

North of Nell Condominium Association
Annual Owner's Meeting
February 16, 2021

Call to Order

The meeting was called to order via Zoom at 9:05pm by President Quentin Durward. A quorum was established by those owners who were present and by proxy.

Roll Call

Board Members present Judy Daly, Quentin Durward and Tiffany Phipps. Owners present were Doug Becker, Pat Cooper, Tom Daly, Terri Darling representing William Connor, Scott Dunn, Jerry and Sharon Jackson, John Koval, James Koval, Bob Resnick, Peter Salton, Rob Walton and Michael Weiser. Jordan Peck and Joe Raczak represented Management.

Minutes

The Minutes of the February 22, 2020 Annual meeting were presented. Judy Daly made a motion to approve the minutes and was seconded by Jerry Jackson. It passed unanimously.

Financials

Management reported the following:

The Association and Management budgets are in line with the projections accepted in July for the yearly budgets.

Management was able to obtain a first PPP Loan for \$197,500 to help offset payroll during this fiscal year. We applied and received total forgiveness of this loan. In late January, Management applied and received a second PPP loan in the amount of \$217,607. These funds will help offset assessments in this and next year's budgets.

After being in Red-level restrictions for most of January and early February, Pitkin County may move to Yellow-level restrictions provided the current downward trend continues. Residential Revenues have been challenging in this COVID year, but activity is beginning to pick up for late February and March. After a drought like January, we are getting great snow in February. For this fiscal year, \$1,500,000 was budgeted for total rental revenues and we should be close to this projected number. This is compared to \$2,680,407 from last year.

Management Report

The Board of Managers remind all owners to have adequate Contents Insurance. Last February, an Amendment to the Declarations was passed to change the Residential units from "all in" to "bare walls" Coverage. The Bare Walls Concept approach provides that an Association has no duty to insure a unit inside the unfinished surfaces of the perimeter walls, floors and ceilings. The unit owner has the responsibility to insure not only personal property, but partitions, paint, cabinets, appliances and all other property located within the finished surfaces of the perimeter walls, floors and ceilings.

We are continuing the Insubstantial Amendment to the North of Nell planned Development regarding locations for air conditioning units. A memo from Davis Horn was discussed and will be included in the mailing.

Units sold since the Annual meeting include Apartment 4J at \$3,500,000, 3A at \$3,950,000, 2E at \$3,275,000 and 2B at \$4,350,000.

Marketing Initiatives

Jordan Peck reported that In Mid-November, we launched a Google Ads Pay-Per-Click campaign. This campaign was designed to ensure that North of Nell appears in the top results on Google searches. Our primary competitors, Aspen Square, The Gant, Aspen Alps also have this type of campaign in place. Our performance statistics to date have been very good.

We have worked to improve our Tripadvisor listing and instituted a sponsored placement program which places us in the top 1-4 spots in Tripadvisor searches. On a recent search, we were listed as #1 best value out of 83 places to stay in Aspen.

We reviewed our positions and listings on the top on-line travel agents such as Ski.com, Stay Aspen Snowmass, Expedia, Travelocity, Hotels.com and Booking.com. We are in the process of improving our listings on these sites with better images, special rate offers, and more lenient cancellation policies and working more closely with management at these sites to ensure increase in bookings. We also have Instituted a procedure for procuring guest reviews which are critical to organic search results on Tripadvisor, Google and other search engines.

We hired a professional photographer to reshoot unit pictures and made some changes to the website which made it register much better on mobile devices. We sent our first blast email to past, inactive guests on Tuesday, February 9. As of February 10, we had a 47.4 % open rate. 10-15% is considered good. We had a 4.6% click-through rate. Average rate is 2.5%.

Building Improvements

The Board has authorized the Modernization of the elevator by Thyssenkrupp and the replacement/repair of the current fire monitoring system by Proguard Protection Services for this spring. The Proguard bid also includes replacing the electrical wiring between the new pull stations and the monitoring system. The elevator is expected to be out of order for the entire month of May while these projects are taking place. There was discussion about a back up generator and placing card readers in the elevator and stairwells to increase security.

The combination of expenses is estimated at \$200,000. The Board has decided to utilize Undesignated Cash which is a combination of Capital Reserve and Tom Daly settlement proceeds so no owner comes out of pocket especially in these COVID times. The fund currently has \$289,079. The quotes and scope of work are included in this report.

A report by Bighorn Consulting Engineers regarding our electrical service was discussed and Joe Raczak reported that a revamping and replacing of the meter stacks and disconnects would take place next fiscal year.

Election of the Board of Managers

Judy Daly and Tiffany Phipps were reelected as the Commercial representatives. After the secret ballots were tabulated, Quentin Durward, John Koval and Hugh Tietjen were elected as the Residential representatives.

Election of Officers

Judy Daly made a motion to accept the slate of Quentin Durward-President, John Koval Vice-President, Tiffany Phipps-Treasurer and Hugh Tietjen-Secretary. It passed unanimously.

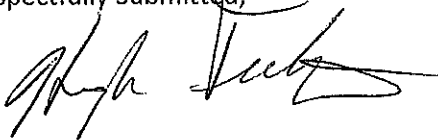
Future Meeting Date

The future Board meeting date will be determined at a later date.

Adjournment

There being no further business, the meeting was adjourned at 9:54.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Hugh Tietjen", written over a horizontal line.

Hugh Tietjen, Secretary



North of Nell Condominium Association
Board of Manager's Meeting
December 11, 2020

Call to Order

The meeting was called to order via Zoom at 4:05pm by President Quentin Durward.

Roll Call

Board Members present were Quentin Durward, Judy Daly and Hugh Tietjen. Owners present were Barbara Albert, John Arscott, Doug Becker, Pat Cooper, Tom Daly, Terri Darling representing William Connor, Matthew Durward, Peter Hershorn, John Koval, James Koval, Mary Virginia Reid, Peter Salton, Mark Tomaino and Mike Weiser. Jordan Peck and Joe Raczak represented Management.

Quentin Durward thanked Dean Coobac for his service on the Board since his unit has recently sold. The Board is looking for a Residential replacement for the next Annual meeting to be held in February. Quentin advised any interested owner to contact Joe Raczak and provide a two-paragraph bio to be included in the election materials.

Minutes

The Minutes of the July 9, 2020 were presented. Hugh Tietjen made a motion to approve the minutes and was seconded by Judy Daly. It passed unanimously.

Financials

The Association and Management Budgets are in line with the numbers accepted in July for the yearly budgets. Management recommends accepting the second six-month assessment as proposed and accepted in July. If a correction needs to be addressed, we can adjust financials at the Annual meeting to be held in February. A motion was made and seconded to adopt the second six-month assessments as presented and to review in February if corrections need to be made. It passed unanimously.

Management Report

With COVID -19 cases continuing to skyrocket in Aspen and Pitkin County, the lucrative and critical weeks before Christmas and New Years are hanging in balance as the next level of state-mandated local restrictions loom. The next level of red status would mean no dine-in service at restaurants, no informal gatherings like dinner or holiday parties and no indoor events at all. To that effect, Pitkin County has enacted new travel orders to protect the community this winter, due to the influx of seasonal tourists. Effective December 14, 2020, all travelers coming to Pitkin County must complete an online travel affidavit prior to arrival. Travelers must receive a negative COVID-19 result within 72 hours of arrival and have been symptom-free for 10 days prior to travel. Otherwise, they must undergo a 10-day quarantine.

Management was able to obtain a PPP Loan for \$197,500 to help offset payroll during this Pandemic outbreak. We have applied for forgiveness of this loan to determine if any of these monies need to be returned. We have spent the payroll threshold especially after the program was extended but there are questions regarding number of employees.

