gain and loss. That is a negative as investments are measured at the closing date of November 30. Interest income went into the bank but as interests rate have increased, it appears to be a loss. It is not really a loss, but the decrease in market value due to the increased interest rates. \$36K of net income was added to the operating fund, \$515K was added to the residential replacement fund and \$272K was added to the GCE replacement fund.

The Case Flow Statement was presented and tells the same story as the Income Statement. The Association is a nonprofit corporation but is required to pay taxes. Rental activity increased which helped fund the operating account. Overall, expenses are pretty much right in line with the budget. As revenues were over, the Association ended positive.

Mr. Kafadar opened the floor for questions on the audit. It was asked if Commercial Units pay assessments. Mr. Szmyd confirmed they do and those assessments go towards operating costs that are shared by everyone, as well as deposited into the GCE replacement fund. The Declaration spells out the allocations. A question was asked to the status of the window replacement project. Mr. Szmyd confirmed windows are on schedule to be replaced. This project was deemed to be a higher priority so sometime within the next 5 years, maintenance has been performed and there were no major issues. The replacement project is over \$4M, so time is needed to build up the reserves to pay for it. The goal is to avoid a special assessment to fund.

2023 Budget:

Mr. Szmyd presented the 2023 budget as approved by the Board. He welcomed any questions regarding the same and if no questions, would request a motion to approve. Mr. Kafadar confirmed there were no increases in staff, wages in the Vail Valley increased by 40% which accounted for the increase in employee wages.

As there were no other questions, Mr. Szmyd requested a motion to approve the 2023 budget. Mr. Auerbach made the motion to approve and Mr. Butler seconded. **Motion passed unanimously.**

Management Report:

Mr. Szmyd was asked about rental rates. He confirmed Park Plaza had a record year for rentals, revenue were up \$170K from last year. This year is showing the same trend. There are multiple variables that effect rentals.

Mr. Szmyd then addressed a comment speaking to a 3 year special assessment, confirming that is not accurate; there is no special assessment currently in place.

Mr. Juergens was introduced and presented an update regarding the pool/spa renovation project beginning this Summer. Since the last November, Nedbo Construction was engaged for pre-construction services based on their experience in Beaver Creek and a slightly lower overhead. Nedbo is bidding for the mechanical, electrical, etc. contractors.

A pool and spa contractor from Denver has also been engaged. Construction is on schedule to begin at the end of ski season with the goal to complete by the start of the next ski season. Mr. Juergens presented the plans for the renovation project describing the fitness center, pool, spa and steam room builds. The outdoor patio upgrades were also reviewed.

Mr. Kafadar opened the floor for questions. Questions were asked about using the gas fire pits. Mr. Szmyd addressed questions in the chat, confirmed timer dials were being looked into as a way to regulate turning the gas on. Mr. Szmyd also confirmed the patio tiles will be heated and looking to add benches and hooks wherever possible. There will not be any lifeguards at the pool area.

The indoor hot tub will be larger than the existing one. A discussion was had about the benefits of 1 larger outdoor spa vs. 2 smaller ones. All of the spas will be salt water. Mr. Juergens confirmed there will be plenty of bench seating in all spa areas with controllable jets. The pool area is a sensitive environment due to the presence of water, so you generally want to minimize opening the windows. Mr. Juergens recommends not opening the windows in the pool area.

A question was asked about insuring the slide. Mr. Szmyd noted that as the slide will be less than 10 feet, it will not change any of the policies that are in place. An outside grill will be included in the remodel plan.

Open Discussion:

Mr. Kafadar then opened the floor for any general questions. Questions were asked about how the outdoor grill will be managed and maintained. Mr. Szmyd confirmed it will be managed as best as it can; it has been requested by a majority of the Owners, so it has to be provided and maintained for like

any other amenity. Cannot guarantee the grill will be perfectly clean every time someone wants to use it, but measures will be taken to manage and maintain as best as possible.

Ms. Potts requested clarification on emails received about Park Plaza's commitment to Owners' preferences on float times and renters' requests and preferences when booking. Mr. Szmyd confirmed Park Plaza does their absolute best to take care of all Owners. During the summer float times, Owners are being placed in the units they need to be in. Sometimes, in reviewing the rental pool process, sometimes you have to go out of order in the best interest of the building in assigning units. This policy has been sent out to all Owners via email and was not voted on by the Owners, it was a policy decided on by the Board. Mr. Kafadar confirmed if there are any Owners that have concerns or issues with any policy, they should voice the same to the Board for consideration. This policy has been in place since 1995 and is not new.

Ms. Potts asked if additional renters are anticipated. Neither Mr. Szmyd or Mr. Kafadar anticipate more renters, there is no way to anticipate if an Owner will rent their unit. Ms. Timparo is going above and beyond to try and give every Owner the unit they want for their weeks. Ms. Potts then asked about when unit placement is known. Ms. Timparo confirmed during the Summer, the unit number is known and assigned upon arrival. There are variables that can change circumstances, so units are not assigned until arrival. Owners are always accommodated as best as possible. During the Winter season, units are assigned. Mr. Kafadar confirmed Ms. Timparo spends a lot of time working to accommodate Owners during the Summer season.

Ms. Potts would like to see units that are deposited for rent placed on the website in the order they are deposited as other Owners may be interested in the available rentals. Mr. Stasiowski complimented Ms. Timparo and all of her efforts; she always has up-to-date information on rentals, all you have to do is reach out to her and she will assist.

Mr. Stasiowski then asked how the upcoming renovations will impact the amount the facilities will be rented for and the resale value of the units. Mr. Szmyd noted the surrounding properties with similar upgrades are all renting and selling for much higher rates than Park Plaza. It is a luxury market Park Plaza is missing out on by having outdated amenities. An Owner requested either monthly or bi-monthly status reports on the remodeling projects. Mr. Kafadar noted they intend to provide monthly updates. Mr. Szmyd confirmed he will be onsite, heavily involved with the remodel projects and is happy to provide status updates anytime.

Lisa Richman expressed appreciation for Ms. Timparo's efforts and hard work in re-arranging reservations last minute over the last few months.

An Owner proposed adding a ladder near the pool slide. Mr. Szmyd confirmed that is being looked into; goal is for Beaver Creek to be a number one luxury family resort area.

Mr. Szmyd confirmed the Knox Gallery and Slifer office were combined together. It is now a new Eye Pieces store front which looks great. The space where Eye Pieces was is going to become BC Generations space. Mr. Kafadar noted they are trying to find a replacement for the art museum. Kudos were passed to Mr. Deem and Mr. Szmyd on the new stairway and storage facade.

Vote Results:

Mr. Firmin presented the results of the vote for the Residential board seat. Mr. Baledge received the most votes and is elected.

Adjourned:

Mr. Kafadar requested a motion to adjourn. Upon motions duly made and seconded the **Meeting adjourned at 4:36p.m.**

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