

**DILLON VALLEY EAST CONDOMINIUM ASSOCIATION
ANNUAL MEETING
September 22, 2007
Dillon, Colorado**

I. CALL TO ORDER AND CERTIFICATION OF PROXIES

The meeting was called to order at 10:12 a.m. by Richard Garcia. A quorum was reached with forty-six units represented in person and thirty-seven proxies received.

Board members present were:

Richard Garcia, President, T106	Mike Immordino, Vice President, E203
Paul Hage, Treasurer, N305/Q205/BB203/Z104	Cathy Brosius, Secretary, E106
Sylvia Dowty, Member, Y101	Bob Price, Member, G305
Mike Kurth, Member, C101/S105	

Homeowners present were:

Rosie Tronnier, A106	Nancy Bain, B103
Priscilla Callahan, B204	Jo Ann Mayer, C202
Wanda Hitchcock, C301	Kevin Kaiser, D301
Gudrun Roberts, E104/F102/P104	Misty McMillian, E302
Rachelle Naishtut, F302	Bridget Crowe, F304
Martha Finnen, G204	Jose Ramos, F203/G102
Gail Wepfer, I102	Natalie & Rocco DiGiovanni, H302
Jeffrey & Nancy Schramm, I205	Cesar Munoz, J102
Paul Jones, N101	Benita Collins, N103/Z303
Donald Baker, P304	Janet Chambers, Q103
Jason Rowe, Q303	Robert Garrity, R301
Thomas Nickerson, R303	Robert Klea, S201
Deborah Burg, S301	Anthony & Berit Dobrski, T302
Carl Henry, U202	Nicholas & Donna Reuterman, U303
Gary Hedman, V203	Webster/Heer, X204
Thomas Lorenz, X103	Martha Pirnat, X301
Lee Vroble, X302	Barbara Ferguson, BB102
Victor Lee, Z203	

Representing Basic Property Management were Dan Ulmer, Julian Brodie, Mark Mannheimer, Lanelle Barnett and Candy Ramage. Erika Krainz of Summit Management Resources was recording secretary.

II. PROOF OF NOTICE

Notice was sent in accordance with the Bylaws and Senate Bill 100.

III. APPROVE PREVIOUS MEETING MINUTES

Thomas Lorenz made a motion to approve the minutes of the September 16, 2006 Annual Meeting as presented. Tom Nickerson seconded and the motion carried.

IV. REPORTS OF OFFICERS

A. *President's Report*

Richard Garcia thanked the owners for attending the meeting. He introduced Julian Brodie, Maintenance Manager and Mark Mannheimer, the new Operations Manager. Mark will be the first point of contact for owners. He will be handling administrative duties as well as the parking violations. The two cars per unit rule will be enforced and additional vehicles will be towed. Richard asked owners to record the license number if there is someone in their spot after office hours.

The playground equipment will not be installed until at least next summer, depending upon the Association's financial situation.

Report on Building G Fire

Richard Garcia provided a slide show illustrating the fire damage. The fire started in a lower unit bathroom and spread into one unit next door and four units above. The Fire Department determined the fire was accidental in nature. Richard said the light fixtures were over thirty years old and the wiring insulation was drying out, causing exposure of the bare wire that can spark and cause a fire. Owners should make sure the insulation is not removed from the fixture.

Asbestos abatement has been the biggest challenge. All buildings in DVE have some type of asbestos in some of the building material. It is only released if friable, i.e. heated by a fire. The asbestos found in DVE was one point above the "safe" level; the asbestos was found in the sheet rock tape mud. The six units affected by the fire were gutted and all asbestos tainted material was removed. The gypcrete flooring had to be removed because it had cracked and portions pulled up with the carpet.

Estimated costs and responsibility for the costs are:

1. Asbestos Abatement – \$111,000 (insurance)
2. Reconstruction – \$330,000 (insurance)
3. Unexpected Costs – \$30,000 (undetermined)
4. Professional Fees – \$50,000 (DVE HOA)
5. Total – \$521,000

The Board expects the DVE Association will have to pay \$70,000 for the insurance deductible plus professional fees of the total \$521,000. Richard Garcia said the units probably would not be ready for occupancy until the spring.

The Association insurance covers the common elements (building structures and common areas), the limited common elements (outdoor decks and patios) and the property in the units that was initially installed in accordance with the Association's original plans and specifications or a replacement of the same like kind and quality.

He asked owners to contact Dan Ulmer if they have any of the original property documentation.

It is each owner's responsibility to insure any improvements or upgrades, contents such as furniture and other personal property, loss of rental income and personal liability.

Three insurance representatives will be available to speak with owners at noon (Rob Nelson from State Farm, Betty Naftz from Insurance of the Rockies and Leslie Wiese from American Family Insurance). He encouraged owners to carry a unit interior policy as it is very inexpensive.

Martha Pirnat asked how the fire would affect the Association policy. Richard said the Association may not be with that carrier next year; it is not uncommon for a carrier to drop customers after an incident like this.