There was \$633,848 of 2020 summer revenue compared to \$764,167 in 2019. June revenue in 2020 was \$37,893 compared to \$178,684 in 2019 due to the loss of Food & Wine and the Ideas Festival. There were restrictions placed in June on lodging from the Pitkin County Health Board. There is only \$404,775 of bookings for the upcoming winter season compared to \$1,912,570 from last year.

There is currently \$289,652 in the Capital Reserve Fund. Due to the reclassification and the adopted Accounting Standards in the 2019 Financial Statements, some proceeds of the Tom Daly Settlement are included in this amount.

Units sold in 2020 are Apartment 4J at \$3,500,000, 3A at \$3,950,000, 2E at \$3,275,000. Apartment 2B is scheduled to close next week.

The Board of Managers remind all owners to have adequate Contents Insurance. In February, an Amendment to the Declarations was passed to change the Residential units from "all in" to "bare walls" Coverage. The Bare Walls Concept approach provides that an Association has no duty to insure a unit inside the unfinished surfaces of the perimeter walls, floors and ceilings. The unit owner has the responsibility to insure not only personal property, but partitions, paint, cabinets, appliances and all other property located within the finished surfaces of the perimeter walls, floors and ceilings.

The City of Aspen is requiring us to file an Insubstantial PD Amendment regarding Air conditioning units on our outside decks. They have changed the City code and we are non-compliant with the new code. An amendment change is required for any new installations or replacements for existing equipment.

Building Improvements

Joe Raczak reported that the North of Nell is a 50-year-old building and there is a need for constant upkeep and upgrades to the infrastructure. The following projects need to be accomplished this spring:

Elevator – Replace the Power Unit and install a Scavenger Pump. Estimated Repair \$41,174. It was rereported that the Elevator Controller would need to be replaced within five years. There was a discussion spearheaded by Hugh Tietjen regarding total modernization of the elevator this spring and not to take a piecemeal approach. The physical limitations of a second elevator were also discussed. Joe Raczak reported that he a scheduled meeting with the Branch manager of ThyssenKrupp in the following week. The Board directed Management to continue investigation with our elevator company to totally modernize this spring.

Fire alarm System – We need to upgrade and rewire outdated connections for the pull stations and upgrade the alarm panel. We had problems this fall with shorts in the electrical system. Estimated repair is \$18,000 to \$20,000.

The City of Aspen wants us to redistribute the electrical loads downstairs in the basement. This will entail the hiring of an electrical engineer. We don't have a current estimate or scope of work. Discussion of an electrical charging station ensued and would also be included into the scope of the electrical engineer.

COVID Policy and Marketing Efforts

Attached is the rental COVID-19 Policy. Due to the lack of International travel this winter, Management stated that we are attempting new marketing efforts with Google Ads. The campaign places ads in the results of Google Search, Google Maps, Gmail, Utube and other Google sites. Over 100 of the most affluent zip codes in the country were selected in this analytic based system. In response from a question from James Koval about Owner portals in the reservation system, Joe Raczak answered that starting next May when our software evolves, each unit will be totally on line through Escapia and VRBO.

Due to the lack of international tourists and their high Travel agent fees, Hugh Tietjen suggested that rental owners should also contribute this year to additional marketing initiatives to reach out to more domestic clients. He said that in lieu of paying normal travel agent expense that the renting owners be expensed similar to travel agent fees. He made a motion to expense the renting owners of a number not to exceed \$15,000 to engage in these additional marketing efforts. It was seconded and passed unanimously.

Other Business

James Koval brought to the Owner's attention his continual theme that the Commercial arcade is greatly underutilized. His suggestions are to use the lobby space for sofas, locker space and possible office use. Tom Daly reminded James that 100% of the ownership is required to approve any change to the common elements and he and any Commercial Owner would never agree to this proposal. After much discussion, Management was directed to contact Maria Morrow to research the process of changing the Declarations and Bylaws.

Future Meeting Date

The future Board meeting date was scheduled for Tuesday, February 16 at 9:00am.

Adjournment

There being no further business, the meeting was adjourned at 5:20.

Respectfully Submitted,



Hugh Tietjen, Secretary



North of Nell Condominium Association
Board of Manager's Meeting
July 9, 2020

Call to Order

The meeting was called to order at 4:05pm by President Quentin Durward.

Roll Call

Board Members present were Quentin Durward and Hugh Tietjen. Board members present by phone included Dean Coobac and Judy Daly. Owners present were Matthew Durward, Naomi and Peter Hershorn. Owners present by phone included Tom Daly and Jerry Jackson. Jim Cowgill and Tracey Goldberg from Plante Moran were present by phone. Joe Raczak represented Management.

Minutes

The Minutes of the December 13, 2019 were presented. Dean Coobac made a motion to approve the minutes and was seconded by Peter Hershorn. It passed unanimously.

Insurance

The Board reviewed the custom Insurance Program presented by Mountain West Insurance. Joe Raczak stated that essentially it is the same policy as last year with increases in Director's and Officer and Cyber Liability. Last year's building limit was \$68,441,000 and options were provided due to the "bare walls" Declaration Amendment that was adopted in February.

Joe Raczak referred to the Reconstruction Insurance Valuation Report that was prepared by AFIRM in January of 2020. Their conclusion of replacement value in the "bare walls" scenario was \$42,253,189. Joe Raczak stated that he thought that appraisal was low and suggested that the Board consider an amount of \$50,000,000. After discussion, there was a consensus on the \$50,000,000 figure on building limit. That would result in a reduction from the \$79,561 that was paid last year for the Building Limit Commercial Package to \$66,802. Total Insurance premium would be \$128,771 compared to \$136,984 from last fiscal year.

Financials

Jim Cowgill and Tracey Goldberg from Plante Moran explained that the North of Nell had to adopt new accounting guidance relating to revenue recognition and explained the changes from previous years regarding reallocation of fund balances. They referred to Note 2, (page 6) in the Plante Moran Independent Accountant's Review report to reference these changes. There is a new line item called Assessment Received in Advance which replaces the Capital Reserve repair and replacement reserve fund balance. When the Association receives

Assessments related to the repair and replacement reserve fund, it's now essentially considered a liability until the point in time that they spend that on behalf of the owners, which now turns into revenue and expense.

They explained it is difficult to make comparisons from last year to this year's projected budget based on the new reclassifications and that we had to recognize the Daly settlement proceeds as revenue for last year. They also reduced legal expense on the books for tax purposes. Our tax liability for last year due to the settlement was \$15,469. Peter Hershorn asked about the prior year's legal fees fighting the lawsuit being deducted from the settlement fees. Jim Cowgill stated that there were losses in the prior years of approximately \$50,000 that was carried forward and the Association received the benefit of the prior year expenses. Joe Raczak thanked Jim and Tracey for their participating in the meeting.

Joe Raczak explained that there are so many unknowns moving forward in the financials due to the Pandemic that there will be possible revisions at the December Board meeting. Management is suggesting these Association budget items for consideration this year:

Increasing Management Compensation from \$38,000 to \$45,000 in consideration of the time actually spent in Association duties and that this number has not been increased for 10 years. This will result in a total increase in Dues to the Commercial units of \$1,316. The historic 67% to Management and 33% to Association of Management expense will remain the same.

Utilizing \$50,000 of the Daly Settlement to offset Common Assessments. Per note 10, (page 11) there is a balance of \$170,898 to offset anticipated future insurance increases.

Projection of legal fees to \$25,000 compared to last year's \$88,634.

Increased expense to Building Cleaning due to the COVID protocol standards.

Changes would reduce Assessments to \$820,190 compared to \$895,843 from last year.

Management is suggesting these Management budget items for consideration this year:

Utilizing \$170,000 of PPP Loan money to offset Assessments and to reduce Department losses like Housekeeping.

