
RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE MEMBERS

RIVERWALK EMERALD BUILDING ASSOCIATION, INC.

SEPTEMBER 22, 2005

The Special Meeting of the Members of the Riverwalk Emerald Building Association, Inc. (hereinafter "Emerald Association") was held at 4:00 p.m., Thursday, September 22, 2005, at 97 Main Street, 1st & Main Building, Riverwalk Hall, Edwards, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance

The following Directors were in attendance and acting:

- Jim McVey
- Jeff & Carol Seel
- Dr. and Sarah Ramsey

Also in attendance were:

- Terry Benedict – Riverwalk Master Association
- Debbie Christner – Riverwalk Master Association
- Bill MacFarlane – Inn at Riverwalk Property Management
- Dan Siefers – Inn at Riverwalk Property Management

Call to Order

Mr. MacFarlane, noting a quorum of the homeowners was not present, called the Special Meeting of the Board of Members to order on September 22, 2005 at 4:10 p.m.

**Long Range Planning
Committee
Presentation**

The presentation began with Terry Benedict giving an opening overview introducing the committee members and hired consultants. She explained that the Long Range Planning Committee is meeting with each building's members to discuss a proposed amendment to the Riverwalk Master Association Declarations. To provide a historical reference Ms. Benedict explained the Riverwalk Master Association and its current dues structure. She showed how the Riverwalk is a 22 acre site with building consisting of 385,000 square feet of mixed use facilities with a 2005 budget of approximately \$488,000 which breaks down to \$1.37 sq ft. Ms. Benedict then discussed how that \$488,000 was spent in 2005.

After outlining the current budgets expenditures Ms Benedict went on to outline the current budgets short falls.

1. The Riverwalk Master Association did a reserve study and found the reserve fund is under funded by \$150,000.
2. The Association analyzed the current property management services and found that \$75,000 per year additional funding is needed to upgrade these services to a level many owners desire.
3. \$10,000 per year is needed for an owner protection fund, which consists having a hiring a qualified individual or firm represent the Riverwalk on important community issues, with CDOT, Edwards Metropolitan District, Eagle County, etc.
4. Capital improvements, which include safety concerns, people and traffic circulation, quality of appearance, maintenance of retail competitiveness and preservation of property values.

Ms. Benedict then went back and summarized the funding need as follows:

\$75,000 per year to increase property maintenance and services
\$15,000 per year to adequately fund the capital reserve
\$10,000 per year to provide owner protection
\$175,000 per year for capital improvements which could be funded annually from dues or thru the use of a loan (based upon a \$2.0 million loan)

To provide the additional funding needed the Master association has proposed amendments to the master association Declarations. The suggested changes were drawn up after long discussions in the community. The Riverwalk Master Association listened to owners within the Riverwalk and received significant feedback on how the owners would like to spread the cost of these improvements. Therefore, the following funding plan was developed:

.5% civic assessment with 1% cap = \$150,000 per year
1% Real Estate Transfer Assessment (RETA) = \$25,000 per year
Increase in regular dues assessment \$100,000 per year

Changes the Riverwalk Master Association would like will amend documents to allow for voting and dues assessments that are based on a square footage. Implement a Real Estate Transfer fee in the amount of 1% of the sales price of a property. Add a Civic Assessment with a cap of 1%.

The dues increase for regular dues assessments does not require a vote and is not part of the amendment to Declarations. It is important that all members are aware of this proposed increase in funding needs.

The Riverwalk Master Association is asking for Board approval on the above amendments and would like to have each building's vote submitted to the Master by Oct 15, 2005. In this process each building receives one vote and it is up to each building homeowners to decide how to provide their building's vote.

1st mortgagees are included in the vote, but it is the belief of the board they will approve. If approved, by both the owners and lenders implementation of the amendments will be December 1, 2005.

The .05% civic assessment will be charged on all retail sales of tangible personal property originating in Riverwalk. All goods subject to Colorado sales tax subject to civic assessment, plus grocery sales. It was also stated that the Riverwalk Master Association would hire an independent accounting firm outside the Vail Valley to collect civic assessment and submit one lump check to Master Association. This firm will keep all retail sales information private (confidentiality agreement) and the Master Association will have the capability to hire an independent auditor to audit the accounting firm.

Discussion - are there any provisions for crediting assessments if the RETA and the civic assessment provide a larger amount of money than budgeted. If there were to be a profit the Board would look at adjusting budget the following year. It was also noted that the Riverwalk Master Association budget is voted on each year so annual adjustments to correct for excess fees would be easily accommodated.

Ms. Christner indicated that if the amendments do not pass (it is an all or nothing vote), the Riverwalk Master Association would still need to raise assessments to cover under funded capital reserves and at the same time forego implementation of many of the capital improvement plans outlined.

Jeff Seel wondered if anyone had ever done a study of other associations in the valley and what they all are paying for monthly assessment per square foot? Owner Jim McVey felt that Riverwalk was getting off easy as compared to other areas in the Vail Valley based upon his Real Estate experience.

Sarah Ramsey worried about the under funded Emerald Building reserves thought originally with the collection of the civic assessment each building would see a drop in the overall master dues they pay. This would help the individual buildings strengthen their reserves or give each owner a discount on future assessments. She would like to see

the civic assessment higher so that the expense billed to Emerald and other buildings could be reduced.

Jim wondered if all the tenants could have individual meters for gas and electric installed so they could pay their own exact portion of energy use. Debbie explained that the utilities do not allow this in multi use buildings such as Emerald.

After all membership discussion ended it was determined that a cover letter and voting ballot from Jeff Seel, President, and another from Bill MacFarlane, Association Manager would be sent out to all members to review and vote. When the votes come back they will be counted and the results will be presented to the board of directors. This information will be used by the board to vote on behalf of the entire building.

Adjournment

There being no further business to come before the Members of the Riverwalk Emerald Building Association, the meeting was adjourned at 5:40 pm.

Respectfully Submitted,

Bill MacFarlane
Inn at Riverwalk Property Management