Patio Fences

Many fences are in poor condition and need to be replaced. A Patio Fence Committee was formed consisting of Cathy Brosius, Mike Immordino and Paul Hage. They created plans for replacement fences. Paul Hage said their goal was to find a material that would hold up over time better than wood. They looked at composite materials, but composite materials are not suitable for structural loads so the posts and rails are pressure treated lumber to support the pickets. The rail top cap and pickets are made of Trex. Plans are available in the Clubhouse or on the website. Owners need to submit an application to the Board before replacing their fence.

Barbara Ferguson asked how much it cost to replace the fence. Estimated material cost is about \$1,000, plus labor. The replacement is an individual owner expense and the owner is responsible for maintenance. Cathy Brosius said the fence for her three bedroom unit would cost a total of about \$3,000 including labor.

Zone Valve Replacement

The zone valve replacement project has been completed. The valves control the heat to each unit. They were over thirty years old and many were leaking.

Gudrun Roberts said she was billed for replacement in two of her three units and then for the third unit several months later with no backup documentation. She was told to contact Basic Property Management.

Barbara Ferguson asked why her unit was not checked since management has the key to her unit. Dan Ulmer said he had received a note from her regarding her new carpet and her concerns with workers walking on it. He will talk to her about the situation after the meeting.

The warranties for any zone valves installed last summer have expired and repairs are now an owner responsibility.

Parking Passes

Parking passes will be reissued in a new color every March. Owners were reminded to display the correct pass to avoid parking violations.

B. Vice President's Report – Mike Immordino

Mike Immordino said there were two fences built or under construction. He is working on the specifications for installation of satellite dishes.

C. Secretary's Report – Cathy Brosius

Cathy Brosius has been working on the fence project, updating the Association Rules and Regulations, and reviewing all documentation for the satellite dishes. The current documents specify that only owners are permitted to install dishes.

D. Treasurer's Report – Paul Hage

Paul Hage said the Association operates on a calendar year. The Association ended 2006 with surplus of just over \$17,476. The surplus was transferred to the 2007 Operating Budget.

Year-to-date as of August 31, 2007 total income was \$978,149 (0.9% above budget), total expenses were \$951,663 (10% below budget) and net income was \$26,487 against a budgeted deficit of \$88,560. The variance is due to timing of some large invoices such as water. Some normal maintenance projects have also been postponed until the fire issues have been resolved.

Significant variances to budget included:

1. Siding Repair – \$10,000 under budget as the work has not yet been done.
2. Building Maintenance – \$9,954 over budget, mainly for repair of damaged patio fencing.
3. Boiler Repairs – \$25,098 over budget.
4. Painting - \$32,000 under budget as the five buildings scheduled were not done.
5. Chimney Cleans/Crown Resealing – \$7,500 under budget as the work has been completed but the invoice has not yet been paid.
6. Repaint/Recarpet Hallways – \$19,674 under budget as the work has not yet been done.
7. Clubhouse Maintenance – \$4,278 over budget for remodel work.
8. Pool/Sauna – \$6,397 over budget for rebuilding saunas.
9. Gas – \$54,854 under budget.
10. Summer Grounds Maintenance – \$11,441 under budget.
11. Parking Lot Repair – \$7,259 under budget as the work has not yet been done.
12. Office Expense – \$4,802 over budget for mailing and copying.
13. Snow Removal – \$6,536 under budget.

14. Truck/TV – \$3,790 over budget due to repairs and higher cost of gasoline.
15. Water/Sewer – \$7,186 under budget due to no rate increase.

Martha Pirnat asked about the parking lot expansion. Paul Hage said it was on hold for the time being due to the potential fire expenses.

Dan Ulmer said there would be about \$40,000 in asphalt work done in front of the buildings. The life safety issues will be addressed. The bike path paving from Clubhouse up the hill is still on the list and will be done when it is financially feasible.

Martha Pirnat asked about the painting of the five buildings. Dan Ulmer said the painting was scheduled for this year but it had to be put on hold due to the fire. It may be necessary to paint ten buildings next year to catch up.

Paul Hage made a motion to authorize the transfer of any 2007 Operating surplus at year-end to the 2008 Operating Budget. Tom Lorenz seconded and the motion carried.

The annual contribution to the Reserve Fund is \$158,000. Year-to-date income was \$71,808 and expenses were \$40,109, mainly for glycol replenishment. The Reserve Fund balance at the end of August was \$316,957.

Martha Pirnat asked if the dues would be increased next year. Paul Hage responded they probably would be. There are some major maintenance projects outside of normal operating and the Reserve Fund balance is not adequate to pay for all of them. Richard Garcia noted prices continued to increase and the property is over thirty years old and requires much more maintenance than a new property. He anticipated the dues would need to be increased 4 – 5% annually.

Priscilla Callahan asked when the bike path might be paved. Richard Garcia responded it would be at least a year or two because of the fire. She emphasized the importance of the paving project for safety. She also asked if adding carports had been considered. Richard said it had been discussed by previous Boards but there were too many issues with the expense, the responsibility for maintenance and snow removal.

