

## **OWL CREEK HOMEOWNERS ASSOCIATION**

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### ***MINUTES OF THE April 14, 2005, BOARD OF DIRECTORS MEETING***

#### **I. Call to Order**

Mrs. Hodson called the Meeting called to order at 2:00 PM via a conference telephone call. Board members present via conference call were Connie Hodson, Jerry Rich, Al Lattof, Eugene Schmitt, and Lee Wagman. Michael George and Barton Craig of Snowmass Lodging Company were also present. Attorney Rick Knezevich was also present.

#### **II. Reading of Minutes of November 11, 2004**

Mr. Lattof made a motion to waive the reading of the minutes of the November 11, 2004, Board of Directors meeting and approve them as written. Mr. Rich seconded, and the motion passed.

#### **III. Old Business**

None.

#### **IV. New Business**

##### **A. New Business-Fractional ownership**

Mr. Knezevich reviewed his conversations prior to the meeting with Mr. Craig. Mr. Knezevich told the attendees that opportunities exist to help the Board decide how to react to the issue of fractional ownership. Mr. Wagman commented that in his recollection there are primarily two negative issues to consider when discussing transient usage – the lack of consideration for neighbors by short-term fractional guests, which changes the character of the development, and the operational problems that come with higher occupancy and made worse by inattentive property management. Mr. Wagman acknowledged that fractional ownerships often are willing to pay a premium for the right property, and therefore might be beneficial to property values. Rick Knezevich also pointed out the possible negative impacts due to the short-term nature of most fractional ownership groups. If they took control of the Board they may not have the same priority for the long term outlook as homeowners.

Mr. Wagman asked what remedies would be available to the association related to this issue. Mr. Knezevich responded that the association has the right to amend its declaration, based upon a 67% vote of the membership and 100% vote of the First Mortgagees. Mr.

Knezevich then pointed out that drafting the language to control the situation is difficult in that management of actual usage comes into play, but that this could probably be surmounted. Mr. Knezevich then commented that the Colorado Condominium Interest Ownership Act was the controlling statute. Mr. Knezevich then commented that the real issue in his opinion is how strongly the members felt about the issue and what problems it was really creating.

Mr. Wagman commented that he felt that the current Board was supportive of capital investment and significant operating fund expenditures to protect and preserve the value of the property, and that fractional ownership interests may not necessarily be aligned. Mr. Rich commented that he felt that limiting the number of management companies who are allowed to operate on the property was a method that might be available to solve the problem. Mr. Knezevich commented that this was possible and that one property of which he was aware had been successful in limiting management companies on site to one. Mr. Knezevich further commented that capping the opportunity for members to rent week to week could be limited, if not fully restricted.

Mr. Wagman stated that he felt it was important to have the Board take an action as a result of this meeting and recommended that the Board empower Mr. Knezevich to draft some language to address these concerns.

Mr. George commented that trying a rules based solution would be the first step, in that changing the declaration in his opinion was a difficult and time intensive process. Mr. Knezevich concurred, noting that his experience with attempts to change other association declarations was both difficult and time intensive.

Mr. Lattof asked if limiting fractional ownerships versus trying to eliminate them was an option. Mr. Knezevich said that if a Declaration change is made, it could restrict fractional ownership to a certain percentage of homes, or eliminate it. Most Board members indicated that if a Declaration change is made, it might be best to restrict fractional ownership rather than eliminate it.

Mr. Schmitt mentioned the importance of clearly stating for the membership the specific issues and concerns, both positive and negative, of fractional ownership. Mr. Knezevich agreed that it is important to poll the membership to see how concerned they are regarding these issues. Mr. Knezevich raised the idea of issuing rules and regulations to all prospective tenants. Mr. George commented that he thought this was a good idea. He asked all of the Board members to submit their ideas for draft rules and regulations to Mr. Craig via email. Mr. Craig will collect this information and draft a letter, which will be sent to all Board members for opinions before being sent. Further, also included in this mailing will be a Notice for a Special Homeowners Meeting over July 4<sup>th</sup> weekend to discuss this issue. The exact date and time will be determined via email in the next few weeks. Management will send the letter to Rick Knezevich for review before it goes to membership.

**B. Expanded holiday lighting.**

Mr. Wagman asked of the status of the proposal to spend \$2000 to add electrical circuits to each entry to give the HOA the ability to add holiday lighting. Mr. Lattof, Mr. Schmitt, and Mrs. Hodson would not oppose the addition, but they were not strongly in favor of spending the money. The issue will be addressed at a later date, possibly during the Special Owners Meeting in July.

**VI. Adjournment**

Mr.        made a motion for adjournment. Mr.        seconded, and the motion was passed. The meeting was adjourned at        PM.

Submitted by

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Eugene Schmitt, Secretary