

**LODGE AT LIONSHEAD III CONDOMINIUM ASSOCIATION
ANNUAL HOMEOWNERS MEETING
March 3, 2018**

Call to order and determination of quorum.

President Jeff Bosboom called the meeting to order at 4:03 p.m. in the Lionsquare Lodge & Conference Center, Columbine Room.

Owners present were:

Claudia and Eustaquio Cortina (Unit #4)

Luis Diaz Torre (Unit #5)

Mindy Nelkin (Unit #6)

John DuPont (Unit #8)

Jeff Bosboom (Unit #10)

Inaki de Abiega (Unit #9 & 12)

Owners attending the meeting via conference line were: Gene Hill (Unit #2) and Felipe Esteve (Unit #11).

Also present were Jeff Bailey and Joy Dunham, of Peak Resort Services, Inc.

Matthew Staples of McMahan and Associates, Association accountants joined the meeting at 4:12 pm and Jerry Orten, Association Attorney, joined the meeting at 4:32 pm.

Owners that provided proxy forms were: Gene Hill (Unit #2) to Jeff Bosboom and DA Mountain Rentals / Don Ertmier (Unit #7) to Jeff Bailey.

A quorum was established with 83.14% of membership represented in person, calling in or by proxy.

Review and approval of the Notice of the 2018 Annual Meeting. The Notice of Annual Meeting was reviewed and accepted.

Minutes of the 2017 annual meeting. The Minutes of the March 4, 2017 Annual Meeting of Ownership were reviewed.

Motion was made by Gene Hill to approve the minutes as presented. Motion seconded and passed unanimously, with one abstention (unit #7).

Financial Review

Matthew Staples, accountant with McMahan and Associates, LLC presented the financial report.

Motion made by John DuPont to accept the financial review. Motion seconded and passed unanimously, with one abstention (unit #7).

Tax Resolutions.

Matthew Staples presented 2 resolutions that the accountants recommend the Association approve at the Annual Meeting:

1. Resolution on Capital Contributions. That amounts collected or paid to the Association for Capital Replacement purposes for the fiscal year ended October 31, 2017 shall be set aside for future major repairs and replacements and allocated to capital components as provided by the guidelines established by IRC Section 118 and Revenue Rulings 75-370 and 75-371.

Motion made by Mindy Nelkin to approve Capital Contributions tax resolution. Motion seconded and passed unanimously, with one abstention (unit #7).

2. Resolution on excess income. That excess membership income over membership expense collected by or paid to the Association for the year ended October 31, 2017 shall not be directly refunded to owners, but shall be applied against subsequent tax year member assessments as provided by IRS Ruling 70-604.

Motion made by John DuPont to approve Excess Income tax resolution. Motion seconded and passed unanimously, with one abstention (unit #7).

Management reviewed with ownership an Operating Budget Explanation Report and the Operating Budget FYE 10/31/2018. The budget had previously been approved by the Board of Managers. The total budget and assessment level has increased 6% to \$233,250. This is the first operating budget and assessment level increase since 2015. **Motion made by Jeff Bosboom to approve the Operating Budget FYE 10/31/2018. Motion seconded and passed unanimously, with one abstention (Unit #7).**

Approved budget is attached to these minutes.

Old Business

Management reviewed with ownership the Capital Replacement projects completed FYE 10/31/2017. Completed projects report is attached to these minutes.

Jeff Bosboom and Jerry Orten gave a brief update on the status of condominium document modernization process and lawsuit.

New Business

Proposed Amendments. Jerry Orten, Association Attorney, led a discussion on the proposed document amendments and vote of ownership. Jerry reviewed the court directed change in the Declaration amendment previously voted and approved by ownership in March 2012.

Jeff Bosboom reported that the ballots for voting on the proposed 2018 amendments had been returned from all owners not in attendance and that DA Mountain Rentals (Unit #7) Proxy/Ballot was against the amendments. In addition to the vote against the amendments, a specific list of (4) objections were provided by DA Mountain Rentals.

1. Objection to 10.1 item C
2. Objection to 10.2
3. Objection to 10.3
4. Objection to Article 8 Amendments (sic – Article 8 is titled “Insurance.”
The correct reference to “Amendments” is Article 13)

These (4) objections were reviewed by Jerry Orten with the owners in attendance.