Changes would reduce Residential Assessments to \$236,915 from \$268,000 from last year.

A motion was made and seconded to accept the budgets of proposed yearly Association Assessment of \$820,190 and the Residential Assessment of \$236,915. It was passed unanimously.

Management Report

The Board of Managers remind all owners to have adequate Contents Insurance. In February, an Amendment to the Declarations was passed to change the Residential units from "all in" to "bare walls" coverage. The Bare Walls Concept approach provides that an Association has no duty to insure a unit inside the unfinished surfaces of the perimeter walls, floors and ceilings.

The unit owner has the responsibility to insure not only personal property, but partitions, paint, cabinets, appliances and all other property located within the finished surfaces of the perimeter walls, floors and ceilings. Joe Raczak said that he will contact each Residential owner individually to insure they change their Contents Insurance accordingly.

Local lodging facilities recently were given permission from the Pitkin County Board of Health to book up to 100% capacity following a previous public health order relating to COVID that only allowed up to 50% capacity. Although lodges are running in the 55-65% range, the town seems crowded and full due to the second home owners. Cases of COVID-19 continues to climb in the Roaring Fork Valley as a result of the influx of additional tourists.

Management was able to obtain a PPP Loan for \$197,500 to help offset payroll during this Pandemic outbreak. We will be applying for forgiveness of this loan to determine if any of these monies need to be returned. We have spent the payroll threshold especially after the program was extended but there are questions regarding number of employees to obtain 100% forgiveness.

Management also served notice on the Insurance company for a Loss of Income claim. There has been no official response yet.

There is currently \$369,090 of summer revenue compared to \$764,167 in 2019. June revenue in 2020 was \$37,893 compared to \$178,684 in 2019 due to the loss of Food & Wine and the Ideas Festival. Because of restrictions placed on lodging from the Pitkin County Health Board, we were limited in renting and capacity numbers until last week.

Units currently for sale are Apartment 2E listed at \$3,750,000 and Apartment 4J listed at \$3,900,000.

Per Note 6, Assessments Received In Advance, (Capital Reserve Fund in the Past) of \$148,695 and Note 10, Tom Daly Settlement remaining balance of \$170,898 will be held in a separate bank account.

Future Meeting Date

The future Board meeting date was scheduled for December 11 at 4:00pm.

Adjournment

There being no further business, the meeting was adjourned at 5:20.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Hugh Tietjen", with a long horizontal flourish extending to the right.

Hugh Tietjen, Secretary



**North of Nell Condominium Association
Annual Owner's Meeting
February 22, 2020**

Call to Order

The meeting was called to order at 9:03am by President Quentin Durward.

Roll Call

Board Members present were Quentin Durward and Hugh Tietjen. Board Member Judy Daly was present by phone. Board Members Dean Coobac and Tiffany Phipps were unable to attend. Owners present in person were Shadda and Andrew Abercrombie and Jamie Koval. Owners Jerry Jackson and Tom Daly were present by phone.

Establish Quorum

A quorum was established with 81.76% of the total ownership responding in person or by proxy.

Minutes

The minutes of the March 1, 2019 Annual Owner's meeting were presented and discussed. Hugh Tietjen made a motion to approve the minutes and was seconded by Shadda Abercrombie. It passed unanimously.

Election of Board of Managers

The election of the Residential Board Members was uncontested. Dean Coobac, Quentin Durward and Hugh Tietjen were reelected by a unanimous vote. In the Commercial vote, Tiffany Phipps entered a write in candidate, (Matt Levy) after the ballots had been sent out and voted her ownership's percentage of 4.78% to Matt Levy. Tiffany Phipps received (13.9%) and Judy Daly (9.16%) of the commercial votes and were reelected as the Commercial Board Members.

Election of Officers

The current slate of Officers was reelected for next year's term. Quentin Durward was elected President, Dean Coobac Vice President and Treasurer, and Hugh Tietjen as Secretary.

Financials

Joe Raczak reported that the financials through the end of January in both the Association and Management budgets were in line with the adopted budgets.

Management Report

We are projecting total fiscal rental revenues of \$2,950,000 versus \$3,293,129 from last year. \$300,000,000 was budgeted in this fiscal year. The decline is a result of fewer rental apartments, higher usage from rental participants and softening and declining occupancy levels across the industry in the Western United States. Like in some prior years, there are aggressive pricing discounts by our competitors, especially in Snowmass Village.

Andrew Abercrombie commented that a lot of his fellow Australians were traveling to Canada and Japan due to the exchange rate and that it was half the price compared to Aspen. The Manager reported that requests for this Summer are unusually high and we are hoping that owners release their calendars so we can capture these early requests.

Aspen Real Estate remains strong with dollar volume of Property Sales in Pitkin County totaling \$1.8 billion in 2019. Pitkin County has closed out with three consecutive years of at least 1.8 billion in total sales volume.

Residential units currently for sale in the North of Nell are Units 2E listed at \$3,750,000 and 4J listed at \$4,100,000. Both units are 1342 Square Feet. Commercial Units C1A to C1E was recently sold at \$10,495,000. It is a 3,217 square foot of combined units that are occupied by the Gorsuch Café. It sold for \$2,953 per square foot. Commercial Unit 2-E where the Gorsuch high end ski locker is located sold for \$3,795,000 or \$2,402 per square foot.

There is currently \$178,842 in the Capital Reserve Fund.

Tom Daly Lawsuit

The Tom Daly lawsuit has been settled by a Global Settlement Agreement and Mutual Release between Thomas Daly, Continental Casualty Company and the North of Nell Condominium Association. Under the agreement, the Association was able to recover its past legal fees and costs related to Mr. Daly, and for payment for future amounts the Association may suffer for increased insurance premiums as a result of Mr. Daly's lawsuit.

The lawsuit may limit our ability to get Director's and Officer's insurance in the future, particularly for the next five years. We may have to consider self-insuring options for that time period. If we are able to obtain a policy, we should expect a high deductible like this year (\$250,000).

As part of the settlement agreement, the Association has agreed to not impose additional special assessment(s) on Mr. Daly to account for any increases in insurance policy costs as a result of Mr. Daly's activities. In return, Mr. Daly acknowledged and agreed that, in accordance with the Trial Court's Judgment, the order for judicial removal of Mr. Daly from the Association's Board of Managers effective from April 9, 2019 to April 9, 2022 remains in full force and effect. Mr. Daly further agreed to not seek nomination, appointment, election or otherwise serve on the Association's Board of Managers for an additional two-year period effective through April 9, 2024.

Settlement Agreement

Joe Raczak reported that there is some confidentiality that still needs to be maintained within the Association and information will be available when final legal procedures are completed. After that time, the owners would receive the settlement agreements.

The settlement is for \$325,000 partially for past attorney fees and costs and primarily intended to compensate for higher insurance costs the Association may be facing in the future. There has been discussion amongst the Board members to return \$100,000 to the owners in this fiscal year and to retain the remainder to help offset future insurance cost increases. The Manager reported that he was talking to our Association accounting firm, (Plante Moran) to investigate and insure against any tax ramifications of the settlement. There was a general consensus in the disposition of the insurance proceeds that was discussed, but no decision was made pending the Accountant's response.

Andrew Abercrombie suggested that a phone conference be set up with Maria Morrow, the Association's Attorney. It would give the ownership an opportunity to ask questions regarding the lawsuit, the negotiations and the Settlement Agreements. Jerry Jackson agreed stating that Maria is the most qualified to answer any of the Owner's questions and that a phone conference would be the most efficient way to accomplish this. Management was directed to set up a conference call and inform the Membership of the details for the conference call after the legal aspects of the Settlement and Confidentiality were resolved.

