

**DILLON VALLEY EAST CONDOMINIUM ASSOCIATION
ANNUAL MEETING
September 18, 2010
Dillon, Colorado**

I. ROLL CALL AND CERTIFICATION OF PROXIES

The meeting was called to order at 10:05 a.m. by Richard Garcia.

Board members present were:

Richard Garcia, President, T106	Sylvia Dowty, Vice President, Y101
Cathy Brosius, Secretary, E106	Paul Hage, Treasurer, BB203/N305/Q205/Z104
Bob Price, Member, G305	Glenn Johnson, Member, S103/S104
Lisa Watkins, Member, T305	

Homeowners present were:

Nancy & Joe Bain, B103	Deborah Burg, S301
Priscilla Calahan, B204	Janet Chambers, Q103
Bridget Crowe, F304	Anthony Dobriski, O203/T302
Stephen Daust, T303	Glen Egbert, N106
Bryan & Jill Fabel, B302	Susan Fiske, N205
Elaine Garcia, T106	John Getz, BB301
Theresa Goehrs, J208	Erin & Dru Griffin, O206
Laura Hartman, R201	Carl Henry, U202
Barbara Johnson, S103/S104	Paul Jones, N101
Kevin Kaiser, D301	Robert Klea, S201
James Lauletta, J204	Victor Lee, T105
Thomas Lorenz, X103	Cesar Munoz, J102
Dolores Nelson, N306	Robert Nevarez, A105
Robert Pharr, X105/J205	Martha Pirnat, X301
Benjamin Roehrs, I106	Damien & Melissa Ruiz, W304
Wayne Ryon, G306	Theresa & Stephen Schoenmakers, U302
Jeffrey Schramm, I205	Randall Seegers, J201/J209
Barbara Slater, E201/I305	Eli Snell, A305
Katherine Spangler, A203	Leo Vroble, X302
Edith Webster & Chris Heer, X204	Gail Wepfer, I102
Ann Woods, P303	Russell Young, AA301/Q101
Elaine Garcia, T106	

Representing Basic Property Management were Gary Nicholds, Eric Nicholds, Candy Ramage, Erin Griffin, Julian Brodie and Martin Cenicerros. Erika Krainz of Summit Management Resources was recording secretary.

II. DETERMINATION OF QUORUM

A quorum was reached with 57 units represented in person and 41 proxies received.

III. PROOF OF NOTICE

Notice of the meeting was sent in accordance with the Bylaws.

IV. APPROVE PREVIOUS MEETING MINUTES

Thomas Lorenz made a motion to approve the minutes of the September 19, 2009 Annual Meeting as presented. Carl Henry seconded and the motion carried.

V. INTRODUCTION OF BOARD MEMBERS

All Board members introduced themselves and gave an overview of their backgrounds and Board responsibilities.

VI. FINANCIAL REPORT

A. Year-to-Date Profit and Loss as of August 31, 2010

1. Total Income - \$1,038,000 actual vs. \$1,034,493 budget (0.3 % over budget).
2. Total Expenses - \$1,057,360 actual vs. \$1,048,124 budget (0.9% over budget).
3. Total – (\$19,360) actual loss versus (\$13,631) budgeted loss, so \$5,729 unfavorable to budget. This is due in part to the way bad debt is being written off. There was a \$31,000 expense for bad debt.

B. Reserve Fund Status

Year-to-date income for the Reserve Fund was \$237,508 and expenses totaled \$262,974 resulting in a \$25,465 deficit. A number of major improvements were completed in the past year that will provide long-term payoffs, including new boilers, decks, siding, painting and repiping in lower units. The Association took out a construction loan to fund these projects. This loan will revert to a regular loan at the end of the year. Many of the expenses were actually charged to the Reserves instead of against the loan, saving the Association \$6,600 in interest. The accounts will be reconciled at year-end. Future projects that will be Reserve expenses include renovation of the Clubhouse apartment, hallway carpet replacement and improvements to the sewer cleanouts.

Thomas Lorenz asked about the resolution of the final payments for the fire damage. Richard Garcia said the fire issue was resolved by March 2009. The Association had to absorb some costs for deductible but the insurance company paid the bulk of it. Thomas Lorenz also asked about resolution of the incorrectly installed zone valves. Richard Garcia said this work was still in progress. The incorrectly installed valves were installed over 36 years ago and in some buildings the flow of fluid was reversed. The new valves are gate valves that make noise when they are reversed. The backwards valves are being reversed to address this problem.