1. 10.1 Item C is attached. 10.1(c) was not modified at the meeting. 10.1(c) was approved by the Courts and is a revision of terms in the existing declaration. See paragraph 25(b) as applicable to paragraphs 25(b), (c), (d), (e) and (f).
2. 10.2 is attached. 10.2 was also not modified at the meeting. 10.2 would allow additional units to be approved and added by a vote of owners with at least 67% of the votes – in contradiction of the Court required retention of 100% approval from owners and 100% of first mortgage lenders to any changes to undivided co-ownership of the Common Elements or the allocation of common expenses. 10.2 was not voided by the Courts though it apparently should have been. Based on the requirements of the Courts 10.2 is in contradiction of the provisions of the existing declaration and new section 13.1 (retaining the 100% owner and first mortgage approval requirements of the existing declaration for changes to undivided co-ownership or the allocation of common expenses. Section 10.2 is proposed to be deleted in a further amendment proposed for the 2019 annual meeting.

3. 10.3 is attached. 10.3 was also not modified at the meeting. 10.3 allows for conveyance by the Association of Common Elements with a vote of owners with at least 67% of the votes. This provision is similar to parts of the statute, which has the same vote requirement. See section 312 of CCIOA. 10.3 was also approved by the Courts.
4. Article 8 is titled "Insurance" not "Amendments" as reference by one owner. This objection is not currently understood as the referenced to "Amendments" appears to be in error. If the objection is clarified then this objection will be revisited and may result in further proposed amendments at the 2019 annual meeting.

Voting on the Proposed Amendments. After further discussion of the proposed amendments, all ballots were collected from owners in attendance. 100% of ballots were received from owners in attendance and sent in via mail by the rest. The result by ballot was 11 Units or 92.33% in favor and 1 unit or 7.67% opposed.

A Motion was made by Jeff Bosboom to close the time period for acceptance of the Ballots. Motion seconded and passed, with 11 owners in favor (92.33%) and one owner (7.67%) against (unit #7). With that Motion the voting on the proposed amendments was now final and each of the amendments was approved.

Capital Replacement projects proposed FYE 10/31/2018. Management provided a report on the Capital Replacement projects proposed FYE 10/31/2018. Total proposed expenditures \$21,105. Projects were discussed and owners decided to approve the combination key/code lock mechanisms for the back gate and east entry door only. This reduced the total project estimated costs to \$18,146. **Motion made by John DuPont to accept the revised capital replacement projects FYE 10/31/2018, totaling \$18,146. Capital replacement fund quarterly assessments will remain the same and there will be no special assessment for the year. Motion seconded and passed unanimously with 1 abstention (Unit #7 Erftmier).** Approved project list attached to these minutes.

Ratify Actions of Board of Managers.

Motion made by Jeff Bosboom to ratify all actions of the Board of Managers for the previous year. Motion seconded and passed unanimously, with one abstention (unit #7).

Elections

Jeff Bosboom explained that the Board was reduced from five to four Members due to the sale of Marilyn Sandstad's Unit #1. The four remaining Board Members are Jeff Bosboom, Mindy Nelkin, Inaki de Abiega and John DuPont are all seeking

another one-year term. Luis Torre and Eustaquio Cortina both indicated that they would be interested in serving on the Board. Luis withdrew in favor of Eustaquio due to the fact that Eustaquio lives at the property full time.

Motion made by Jeff Bosboom to elect the same slate of Board Members and Eustaquio Cortina to the Board. Motion seconded and passed unanimously, with one abstention (unit #7). The Board of Managers FYE 10/31/2018 will be Eustaquio Cortina, Inaki de Abiega, Mindy Nelkin, Jeff Bosboom and John DuPont.

Schedule for the 2019 Annual Meeting.

Next Annual Meeting was tentatively scheduled for Saturday, March 2, 2019 at 4:00 pm.

Adjournment.

Jeff Bosboom adjourned the meeting at 5:43 pm.

10.1 item C

(c) Objecting Owners. The Association shall, pursuant to the terms below, purchase the Units of the Owners who are not eligible to vote, do not vote or who vote against the obsolescence of the Community ("Objecting Owners") referenced in this Section.

