

THE HIGHLANDS PARK PROPERTY OWNERS' ASSOCIATION
ANNUAL HOMEOWNER MEETING
February 18, 2023

I. WELCOME

Motion: Stephen Gerard moved to call The Highlands Park Property Property Owners' Association Annual Meeting to order at 1:01 p.m. via videoconference. Mark Leidel seconded, and the motion carried.

A. Roll Call & Establish Quorum

A quorum was satisfied through proxy votes and homeowners attending the meeting.

B. GoToMeeting Protocol Review

Erik Keefe reviewed the meeting protocol: Alpine Edge is the moderator of the meeting, all homeowners should stay muted until ready to speak, and after the end of each topic, the floor will be opened for questions or comments.

C. Confirm Notice of Meeting Delivery

Erik Keefe confirmed that the meeting notice was sent via certified mail and email.

D. Introduction of Board and Management

Board members present were:

Stephen Gerard

Dennis Hicks

Courtney Shelden

Stephen Hatton

Mark Leidel

Representing Alpine Edge were Erik Keefe (HOA Assistant Manager), Steven Frumess (General Manager), Jamie Stahulak (Accounting), Jessica Martin (Director of HOA Communication), Kimberlyn Bryant (HOA Administrator), and Lindsay Wood (Accounting Manager). Lauren Hitchell of Taking Minutes, LLC transcribed the minutes from the recording.

E. Review and Approve 2022 Annual Homeowner Meeting Minutes

Motion: Stephen Hatton moved to approve the 2022 Annual Homeowner Meeting minutes. The motion was seconded and carried.

F. Online Election Process Review

There were three Board of Directors positions up for election with two-year terms. Nominations for these positions were received from Dennis Hicks, Bob Salomon, and Gus Ploss. Since the uncontested election will not be put to a vote, and the nominees are automatically elected.

Stephen Hatton and Stephen Gerard both stated they were resigning from the Board and were thanked for their service to the Association. Following the resignations, one seat was open for election, with no nominations. Erik Keefe confirmed that if no nominations are received, an email will be sent to the ownership to solicit a nomination. The Board can appoint an owner without an ownership vote unless nominations are received. The

appointment will last until the next Board meeting (one-year term), and then the position will be up for re-election.

II. OTHER BUSINESS

A. *Common Area Landscaping*

The front entrance continues to be enhanced while staying under budget, and there is new dark sky-compliant light on the stone. Perennials will be added as they require less maintenance, and all the water systems are operational. Owners are encouraged to reach out with questions and/or suggestions.

B. *Chipping Program*

The chipping program should take place mid-summer, and owners are encouraged to participate in removing dead or diseased trees. Erik Keefe reminded owners to follow the guidelines for the chipping program, as improper slash piles will not be collected.

Additional information on the chipping program can be found on www.SummitCounty.gov

Action Item: Erik Keefe will send the chipping program information once available.

The Red, White, and Blue Fire District offers free fire mitigation assessments and recommendations for all properties. Owners are encouraged to utilize the free assessment. Stephen Gerard added that the Highlands at Breckenridge has done extensive mitigation work and said homes built on Discovery Hill could benefit from their mitigation efforts.

C. *Design Review*

The design guidelines can be found on the Association's website at www.highlandsatbreck.com. Erik Keefe encouraged owners to read the guidelines before submitting review requests. All exterior modifications require approval. Adam Savage, the architect on retainer for the Association, is the design review administrator and works with the Design Review Board to evaluate submissions. Erik Keefe noted that Adam Savage is leaving, and the Association, POA, and Alpine Edge are actively looking for his replacement.

Stephen Gerard said the Design Guidelines are part of the Declarations, and every owner is bound to adhere to them. Multiple builders have changed plans over the last 24 months and must comply. The instances include non-compliance regarding the disturbance envelope, materials to be used, and maintenance of construction sites. The Association imposes two kinds of fines. The first fine is the Design Guidelines fine, enforced when builders violate the design guidelines, fail to maintain building sites, use approved materials or make changes without permission. The second fine concerns the Good Neighbor guidelines, with all fines related directly to the Town of Breckenridge ordinances. The Association issued \$500 of Good Neighbor fines in 2022.

D. *Short-Term Rental Regulations*

Highlands Park is located in Zone 3 for short-term rental restrictions. The Town of Breckenridge manages the licensing for short-term rentals, and owners are encouraged to call the Town of Breckenridge with additional questions. Immediate complaints due to short-term rentals, like noise, parking, and trash, should be directed to the short-term rental hotline at 970-423-5334. The Town of Breckenridge Police Department also has a short-

term rental dispatch line that can be called at 970-668-6800. There are 23 active STR license holders in Highlands Park. The new Town restrictions limit the number of licenses to 10% of the total residences, equating to about 16 for Highlands Park. Short-term renting is considered a commercial business, and all dues should be paid.

E. Good Neighbor Policy

The details of the Good Neighbor policy are listed on the website at www.highlandsatbreck.com.

F. Sales Update

Steven Frumess shared the following updates from February 2022 to February 2023. It represents 46 listings on the market and 24 sold.