Declaration Amendment

The Declaration Amendment Proposal was passed by a majority percentage of 82.46%. There was one vote against (1.99%) and 15.55% of the ownership didn't vote.

The insurance change to bare walls for the residential apartments will take place on August 1 which coincides with our Association insurance renewal date. A Reconstruction Insurance Valuation was prepared by Brent Edwards of AFirm solutions and has been sent out to ownership. Management will also prepare some documentation from local contractors and other professionals to assist owners in determining replacement costs prior to that renewal date.

Other Business

Jamie Koval stated that he liked the new wall and the general clean up in the garage area but would like to see the bicycles removed to further clean up downstairs area. After discussion, Management was directed to give owners ample notice and get rid of the bikes and bike rack after the summer season.

Jamie Koval asked about recycling in the building. Joe Raczak responded that the City of Aspen is drastically cutting back on recycling and that due to people placing contaminated goods in the recycle bins we had ongoing problems with our Sanitation Company. Shadda Abercrombie commented that it is a world- wide problem since China stopped accepting recycle materials and it is a major land fill problem in Australia.

Jamie Koval requested to having on-line information for his apartment so that he could always monitor his unit. Joe Raczak replied that he could provide that information to Jamie but reservations were always a moving target. The marketing budget and internet sites were also discussed.

A lengthy discussion ensued regarding a number of topics concerning the common areas of the building. There were questions of putting Jacuzzis on the roof and Joe Raczak answered that

past engineering studies indicate that the building built in 1968 could not sustain the additional weight.

Purchase of a current commercial space was also discussed. Jamie Koval suggested, as he had in the past, to utilize the commercial corridors of the commercial arcade and use it as lobby space for sofas, locker space and possibly move the office operation out there as well.

Tom Daly reminded the owners present that it would take 100% of the ownership to approve any change of the common elements and that no commercial owner would ever approve of it. Jamie Koval commented that Aspen has evolved so significantly and people's expectations are so different that not using the commercial space is a lost opportunity to enhance guest services and modernize the building. Management was directed to investigate with our legal advisors about possible Bylaw or Declaration changes to see if the 100% compliance could be changed and what that process would entail.

Summer Meeting Date

The next Board of Managers Meeting was scheduled for Thursday, July 9 at 4:00pm.

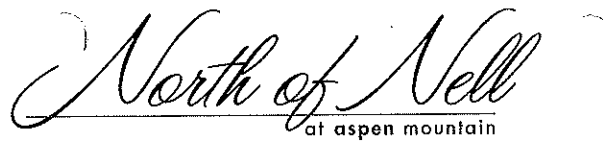
Adjournment

There being no further business, the meeting was adjourned at 11:20am.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Hugh Tietjen", with a long horizontal flourish extending to the right.

Hugh Tietjen, Secretary



**North of Nell Condominium Association
Board of Manager's Meeting
December 13, 2019**

Call to Order

The meeting was called to order at 3:05pm.

Roll Call

Board Members present were Dean Coobac and Hugh Tietjen. Board members present by phone included Judy Daly and Tiffany Phipps. Quentin Durward joined after the meeting started. Owners present included Tom Daly, Sue Durward and Jerry Jackson.

Minutes

The minutes of June 7, 2019 were reviewed. A motion was made by Hugh Tietjen and seconded by Dean Coobac to approve the minutes. It was passed unanimously.

Financials

When the Financials were presented in June, the Insurance and Legal were estimated due to the timing of the Insurance quotes and the uncertainty of the Tom Daly lawsuit. Insurance premiums will total 136,984 versus the \$105,285 that was budgeted. The Insurance premium summary was discussed. Legal costs are currently \$54,549 versus the \$60,000 that was budgeted. The majority of these fees have been after the court order and attempts for global settlement. An additional \$24,000 of legal expense is projected for the remainder of the fiscal year. The second six-month Association Assessment needs to be increased by \$31,699 to \$463,771.

There is a tremendous labor shortage in Aspen which has led to higher wages especially in the housekeeping department. Other complexes have been actively trying to recruit our maid staff. To compete with the current wage levels, we had to give housekeepers a dollar raises across the board. Management requests that the maid's wages be increased from \$31 to \$32.

The Australian market is down 25% in Aspen with the rest of Colorado down approximately 40%. Due to increased owner usage of the rental apartments and the decrease in international business, we are downsizing our revenue projection. Management is requesting an increase in the Residential Assessment of \$20,000 which is approximately a \$400 per apartment increase. Hugh Tietjen commented that there are three current kinds of rental erosion. The trend towards non-rental units, heavier owner use of existing rental apartments and a drop off in business created by the decrease of international travelers this year. He stressed that this could be a long-range issue that we may need to address.

Jerry Jackson stated that when he was in charge of utility companies, he would engage with engineers in cost service studies in order to properly allocate different customer classes. In their analysis they would

look at the demand charge, which is the fixed charges regardless of how much a service is actually used versus variable charges which are normally represented by a charge for each unit of service used. He encouraged that an analysis be prepared going forward in terms of who's imposing the costs and are we pricing those services appropriate to the cause of the costs, both fixed and variable, and are the cost causers paying their fair share of those costs. Management was directed to do a cost analysis based on usage of services particularly for the maid service and maintenance departments. The Board encouraged Management to discuss usage and services and the appropriate charges for these services with both the rental and non-rental ownership. The board emphasized that this cost analysis should be fairly straight forward and should not require the employment of outside consultants.

Dean Coobac made a motion to increase the Association six-month assessment by \$31,699 to \$463,77, to increase maid service hourly wage from \$31 to \$32, increase the second six-month Residential Assessment to \$144,000 and direct Management to prepare a cost analysis based on usage to be formulated by March 31st. It was seconded and passed unanimously.

Management Report

The Board of Managers reminds all owners to have adequate Contents insurance. Residential owners are responsible for furniture, furnishings including art work, personal liability and loss of income. Commercial owners are responsible for liability and all property within their units.

There is currently \$1,774,800 in revenue for the 2019-2020 season compared to \$2,458,678 from last season. International business is significantly down due to the strength of the US Dollar, especially the Australians and Brazilians. There is also more owner usage this year as compared to the past year. Two units that combined for \$262900 are being used by the owners have only \$89,394 in rent for this winter.

There is currently \$158,782 in the Capital Reserve Fund. \$24,708 was used in June for the elevator repair.

The owner of Units 4K and 3K is contemplating combining his units with a staircase. There is historical precedent in the building. Two other residential units have combined in the past and commercial units have also been split. Per the City of Aspen, no Plat Amendment is required for the combination of units.

Units currently for sale in the building are Apartment 2E listed at \$3,949,000, Apartment 4J listed at \$4,100,000 and Commercial Units C1 A-E, where Gorsuch is renting at \$10,495,000.

Abercrombie Garage Issues

Management was directed to informally canvas the ownership in response to the Garage issues the Abercrombie's brought to the attention of the Board in the last meeting held in June. They believe the garage is underutilized especially in the winter. All the owners who voiced an opinion advocated that no changes be made to the present status quo. They had concerns regarding liability, higher insurance premiums, security and peak time periods like Christmas/New Years, spring break, President's Week, etc. when the parking in the garage becomes significantly fuller. One owner stated that potential income could be limited by the fact that The Little Nell presently leases 24/7 access to valet parking at the hotel to non-guests for \$4150 for the entire ski season. Tiffany Phipps commented that she uses the garage all year and that some of the owners do not realize how busy it is on a regular basis. Another owner stated a concern and that long-term negative consequences of a tight and crowded garage could adversely impact price appreciation and resale values. There were also concerns about ski storage in

the garage and use of common area space. Management was directed to remind owners that there are rental opportunities located in the commercial floor of the building.