Tom Lorenz made a motion to approve the Treasurer's Report. Rosie Tronnier seconded and the motion carried.

E. Real Estate Report – Sylvia Dowty

Sylvia Dowty read a note from Julie Bollinger aloud. She complimented the management team and encouraged owners to support the Board.

For the period October 1, 2006 through today there have been fifty-seven sales, with thirteen in 2006 and thirty-six in 2007. There is only one active listing right now, a studio listed at \$119,500. There has been an increase of over 24% in sales prices since February 2007. There are seven unit sales pending. A three bedroom recently sold for \$220,000 and unrenovated two bedroom units are selling for around \$195,000.

F. Reserve Planning and Security - Bob Price

A subcommittee is reviewing the Ten Year Reserve Plan. It is important to ensure the Reserve Fund is healthy. Bob Price anticipates there will need to be increases to the basic fees to avoid future large assessments for any catastrophic failure.

He is also looking into part time security during the evening to address the parking areas and disorderly conduct. He is in the process of interviewing security companies and getting an idea of cost.

V. COMMITTEE REPORTS

A. Architectural Review Committee

Cathy Brosius said the Committee was refining the application process for changes such as additions of washer/dryers and patio fences. The guidelines will be released to the owners as soon as they are ready.

Lee Vroble said a bus turnaround by the Clubhouse was mentioned in several sets of meeting minutes. He noted the bus stop by Dillon Valley West had been vandalized and looked bad. He asked who would pay for and maintain it, and take responsibility for liability. Richard Garcia said discussion on this issue was tabled at the last meeting. Cathy said the idea had been investigated as a result of inquiries from residents. The Association would be responsible for creating the turnaround and the County would maintain it. There would be no liability for the landowner. Some bus stop structures are maintained by the County and others are maintained by the community. Many stops have no structures whatsoever. The Dillon Valley West structure is being renovated. Richard asked for a show of hands of owners interested in a bus stop, assuming no there would be no expense or liability. There were only about five owners interested. Lee pointed out there would be increased noise with a bus.

VI. MANAGEMENT COMPANY REPORT

Dan Ulmer said reviewed completed projects and changes to the operation.

1. Mark Mannheimer is the new Operations Supervisor. He will be handling administrative duties, answering emails, following up on maintenance, policing the parking lots, handling general rules enforcement and performing a key survey.
2. A new steam shower is being installed in the men's locker room in place of the old sauna.
3. The men's showers are being replaced.

4. Unit values have increased significantly. As a result, rental rates have become much higher and some of the staff is no longer able to afford to live in the County. Some of the DVE staff have moved back to Mexico.
5. The Basic Property Management office staff includes Lanelle Barnett (CFO), Candy Ramage (Accounting Supervisor), Erin Griffin (Office Manager) and Mariah Rogers (A/R).

VII. ELECTION OF MANAGERS

The terms of Cathy Brosius and Sylvia Dowty expired this year. Both were nominated by the Nominating Committee. There were no other nominations received from the owners.

Tom Nickerson made a motion to elect the slate of Cathy Brosius and Sylvia Dowty by acclamation. Tom Lorenz seconded and the motion carried.

VIII. NEW BUSINESS

A. Broken Window B303

Nancy Bain thanked the Board for their efforts on the Association's behalf. She said a broken window had been reported last May but it still had not been repaired. The front door of the B Building needs to be repainted and an upstairs light needs to be replaced.

B. Occupancy Levels

Martha Pirnat asked how the Board handled unit occupancy. Richard Garcia said the Board was not allowed to "count heads" but the Board can respond to a report of excessive occupancy from an owner and report it to the County.

C. Rental Committee

Lee Vroble said in the past there was a Rental Committee. The Committee had been considering adoption of a "crime free lease" or a uniform lease that would limit the number of occupants in each unit. He asked the Board to consider reestablishing the Rental Committee.

An owner pointed out the Board could make a recommendation of items to be included in the lease but she would not advise the Board write the lease as it would constitute practicing law.

Cathy Brosius said there was an addendum to the standard lease that provides the landlord with the right of inspection.

D. Fire Unit

Jose Ramos asked about the projected occupancy date for the G Building. Richard Garcia said the worst case scenario was next spring.

E. Parking

Debbie Burg said she had a problem with parking for her unit. There is no signage for her spot. Richard Garcia said a post and a sign could be installed.

F. Board Acknowledgement

The Board members and owners recognized Richard Garcia and Dan Ulmer for their work on the fire issue.

G. Smoking

Misty McMillian asked about smoking in the building. Cathy Brosius said smoking was prohibited in the common and limited common areas. Misty said there was smoke coming into her unit from another unit. Richard Garcia said there were regulations regarding noxious odors and it could be stopped.

H. Ice and Parking

Jeff Schramm said there was a problem with water freezing in front of his door. He has also seen people parking in the wrong lots.

IX SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, September 20, 2008 (time to be announced) in the Dillon Valley East Clubhouse.

X. ADJOURNMENT

Tom Lorenz made a motion to adjourn at 11:53 a.m.

Approved By: _____
Board Member Signature

Date: _____