(i) The Association shall execute the purchase by delivering to the Objecting Owner a statement in writing by the Association exercising the purchase and identifying the Association's selection of appraiser ("Notice of Intent to Purchase"). Upon delivery of the Notice of Intent to Purchase, the Association shall be entitled to purchase the Objecting Owner's Unit upon the terms and conditions set forth in this Section.

(ii) Upon the exercise of the purchase option, the purchase price for the property ("Purchase Price") shall be equal to the then-current fair market value of the Objecting Owner's Unit, determined in the manner set forth below, less any amounts owed by the Objecting Owner to the Association. The fair market value of the Unit shall be determined by appraisal. Upon exercise of the purchase by the Association, both the Association and the Objecting Owner shall each appoint a separate appraiser to perform an appraisal of the Unit. Each appraiser must have an M.A.I. certification and have been employed full-time as an appraiser of real property in the Vail area for at least 5 years immediately prior to the subject appraisal. No appraiser shall have an interest, directly or indirectly, in any Unit in the Community. The Association shall identify its selection of appraiser in the Notice of Intent to Purchase and the Objecting Owner shall identify its selection of appraiser by written notice to the Association within 10 business days after receipt of the Notice of Intent to Purchase. The two appointed appraisers shall, within 5 business days after selection of the Objecting Owner's appraiser, appoint a third similarly qualified appraiser. After such appointments, all three appraisers shall appraise the Unit and together determine and report the fair market value of the Unit. In the event the appraisers do not agree on the fair market value of the Unit, they shall determine and set forth in the report a procedure such as averaging of the appraisals, selection of a median, or other standard appraisal techniques, on which to base the determination of fair market value. The Association and the Objecting Owner shall each pay the fee of their respective appraiser and shall each pay 1/2 of the fee of the third appraiser.

(iii) The Purchase Price shall only be paid by the Owners who have not objected, such that the Objecting Owners will not participate in funding the purchase of their Unit by the Association.

(iv) The date of closing of the transaction ("Closing Date") shall be 180 days after delivery of the Notice of Intent to Purchase, or such earlier business day after delivery of the Notice of Intent to Purchase as may be designated by the Association in the Notice of Intent to Purchase.

(v) Subject to closing adjustments and proration set forth below, the Purchase Price shall be paid to the Objecting Owner in immediately available funds.

(vi) *On the Closing Date, the following pro-rations shall be made, which pro-rations shall be deemed final and conclusive for all purposes as of the Closing Date: (i) general real estate taxes and personal property taxes, if any, for the year of Closing shall be prorated to the Closing Date, using the most recent determinable assessment and levy, (ii) utility charges, water rents, sewer rents, and other such charges shall be apportioned to the Closing Date; and (iii) fees for real estate closing services shall be paid one-half by the Association and one-half by the Objecting Owner. The Objecting Owner shall pay his attorney's fees and costs, if any, associated with the Closing. The Association shall pay its attorney's fees and costs, any recording fees or documentary fees or other costs of Closing not specified in this Declaration.*

(vii) *Title to the Unit shall be conveyed by the Objecting Owner by special warranty deed subject to taxes and assessments for the current year and subsequent year; governmental taxes or assessments for improvements not yet completed; all federal, state or local laws, ordinances, rules and regulations; easements and rights-of-way, actual and of record; and restrictions, reservations, conditions, and covenants of record.*

(viii) *The Association and Objecting Owner shall represent and warrant to each other that no brokerage commissions are or will be payable with respect to the exercise of the transaction contemplated in this Section.*

10.2

Additional Units. *The Owners representing an aggregate ownership interest in the Common Elements of 67% or more by eligible allocated votes may vote and approve the additional Units to the Community. The decision to add units shall be evidenced by an amendment to this Declaration recorded in the Office of the Clerk and Recorder of the Eagle County, Colorado. The amendment must specify a date after which the authority to add Units will be void unless new Units are created and a reallocation of the allocated interests, based on each Units' percentage of the total square footage of all Units is also recorded.*

10.3

Sale of Common Elements and/or Unit Expansions. *The Owners representing an aggregate ownership interest in the Common Elements of 67% or more by eligible allocated votes may vote and approve the conveyance of portions of the Common Elements to a third party or to an existing Unit Owner. The agreement to convey portions of the Common Elements shall be evidenced by an agreement entered into by the Association. That agreement shall be recorded in the Office of the Clerk and Recorder of the Eagle County, Colorado. If not approved in advance, the agreement must specify a date after which the agreement will be void unless approved by the requisite percentage of Owners, and must include any reallocation of the Units' ownership of the Common Elements (including any Units added pursuant to the agreement) based on each Units' percentage of the total square footage of all Units within the Community. Proceeds from the conveyance shall be held by the Association and utilized for operations and/or improvements to the Community, which may include the Units and Common Elements.*