Tom Daly Lawsuit

Management updated the status of the Tom Daly Lawsuit, outlining what has transpired since the Association meeting June 7, 2019. Mr. Daly's motion to amend the trial court's judgment was denied. Mr. Daly has filed an appeal. The Association's request for reimbursement of fees and damages is fully briefed and waiting for a court ruling. Mr. Daly has continued to pursue coverage and reimbursement from the Association insurance carrier. The insurance carrier has been engaging the Association and Mr. Daly in settlement discussions that would resolve a variety of issues, such as dismissal of the appeal, preservation of the court order protecting employees and removing Mr. Daly from the Board, payment of the Association's fees and damages including the amounts requested from the Court, insurance coverage disputes, and amounts that the Association may suffer for increased premiums as a result of Mr. Daly's lawsuit, the conduct in the lawsuit, and the submission of a claims to the insurance carrier.

Declaration Amendment

The Board in the June meeting directed Management to continue to pursue changing the Insurance to a Bare Walls coverage Building Limit Policy for both the commercial and residential units due to the disparity of finishes within individual units. Letting each individual owner determine how much insurance they want for their individual interior buildout would reduce risk of the Association. We were advised by our Insurance Agent and Legal Counsel that an Amendment to the Association would be needed to clarify the limits of the coverage so that everyone agrees and understands where one policy ends and where one begins. A draft of the Amendment which will be circulated with the minutes that would have to pass by a majority of 67 percent of the ownership. We would have this election to coincide with the Annual Meeting which will be held in the spring. The Board directed Management to gather current building prices per square foot and other information guidelines to help owners determine how much insurance coverage they should have for their individual units if the Declaration amendment passes.

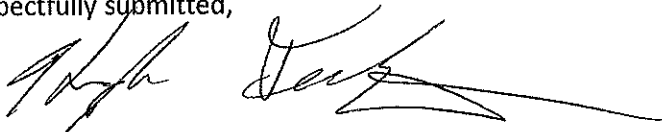
Future Meeting Date

The Annual Meeting was scheduled for February 22, 2020 at 9:00am.

Adjournment

There being no further business, the meeting was adjourned at 4:40pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Hugh Tietjen", written over a horizontal line.

Hugh Tietjen
Secretary



**North of Nell Condominium Association
Board of Managers Meeting
June 7, 2019**

Call to Order

The telephonic meeting was called to order by President Quentin Durward at 4:00pm.

Roll Call

Board Members present were Dean Coobac, Judy Daly, Quentin Durward and Hugh Tietjen. Owners present included Andrew and Shadda Abercrombie, Tom Daly, Peter Hershorn, Jerry Jackson and Tiffany Phipps. Attorneys Maria Morrow and Bill Short were also present. Joe Raczak represented staff.

Appointment of Commercial Director

Quentin Durward stated with the Judge's removal of Tom Daly from the Board, the Bylaws state that the remaining Board members can appoint a member until the next elections are held at the annual meeting. Tiffany Phipps, representing the owners of the commercial Gorsuch and the old Leaf spaces volunteered to replace Tom Daly. Tiffany Phipps is the President of Aspen Starwood LLC and is responsible for directing and overseeing all development for the company, managing the portfolio of assets, working with capital partners and running the daily operations. In Aspen, Tiffany Phipps sits on many of Aspen's HOA boards including Dancing Bear, Victorian Square and 100 E. Main. A motion was made by Hugh Tietjen and seconded by Judy Daly to appoint Tiffany Phipps as the Commercial replacement. It was passed unanimously.

Minutes

The minutes of the Board of Managers December 14, 2018 meeting were reviewed. A motion was made by Hugh Tietjen and seconded by Dean Coobac to approve the minutes. It was passed unanimously.

Abercrombie Issues

Andrew and Shadda Abercrombie brought up some issues at the prior Owner's meeting in March and requested information on the usage of the garage and ski storage. They believe that the garage is a valuable space and it is underutilized especially in the winter season when most renters do not have a car. They suggested renting out spaces in the winter season to generate income for the Association and to possibly allocate spaces to individual units or a legal entitlement to a particular space. Maria Morrow clarified that the parking garage is a common element and owners receive the use of space and do not own a specific spot which is the language in the Declarations. A survey of the ownership was discussed, but Jerry Jackson cautioned a legal analysis was needed before a survey could be sent out.

Andrew and Shadda stated that having a building without ground floor accommodation for ski equipment was baffling and suggested either placing ski lockers for all owners, residential and commercial, or having ski racks to store equipment in the common areas was a solution to the owner in the last meeting requesting prohibition of skis and snowboards been kept outside of units in the residential hallways. Placing ski racks in the garage was also suggested.

Tiffany Phipps questioned if that would be competing with the existing locker businesses that are currently in the commercial spaces. Tom Daly commented that you can't put lockers or racks in the hallways or garage since that is common space and would require 100% approval of the ownership and that would never be achieved. Maria Morrow stated that there may be a feasible solution to ski racks that may not require a 100% approval. The Board directed Joe Raczak to informally canvas the ownership on their opinions on the ski rack proposal.

Litigation Committee

The Litigation Committee was formed to help deal with the issue of Tom Daly's lawsuit against the North of Nell Association. One of the members of the Litigation Committee was previous owner and Board member Jane O'Shaughnessy who is no longer an owner in the building. A motion was made and seconded to appoint new Board members Dean Coobac and Tiffany Phipps to the Litigation Committee. Dean Coobac, Quentin Durward, Tiffany Phipps and Hugh Tietjen voted for. Judy Daly abstained.

Insurance

Historically, we do not get our Insurance quotes until July 1, so the premium is estimated for budget purposes. We are in the process of obtaining quotes but it appears that the insurance premiums are increasing approximately by seven percent industry wide. Our Director's and Officer's Insurance quote is being shopped but is complicated due to the recent Tom Daly developments.

We are looking into a "bare walls" coverage Building Limit Policy for both the commercial and residential units due to the disparity of finishes within individual units. Bare walls cover is defined by the International Risk Management as one of three approaches used for the Condominium Associations which insures only the bare structure of the individual condominium building: the structure, fixtures and furnishings of collectively owned areas; and the collectively owned personal property of the Association. Under this methodology, individual units would be responsible for insuring building property they own and use exclusively, such as sinks, built in cabinets, appliances, flooring and wall treatments (along with any improvements and betterments in their individual units.

We have been advised that an amendment to the Declaration would be prudent to clarify the limits of the coverage provided by the Association. One of the ways that the Association and the insurance carrier manage the risk is by working together on a Declaration amendment so that everyone agrees and understands where one policy ends and the other begins.

Andrew Abercrombie commented that an owner with a very austere unit subsidizing an owner with a luxurious unit is wrong. Jerry Jackson stated it would be better to let each individual owner determine how much insurance they want for their individual interior buildout and it would reduce the risk of the Association.

Financials

The annual review of the Financials ending April 30, 2019 by accounting firm Plante Moran formerly EKS&H was presented and reviewed. The new fiscal year Budget is estimated at this time with Insurance and Legal fees to be determined. The yearly budget is reviewed and modified if necessary, in the December meeting. The Budget has been determined with the following allocation changes and highlights:

In the past, Management paid credit card fees with the 6% commission. We are suggesting changing to credit card fees generated by renting owners to be expensed like travel agent charges on a monthly basis. To accommodate that change the Residential assessment is reduced from \$310,000 to \$248,000.

The Association Night Clerk/Front Desk expense is increased to \$22,000 from \$16,740.

Legal is budgeted at \$60,000 versus the actual of last year of \$79,623.

There is an acute labor shortage in Aspen and the Roaring Fork Valley. Wages are being increased to attract and retain employees. Maid Service hourly rate is increased from \$29.00 to \$30.00 and Maintenance hourly rate is increased from \$35.00 to \$36.00. Health Insurance premiums are projected to increase approximately 20%.