Victor Lee said his zone valve was incorrectly installed and the plumbing on the shutoff valve installation was inferior. He asked if the shutoff valves would be examined and warranted. Richard Garcia said the shutoff valves would be inspected and corrective action taken if needed if the valve was replaced in the scope of this project. If it is an old valve, the owner will be responsible for having it replaced.

Laura Hartman asked how she would know if her valve was replaced. Basic Property Management has the list of units that had valve replacement.

Paul Hage reported that a full financial audit was done this year for 2009. The last audit was done over five years ago. The report indicated that the internal controls in the office were good. The auditor suggested a change in how data is transferred at year-end. There were some questions about bad debt write offs and how some assets are classified and the appropriate changes will be made. Audits should be done more frequently than every five years. The cost for the audit was \$6,900.

C. *2010 Year-End Surplus*

Paul Hage made a motion to authorize transfer of any 2010 year-end surplus to the 2011 Operating Budget. Stephen Daust seconded and the motion carried.

VII. COMMITTEE REPORTS

A. *Buildings and Landscape*

Barbara Johnson provided this report. She complimented the workers for the new fence. She recommended hiring a summer worker for mowing, landscaping and mulching.

B. *Architectural Review Committee*

Cathy Brosius encouraged interested owners to join the Architectural Review Committee (ARC). Owners were asked to submit any proposed in-unit improvements to the ARC. She can provide contractor referrals for owners who want to add fences.

VIII. MANAGEMENT COMPANY REPORT

A. *Basic Property Management Staff*

Gary Nicholds introduced the office and on site staff.

B. *Property Improvements*

1. Moved lights over signs higher to prevent breakage.
2. Improved landscaping by the signs.
3. Purchased a front-end loader for the Association from the Town of Silverthorne for \$67,000. Rental costs in previous years were about \$27,000 annually. The expense was paid out of the Reserve Fund.
4. Removed some grass in front of the Clubhouse to reduce water usage.
5. Added a lock box bar on the back of the Clubhouse for owners. There is a separate lock bar for realtor lock boxes.
6. The hot tub is closed off at the moment because of ongoing problems with users not showering before use and contamination of the water with shampoo.
7. Installed playground equipment two years ago and it is seeing good use.
8. Installed a fence and decorative totem poles in front of the Clubhouse to mask the utility meters.
9. Replaced many areas of original 30 year old building siding.

10. The old diamond cut pattern balconies have been replaced with solid wood planks with Trex caps.
11. Some owners have installed fences outside their units.
12. Added some downspouts to some roofs last winter to mitigate icicles but the draining water often froze and backed up inside the downspouts, depositing ice on the roofs. Heat tape might be a solution but it is expensive to install and operate.

C. General Management Comments

1. Owners were asked to be respectful of their neighbors and the community and to property store their recreational equipment.
2. The property is surrounded by trees that have been killed by the pine beetles and owners were encouraged to be careful with fire and to have insurance for their unit contents.
3. Owners were reminded that furniture cannot be disposed of in the dumpster. Violators will be fined.
4. Owners have been responsible about picking up after their pets this year.
5. The Board will be discussing the storage of recreational equipment such as kayaks, rafts and bikes.
6. Owners were reminded that only gas grills are permitted. Charcoal grills and deep fryers are prohibited.

D. Owner Questions and Comments

1. There was general discussion about the value of the pool and hot tub. Richard Garcia said the realtors have indicated they are important amenities.
2. Thomas Lorenz asked if the Board had considered another type of siding. Paul Hage said the Board had considered vinyl but it is very expensive. The priority for the Board was to get the boilers fixed so that is where the majority of the money was spent. The least expensive siding alternative was about \$750,000.
3. John Getz said there was sap coming through the paint on his new deck. Paul Hage said the wood would expel the sap over time and it could be addressed during the next painting cycle.
4. Victor Lee asked about painting of the new doors and frames. Gary Nicholds said it was scheduled for next month. Victor said there were big gaps in some door frames. Gary said any poor workmanship would be addressed.
5. Baxter Pharr asked about the common area painting schedule. Gary Nicholds said common areas would be done after the door installation because there could be some sheetrock repair needed. He expects it will start in October.
6. John Getz said there were gutters installed on the roof of the BB Building with no downspouts.
7. Anthony Dobriski suggested requiring all owners to post the Rules and Regulations in the units.