1. The average sale price in Highlands Park is \$3.6 million.
2. The percent sold versus the list price is 97%.
3. The average number of days on the market is 19.
4. The average price per square foot in Highlands Park is \$793.
5. Buyer demand has decreased, average days on the market have increased, and overall sales prices have flattened. This is likely due to higher interest rates, uncertainty in the stock market, rapid inflation, and short-term rental regulations.

Courtney Shelden added nine sales within Highlands Park POA in 2022, seven single-family homes, and two vacant lots. The average price of a single-family home in Highlands Park is over \$4 million, the average price per square foot is \$890, and the average lot price is \$1.35 million. Highlands Park had a 175% appreciation over the last five years.

III. FINANCIAL REVIEW

A. Review FY2022 Financials

Stephen Gerard shared that owner Bob Salomon, a CPA, has agreed to be an intermediary between the Board and Alpine Edge to clean up the financials. The actual income was \$24,002 and included \$23,100 from dues. The budget showed \$24,150 in annual assessments, but it is based on an accrual method, which is different from a cash basis. Seven homeowners have not paid 2022 dues, and a few owners have not paid for the past two years. The expenses were \$28,208, and the Net Operating Loss for 2022 was \$4,206. Prior Boards have been willing to operate at a deficit due to high retained earnings, and no real common interest properties exist. Total Cash Reserves are \$93,000. Lindsay Wood explained that the retained earnings at the end of 2022 were \$115,983, including the net income and net loss from previous years. The cash balance on December 31, 2022, was \$82,695, as well as a balance of undeposited funds, and was recognized on the Balance Sheet for \$5,000 and deposited in January. She said there are a number of accounts regarding construction compliance that need to be reconciled. All the construction compliance asset accounts aim to net out thoroughly with the liability side.

Action Item: Bob Salomon and Lindsay Wood will review the financials.

Action Item: Lindsay Wood will email the financials out every month for 2023.

Lindsay Wood confirmed that the Accounts Receivable balance at the end of the year was \$21,112. She has been reviewing all the transactions and has found issues from 2017 that she is working on cleaning up.

Owner questions and comments addressed the following:

1. Kelly McGuire asked where the design review fees are categorized. Lindsay Wood said that once the homeowner makes the deposit, it goes into that design review fee liability account and is netted out when the architect bills the Association. Stephen Gerard said design review fees did not previously show on the financials but moving forward; they will be put into the construction compliance deposit. Lindsay Wood confirmed that the design review money is not considered revenue for the Association and should only show on the Balance Sheet, not the Income Statement. **Action Item:** Lindsay Wood will work with the Design Review Committee and the Architectural Review person to understand the process.
2. Gus Ploss shared that he has had a hard time getting financials from Alpine Edge and inquired about how the financials were able to get unorganized. **Action Item:** Steven Frumess and Gus Ploss will discuss these issues offline.
3. Bob Salomon said the 2021 actuals had a Retained Earnings balance posted on the website of \$189,000, which was odd given that the Balance Sheet Net Income reflected a net loss this year of \$73,000.
4. Stephen Gerard noted that most discrepancies are probably due to accrual versus cash accounting. He feels confident that income and expenses are accurate on a cash basis, and once the financials are reviewed, they will be easily reconciled.
5. Brian Redd asked if the financials are audited, who audits them, and who handles the cash management. Lindsay Wood needed to determine when the Association's financials were last audited. The governing documents will dictate how often an audit needs to be done. Alpine Edge handles the cash management, and the account is reconciled monthly.
6. Ken Olendzki asked if the Board sees the bank statement showing the cash balance. Lindsay Wood confirmed that the Board receives the bank statements and Balance Sheet.
7. Ashley Hight asked when the Association can expect the reconciliation to be complete and updated. Lindsey Wood said she needs 6-8 weeks to do the work.
8. Bruce Menzel asked why \$5,400 was spent on legal fees, and Erik Keefe confirmed it was for mediation and legal expenses for the fines that took place during 2022. Stephen Hatton explained that the legal fees revolved around two issues. One was for hiring an expert attorney on short-term rentals and the Association's responsibility for enforcing and fining. The other cost was due to mediation between a homeowner and the Association regarding fines.

B. Review Proposed FY2023 Operating Budget

The proposed budget was sent out to the owners. Lindsay Wood, Stephen Gerard, and Courtney Sheldon met to discuss the 2023 Budget, and Stephen Gerard shared that the Budget for 2023 was based on the same methods as above.

IV. OPEN FORUM

Owner comments addressed the following:

1. Bruce Menzel said there needed to be adequate information about the Design Guidelines on the website and asked the Board to provide more information.
2. Jack Derickson requested additional cleaning and clearing of the rock work at the entrance.
3. Ken Olendzki shared that they hosted gatherings at their house to meet other neighbors and encouraged anyone who wants to be invited to reach out to oilonfloor@aol.com.

V. ADJOURNMENT

Motion: Courtney Shelden motioned to adjourn the meeting at 2:24 p.m. Bob Salomon seconded, and the motion carried.

Approved By: _____ Date: _____
Board Member Signature