**LIONSHEAD III CONDOMINIUM ASSOCIATION
PROPOSED OPERATING BUDGET
FOR YEAR ENDING OCTOBER 31, 2018**

	2017	2017	2018
	BUDGET	ACTUAL	Proposed
REVENUE			
Assessmenets	219,712	219,712	233,250
TOTAL REVENUE	219,712	219,712	233,250
EXPENSES			
Trash Removal	4,900	5,781	5,800
Snow Removal	10,000	12,415	7,500
Landscape Maintenance	13,000	13,037	13,000
Professional Fees - Accounting	3,750	3,860	3,860
Professional Fees - Legal	10,000	12,373	10,000
Office Expense	750	574	750
Management Fee	42,919	42,918	42,919
Insurance	29,000	32,615	38,027
Fire Alarm - Test & Inspect	2,500	2,144	2,500
Pool Maintenance	8,000	7,431	8,000
Building Maintenance	14,000	14,487	15,000
Water and Sewer	10,500	11,110	11,200
Gas - Pool	4,500	3,913	4,500
Gas - Snowmelt System	5,675	4,022	5,500
Electricity	8,500	8,965	8,900
Comcast Bulk Cable	8,900	9,263	9,500
Common Area Cleaning	6,500	6,367	7,000
Maintenance Man	20,000	21,229	21,500
Elevator Expense	9,500	10,966	11,000
Management Office Expense (unit C-3)	3,200	3,258	3,200
Unit 290 Expenses	1,100	1,537	1,100
Miscellaneous/ Contingency Expense	168	0	144
In-Room WI-FI	1,750	2,019	1,750
Meeting Expenses	600	245	600
TOTAL EXPENSES	219,712	230,529	233,250
VARIANCE		-10,817	

**LIONSHEAD III CONDOMINIUM ASSOCIATION
CAPITAL IMPROVEMENT PROJECTS COMPLETED
FYE 10/31/2017**

BEGINNING BALANCE:		\$ 68,906
Revenues		
Quarterly Assessments		39,840
Special Assessment		48,000
Interest Income		149
TOTAL REVENUE:		\$ 156,895
COMPLETED PROJECTS:		
Driveway Snowmelt System		47,556
Electrical Upgrades		5,846
Building Re-key		4,474
Roof		2,940
Mechanical		2,495
Pool/ Spa		1,859
Fence		1,683
Office Flooring		945
Tree Removal		775
Building Internet		564
Alarm System		300
Fitness Equipment		170
Misc. Tools & Equipment		1,518
Project Planning/ Supervision 2016		4,493
TOTAL EXPENDITURES:		\$ 75,616
ENDING FUND BALANCE:		\$ 81,279

**LIONSHEAD III CONDOMINIUM ASSOCIATION
CAPITAL IMPROVEMENT PROJECTS PROPOSED
FYE 10/31/2018**

BEGINNING BALANCE:		\$ 81,279
Revenues		
Quarterly Assessments		39,840
Special Assessment		-
TOTAL REVENUE:		\$ 121,119
PROPOSED PROJECTS:		
Driveway Snowmelt System final		2,505
Pool/ Spa		
Spa heater thermostat/flame sensor		1,035
Circulation pump		1,016
Roof Detail		3,500
Unit C-3 Painting		780
Landscape Improvements		500
Key/Combination lock sets: back gate		810
Key/Combination lock sets: side & back gates		1,500
Mechanical/ Electrical Upgrades		1,500
Pool/ Spa Contingency		2,500
Contingency		2,500
TOTAL PROPOSED EXPENDITURES:		\$ 18,146
ANTICIPATED ENDING FUND BALANCE:		\$ 102,973
ANNUAL CAPITAL REPLACEMENT FUND ASSESSMENT HISTORY		
Prior to 2004		13,200.00
2004 - 2013		15,840.00
2014		27,840.00
2015 - 2018		39,840.00