There is an assessment of \$40,000 to help fund a tight cash flow problem. A memo from Jim Cowgill of Plante Moran explained the discrepancy of not collecting money in the association for acquisition of depreciated items over time was reviewed.

There are projected increases in Building Repair and Building Utilities.

A motion was made to accept the proposed budgets of \$248,000 for the Residential and \$864,144 for the Association Assessments was made and seconded. Dean Coobac, Quentin Durward, Tiffany Phipps and Hugh Tietjen voted for, Judy Daly abstained.

Tom Daly Lawsuit

Earlier in May, Tom Daly's attorney filed a Motion to amend Findings, Conclusions and Orders Issued by District Court Judge Anne Norrdin on the 59-page ruling dated April 9, 2019. A response was filed by Bill Short on May 29th and Mr. Daly's Reply to the Association's Response was due June 5.

A Request for Inspection and Copying of Association Records by Unit Owner Thomas Daly was submitted by a local attorney firm of Garfield and Hecht on June 4, 2019. According to Mr. Daly's attorney, Mr. Daly is pursuing the same insurance coverage provided to the other individual Board Members named as defendants by the Association for defense costs he incurred and any damages against him.

There was a question pertaining to the litigation and damages submitted to the Court in connection with the judgement in favor of the North of Nell for attorney's fees and costs. The amounts submitted to the Court were approximately \$220,000 by the insurance carrier CNA and \$180,000 by the North of Nell Association totaling \$400,000.

Management Report

The Board of Managers reminds all Owners to have adequate Contents insurance. Residential owners are responsible for furniture, furnishings including art work, personal liability and loss of income. Commercial owners are responsible for liability and all property within their units.

There is currently \$674,122 in revenue for the summer season compared to \$802,934 from last season.

There is currently \$153,519 in the Capital Reserve Fund.

We are running parallel systems in the property management and accounting software and will convert to the new software in June.

Other Business

Quentin Durward brought to everyone's attention two communications concerning one of the employees received in the last day. One was an "anonymous" letter to all owners and one was addressed to the Board by Tom Daly bringing attention to the communication that was anonymous. Quentin Durward stated that these allegations were brought to the Board's attention two years ago by Tom Daly and were thoroughly examined in an Executive Session. No motion was ever made to do anything about them.

Maria Morrow raised concerns from a governance standpoint that the letter sent seemed to have come from someone on the Board since the documents were stamped as plaintiff trial exhibits and only a few people had access to them. She cautioned that since the letter is related to litigation and/or employees, that these matters should be addressed in executive session or in the Litigation Committee.

Due to the recent "anonymous" letter, Quentin Durward had asked Maria Morrow to draft a no harassment policy that applies to all members of the Association. The draft policy was circulated and will be addressed in a special meeting of the Board.

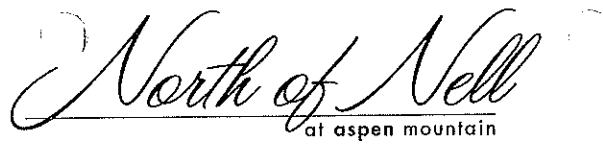
Adjournment

There being no further business, the meeting was adjourned at 6:15pm.

Respectfully Submitted,


Hugh Tietjen
Secretary





**North of Nell Condominium Association
Annual Owner's Meeting
March 1, 2019**

Call to Order

The meeting was called to order at 9:05am by President Quentin Durward.

Roll Call

Board Members present in person were Quentin Durward, Jane O'Shaughnessy and Hugh Tietjen. Board Members Judy Daly and Tom Daly were present by phone. Owners present in person were Shadda and Andrew Abercrombie, Karla Bascayni, Dean Coobac, and Robert Resnick. Owners present by telephone were Aspen Landlord LLC, Gondola LLC and Jerry Jackson. Joe Raczak represented staff.

Establish Quorum

A quorum was established with 81.71 of the total ownership responding. 81% of the Residential and 84% of the Commercial Owners responded.

Minutes

The minutes of the February 16, 2018 were presented and discussed. Tom Daly objected to the minutes because he had requested full information on non-renting owners and had not received it. Tom Daly was reminded that he received a hand written mailing list of non-renting owners along with a list of the ownership in the summer that he acknowledged. Jane O'Shaughnessy replied to Tom Daly that our legal counsel advised that by State statute, Management or the Board were not allowed to give personal information like emails or phone numbers out without their consent and that only mailing addresses were allowed. Tom Daly then requested that management get the written consent of the non-renting owners so that he could personally contact them. Tom Daly also wanted it on record that one of the three Residential Board members should be a non-renting owner and they are being unfairly treated. Hugh Tietjen made a motion to accept the minutes as presented and was seconded by Bob Resnick. All the owners present in person and by phone voted for except Tom and Judy Daly who voted against.

Election of the Board of Minutes

The election of the Board was uncontested. Jane O'Shaughnessy made a motion to accept the slate of Dean Coobac, Quentin Durward and Hugh Tietjen for the Residential Owners and Judy and Tom Daly for the Commercial Owners. The motion passed unanimously. Quentin Durward thanked Jane O'Shaughnessy for twelve years of exemplary service to the Association citing her tremendous governance experience of having served on over 40 non-profit and profit boards over her lifetime. When questioned if she had any parting comments, Jane replied that after 25 years she and Rich were both happy and sad to leave the building. She said that significant things have happened in the building that were of great significance to the owners which

included the exterior and interior renovations which happened on Quentin Durward's tenure. She also stated that the North of Nell is the most interesting and perhaps the most volatile Board she has ever served on. Jerry Jackson suggested on behalf of the owners that the Board make a resolution thanking Jane for her service and expressing our appreciation of her contributions to the Association.

Election of Officers

Quentin Durward stated that there are four officer positions – President, Vice President, Secretary and Treasurer and typically the Vice President and Treasurer have been held by the same person. Bob Resnick recommended a slate of Quentin Durward for President, Dean Coobac as Vice President and Treasurer and Hugh Tietjen as Secretary. It was seconded and passed unanimously.

Financials

The financials are from May 1, 2018 until January 31, 2019. The Association financials are currently in line with the budget but there are uncertain outcomes concerning legal and insurance that are in limbo until the Judge makes her ruling on the Tom Daly Lawsuit. In question is the \$28,114 in increased D&O insurance and the Tom Daly Exclusion that is in a holding account. We have paid \$50,811 in legal fees for this fiscal year compared to \$60,831 from last year. There is software and computer expense for the new software also to be assessed in this fiscal year that was budgeted but is currently in a holding account. That amount will be approximately \$22,000.

We are over budget in General repairs due to two plumbing original steel cast waste lines in the C/D stack that needed replacing as well as replacement of the exterior lights between Incline and the entrance ramp that needed replacing due to the drivers starting to fail. The expense for the electrical light replacement was \$23,360.51 which also included expense for sheetrock repair. The Board may consider taking this amount from Capital Reserve since it was a replacement repair.

Utility expense is \$83,294 compared to \$69,385 from last year. There were increases in all the utility companies this year and this winter has been colder compared to the warmer and less snow past two winter seasons.

The Management financials are in line with the budget approved for the fiscal year.

Management Report

The Board of Managers reminds all owners to have adequate Contents insurance. Residential owners are responsible for furniture, furnishings including art work, personal liability and loss of income. Commercial owners are responsible for liability and all property within their units.