IX. ELECTION OF MANAGERS

The terms of Cathy Brosius and Sylvia Dowty expired this year and both indicated their willingness to run again. Glen Egbert and Dru Griffin were the other nominees. All candidates

provided biographical information. Secret ballots were tallied and Sylvia Dowty and Dru Griffin were elected to the Board.

X. NEW BUSINESS

A. Bulk Purchase for Patio Doors and Windows

Nancy Bain asked if there was any plan for bulk purchase of patio doors and windows. Richard Garcia said this was done several years ago but there were no current plans. Owners can select the manufacturer but all frames must be almond. She noted that there could be energy rebates available. Owners should work with Cathy Brosius to request approval of their selection. A suggestion was made to start a signup sheet for any interested owners. Cathy Brosius volunteered to organize this effort.

B. Email Newsletter Delivery, Security and Tenant Background Checks

Randall Seegers commented that he had requested delivery of all owner newsletters by email but he was still receiving them by regular mail. He also said that a long term tenant of his was able to get keys to his unit from the Clubhouse office without showing any identification. He felt this was a security risk. He said the Board was considering requiring criminal background checks on prospective tenants. He felt reference checks were reasonable but the timing and cost for criminal background checks could present issues for unit renters. Cathy Brosius said there was an online check that only requires a social security number and costs \$15. Richard Garcia noted that this proposal had not been finalized and the Board was still discussing it with the attorney. The Sheriff requested implementation of this program. Laura Hartman felt the decision should be left up to the individual owners. Edith Webster noted that owners could lose the unit if their tenant conducts certain drug related activities in the unit such as a meth lab.

C. Pool Hours, Wood Floors and Parking Permits

Katherine Spangler requested the Board consider implementing the original hours of operation for the pool on weekends and holidays. She suggested the ARC consider requiring insulation under new wood floors for noise mitigation. She asked how often the parking permits checked. Martin Ceniceros said he tries to drive through the property every two weeks. She said there was one vehicle parked in the same spot at A Building for at least five weeks with no permit. She asked if the Clubhouse furniture had been removed. Richard Garcia said some pieces were removed because they were very worn and unsightly. She asked who was responsible for the potholes by A Building. Richard responded that potholes on Straight Creek Drive were a County responsibility. Gary Nicholds added that said once the projects are completed, any remaining loan funds would be used for filling potholes and crack sealing.

D. Pool

Susan Fiske requested addition of a lap lane in the pool. The Board will look into it.

E. Fire Safety

Lee Vroble thought the Association should have a fire mitigation or safety program. Richard Garcia pointed out the property was also in a flood zone. He thanked Lee for attending the Board meetings and for his suggestions for improvements.

F. Bedbugs

Priscilla Calahan asked if the bedbug situation had been resolved and what the projected dues increase for next year was.

Gary Nicholds said bedbugs were a countrywide epidemic with Denver being #7 in the country. The best way to kill them is to superheat the unit interior to over 120 degrees. Gary felt this should be an individual owner responsibility.

Bridget Crowe thought bedbug mitigation should be an Association responsibility in order to protect the other owners in the building. Wayne Ryon said bedbugs could spread from unit to unit and agreed mitigation should be an Association responsibility because infestation can negatively affect the unit values. Baxter Pharr said he had bedbugs in several of his units. He recommended putting covers on all bedding materials and said such items were available on the website www.pestmall.com. Richard Garcia said there were infestations in three buildings. Paul Hage said if there is an infestation, the Association could take care of it and bill the owner so the response is timely. The Association has spent \$13,000 on mitigation this year against a budget of \$20,000 compared to \$18,000 last year. Several owners spoke in favor of having the Association address bedbug issues.

Dru Griffin made a motion to have the Association finance any measures needed to address the bedbug infestation. Baxter Pharr seconded. Paul Hage called the question. The motion carried.

XI. SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, September 17, 2011 in the Dillon Valley East Clubhouse, time to be determined.

XII. ADJOURNMENT

The meeting was adjourned at 12:29 p.m.

Approved By: _____
Board Member Signature

Date: _____