There is currently \$2,373,700 in revenue for the 2018-2019 winter season compared to \$2,229,095 from last season. For the total fiscal year, there is \$3,213,529 of revenue compared to \$2,997,552 from our last fiscal year. International bookings were significantly down this winter due to the strength of the American dollar and the snow hangover from the last two

years which affected our January revenue. Australian sales were down 36% in Colorado resorts, 25% in Aspen and the North of Nell was down approximately 15%. Although, our occupancy levels were comparable to last year, our revenues are up 7%. A noticeable trend this year is the impressive nature of last minute bookings and aggressive pricing discounts by our competitors. When questioned if we are discounting at the North of Nell, Joe Raczak responded that with our competitors openly discounting at the following rates, (Gant 20%, Aspen Square 25%, and Frias 20%) that consumers are actively shopping and negotiating the lodges against themselves.

There is currently \$176,815.98 in the Capital Reserve Fund.

The training and conversion to our new software package, V-12 is ongoing and we will convert for the beginning of our fiscal year that begins May 1. Jordan Peck has been instrumental in the conversion to the new software and technology.

There is a controversial issue on the ballot on March 5 regarding the development on the Lift I edge of town which includes a new high-speed lift, two new lodges at the base of the mountain, the restoration of the Skiers Chalet Lodge and Skiers Chalet Steakhouse and the creation of an Aspen ski Museum. Opponents to the project cite the lack of employee housing mitigation, conversion of use of existing open space and conservation zoning and financial support of \$4.36 million of taxpayer monies to be used for the project.

The Aspen real estate market has dropped by 20% in sales volume from last year and there is a temporary phase of weakness in the higher priced segments of Aspen real estate. The central core of Aspen remains hot. In the North of Nell, the following apartments have been sold since the last Annual meeting:

Unit 3B	1476 Sq Ft	4/3/18	\$3,600,000
Comm Unit 2E		6/25/18	\$2,200,000
Unit 2G	1222 Sq Ft	8/22/18	\$3,300,000
Unit 4J	1342 Sq Ft	1/2/19	\$3,900,000
Unit 2H	1222 Sq Ft	3/1/19	\$3,275,000

Tom Daly Lawsuit

The Association awaits the Judge's ruling on the lawsuit filed by a commercial director. Most of the testimony and evidence was received over the weeks of October 15 and October 22, 2018. On February 14, 2019, the Judge received some final testimony and exhibits on the Association's Director's and Officer's insurance premium increase issues. There is no deadline or date by which the Judge must rule. Hopefully within the next month or so, she will issue her written ruling.

Electric Charging Station

Management presented State Statute C.R.S.A. Article 33.3 of the Common Interest Ownership Act which requires a HOA into having to comply with an owner's request when there's energy savings involved and provided a brief description of charging station differences. Currently, the

Hotel Jerome, Limelight, Mountain Chalet, Residences at the Little Nell, the Aspen Square and the Gant have a version of a charging station.

A general discussion regarding the garage ensued and Shadda Abercrombie questioned if there was a master plan for the garage and suggesting that in the winter that we rent out unused parking spaces for revenues that would benefit the Association. Discussion continued regarding efficiencies and utilization of the Association's assets and the legality, regulation, maintenance and insurance liability questions of those issues. Tom Daly reminded the owners that it takes 100% of the vote to convert common areas and thought that selling parking spaces to the public was a bad idea.

Management was directed to investigate the parking garage issues as well as investigate the type of charging stations and policies that neighboring complex's currently employ and report to the Board for the next meeting.

Common Space Policy

An owner through an email requested that the Board develop a policy that no skis or snowboards or other personal items be stored outside of the condos in the hallways. He claims that that the skis and snowboards damage the paint finishes and doors and the items devalues the owner and guest experience. The common areas of the commercial area with personal items were also discussed. A discussion ensued regarding ski lockers for the residential owners and possibilities of where they could be located so guests and owners would not take their skis upstairs. The purchase of one of the commercial spaces by the residential owners for ski storage and a lounge area was debated to create a more luxury experience. A ski rack cart was also discussed for storage of skis as well as storage for them in the garage. The Manager was directed to investigate these ideas and report back to the Board at the next meeting.

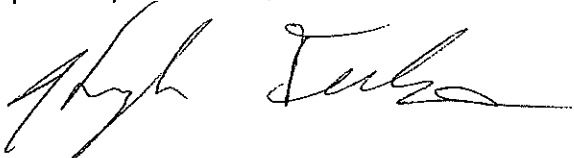
Summer Meeting

The next meeting was scheduled for Friday, June 7. Andrew Abercrombie had requested a late afternoon meeting so he could participate from Australia it was tentatively scheduled for 4:00pm.

Adjournment

There being no further business, the meeting was adjourned at 11:30.

Respectfully Submitted,



Hugh Tietjen
Secretary



North of Nell Condominium Association
Board of Manager's Meeting
December 14, 2018

Call to Order

The meeting was called to order at 9:03am by President, Quentin Durward.

Roll Call

Board members present were Quentin Durward and Hugh Tietjen. Board members Judy Daly, Tom Daly and Jane O'Shaughnessy were present by telephone. Joe Raczak represented staff.

Minutes

The minutes from the October 2, 2018 Board meeting were reviewed. A motion was made and seconded to approve the minutes. Tom Daly stated his objections to the minutes did not reflect his objection to the increase in the Residential Assessment and that the non-renting owners were taken advantage of. Tom Daly also stated that he had requested a list of those non-renting owners. Quentin Durward replied that Judy Daly had been handed a list of those owners in the summer. After discussion, Quentin Durward, Jane O'Shaughnessy and Hugh Tietjen voted for and Judy and Tom Daly abstained.

Financials

Joe Raczak reported that the expenses that was adopted for the yearly budget in July in both the Association and Management was in line with projections. He recommended that the Board adopt the second half of the assessments as projected. There was a motion made to accept the second half Association Assessment of \$410,439 and the Residential Assessment of \$155,000 as presented. It was passed unanimously.

Management Report

The Board of Managers reminds all owners to have adequate Contents insurance. Residential Owners are responsible for furniture, furnishings, including art work, personal liability and loss of income. Commercial owners are responsible for liability and all property within their units.

There is currently \$2,032,710 in revenue for the 2018-2019 winter season compared to \$2,229,095 from last season. There was \$839,828 in revenue for this summer compared to \$768,457 from last summer.

There is currently \$156,773 in the Capital Reserve Fund.

A new software package, V-12 has been purchased to convert from our 25-year-old software that no longer will be supported. We will be start to convert after the new year and run parallel systems for a few months and then totally convert to the newer software.

There is an acute employee shortage problem this year. The Hospitality Industry, cab drivers and transportation industry, and especially the Aspen skiing Company are feeling the pinch. Lack of employee housing and changes to the J1 Immigration law have combined to contribute to the shortage.

Tom Daly Lawsuit

The lawsuit filed by a commercial director against the Association proceeded to trial over the weeks of October 15 and October 22, 2018. Closing arguments were made to the Judge on the morning of October 29. Pursuant to the Judge's order, each side then submitted a proposed form of order and judgement in mid-November. The Judge is reviewing the evidence and the proposed orders. There is a considerable amount of evidence for the Judge to consider, so we cannot reliably predict when the Court will rule. In addition, there is one remaining evidentiary issue. This evidence concerns the cause of the Association's insurance premium increase. That issue is set for hearing on February 14, 2019, which was the first available date on the Court's docket.

Gorsuch License Agreement

Joe Raczak provided a copy of the certificate from Gorsuch naming the North of Nell as an additional insured as well as the license agreement that allows Gorsuch to use the 8 feet of space outside the North of Nell building which is a general common element pursuant to the North of Nell Declaration. Tom Daly commented that although he had wanted higher liquor liability limits, he was happy with Gorsuch and the certificate. Hugh Tietjen stated that he felt Gorsuch's presence in the building is a positive for the North of Nell building.

Future Meeting Date

The next Board meeting is scheduled for Friday March 1, 2018 at 9:00am.

Adjournment

There being no further business, the meeting was adjourned at 9:38am.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Hugh Tietjen", written over a horizontal line.

Hugh Tietjen, Secretary

North of Nell Condominium Association
Board of Manager's Meeting
October 2, 2018

Call to Order

The telephone meeting was called to order at 2:03pm by President, Quentin Durward.

Roll Call

Board members present were Quentin Durward, Judy Daly, Tom Daly, Jane O'Shaughnessy and Hugh Tietjen. Attorney Charlie Willman representing Tom Daly and Maria Morrow and Bill Short representing the Association were present. Joe Raczak represented staff.

Minutes

A motion was made by Jane O'Shaughnessy and seconded by Hugh Tietjen to approve the minutes from the July 18, 2018 meeting. In discussion, Tom Daly said that he wanted to go on record that the minutes are never complete. Quentin Durward, Jane O'Shaughnessy and Hugh Tietjen voted for, Judy Daly and Tom Daly voted against.

Gorsuch

A proposal from Gorsuch was reviewed to allow Gorsuch to utilize the area that extends 8 feet out from the exterior of the North of Nell building to serve beer and wine in the winter and ice cream in the summer. Gorsuch currently has a liquor license that allows for those alcoholic beverages to be served inside. Hugh Tietjen commented that Gorsuch runs a first-class operation and has become an asset to the building. Judy Daly questioned the insurance certificate of liability which had liquor liability of \$1,000,000 per occurrence and \$2,000,000 aggregate and the North of Nell be an additional insured. Tom Daly suggested those amounts should be doubled. Discussion ensued regarding those limit amounts. Maria Morrow suggested that instead of the one-year license agreement that the agreement be terminable on 30- or 60-days' notice. The discussion was tabled to allow Joe Raczak to call Bev Beck from Neil Garing Insurance to see what the industry standards were for the liquor liability amounts.

Insurance

Maria Morrow discussed at the last meeting there was discussion about whether to purchase the endorsement that would provide insurance for claims by or against Tom Daly in the new insurance year for \$10,000 with a \$250,000 deductible. The D&O policy purchased had a specific exclusion for Tom Daly. Maria Morrow said that after many discussions and emails between Bev Beck, Joe Raczak and herself there was a conclusion that we had a director, (Tom Daly) that was not insured and the executive decision was made to go ahead and bind the endorsement coverage. An

insurance consultant attorney was consulted, (Christopher Mosley of the law firm Sherman & Howard LLC) to help examine if there were any coverage gaps between the policies. It was discovered that any employment claims are covered under the employment practices liability coverage but there was no coverage for claims between the directors since the new policy has an insured versus insured exclusion. There was continued discussion and Jane O'Shaughnessy made a motion to ratify the purchase of the \$10,000 endorsement to cover Tom Daly. Quentin Durward, Jane O'Shaughnessy and Hugh Tietjen voted for and Judy Daly and Tom Daly voted to abstain.

Jane O'Shaughnessy made a motion that was seconded to specially assess the cost of the premium for the endorsement to Tom Daly based on Section 20g of the Declaration.

(g) the following expenses or charges occurred by the board shall be specially assessed to the individual owner to which such expense or charge is applicable (in addition to any other costs, charges or expenses by law or terms of this Declaration are payable by an individual owner).

The amount by which any premium for insurance maintained by the board is increased as a result of any business or other activity or act of such owner, or of any guest, invitee or tenant of such owner, or the amount of any premium on new insurance which is purchased by the Board solely as a result of any business or other activity or act of such owner, or of any guest, invitee or tenant of such owner. If such increased premium or new insurance premium is necessitated by the usual and customary business activity carried on in accordance with the with the terms of this Declaration in any commercial unit then, upon the payment of such amount by the owner of such commercial unit, such owner shall not be deemed in violation of the terms or provisions of this Declaration.

After discussion, Quentin Durward, Jane O'Shaughnessy and Hugh Tietjen voted for and Judy Daly and Tom Daly abstained.

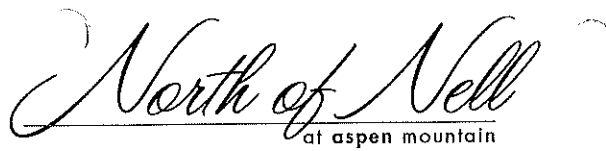
Gorsuch

Joe Raczak reported that in his discussion with Bev Beck, the industry standard was the \$1,000,000 per occurrence and \$2,000,000 aggregate for liquor liability in a non-Restaurant/Bar location. There was discussion to ask the Gorsuch attorney to increase the limits to two and four million but if they declined the one and two million amounts would suffice. A motion was made and seconded that the Gorsuch proposal be accepted with them adding the North of Nell as an additional insured and changing the terminable language to 30 to 60 days. Quentin Durward, Jane O'Shaughnessy and Hugh Tietjen voted for, Judy Daly and Tom Daly voted against.

There being no further business, the meeting was adjourned at 2:54.

Respectfully Submitted,


Hugh Tietjen, Secretary



**North of Nell Condominium Association
Board of Manager's Meeting
July 18, 2018**

Call to Order

The telephone meeting was called to order at 11:00am by President, Quentin Durward.

Roll Call

Board members present were Quentin Durward, Judy Daly, Tom Daly, Jane O'Shaughnessy and Hugh Tietjen. Attorney Charlie Willman representing Tom Daly and Maria Morrow and Bill Short representing the Association were present. Joe Raczak represented staff.

Insurance

A Special meeting was noticed and held via telephone for the special purpose of discussing possible assessment against Tom Daly for the increases and expense to occur in the director's and Officer's insurance. Quentin Durward stated that based on Section 20 of the Declarations the following sections apply to the member who engendered the lawsuit, (Tom Daly).

(g) the following expenses or charges occurred by the board shall be especially assessed to the Individual owner to which such expense or charge is applicable (in addition to any other costs, charges or expenses by law or terms of this Declaration are payable by an individual owner).

The amount by which any premium for insurance maintained by the board is increased as a result of any business or other activity or act of such owner, or of any guest, invitee or tenant of such owner, or the amount of any premium on new insurance which is purchased by the Board solely as a result of any business or other activity or act of such owner, or of any guest, invitee or tenant of such owner. If such increased premium or new insurance premium is necessitated by the usual and customary business activity carried on in accordance with the with the terms of this Declaration in any commercial unit then, upon the payment of such amount by the owner of such commercial unit, such owner shall not be deemed in violation of the terms or provisions of this Declaration.

There was much discussion of items like indemnification and accuracy of information provided by Bev Beck from Neil-Garing Insurance Agency at the last Board meeting. Hugh Tietjen made a

motion to create a special assessment to be adopted as required by the Declaration to assign the increased cost of insurance, in this case the D&O insurance, to Tom Daly, in the approximate amount of the \$20,000 difference in premiums for this year. After further discussion, Quentin Durward, Jane O'Shaughnessy and Hugh Tietjen voted for and Judy and Tom Daly voted against.

Further discussion regarding the increase in the deductible from \$5000 to \$100,000 ensued with the possibility of having to purchase the additional insurance for Tom Daly which would have a deductible of \$250,000 which is the equivalent of self-insuring. Maria Morrow suggested that the Board consider make a plan or consider whether you wait for a claim and special assess if there is a problem or whether you wanted to start creating a reserve deductible to cover the Association in the event of a further claim. Another topic was about establishing qualifications for Board members especially for uninsurable circumstances. Each party believes that the other party is the cause, regardless, there is a significant threat of high deductibles and no insurance in the future.

There being no further business, the meeting was adjourned at 11:59.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Hugh Tietjen", with a long horizontal flourish extending to the right.

Hugh Tietjen, Secretary