

**DILLON VALLEY EAST CONDOMINIUM ASSOCIATION
ANNUAL MEETING
September 19, 2009
Dillon, Colorado**

I. ROLL CALL AND CERTIFICATION OF PROXIES

The meeting was called to order at 10:11 a.m. by Richard Garcia.

Board members present were:

Richard Garcia, President, T106	Mike Kurth, Vice President, C101/S105
Cathy Brosius, Secretary, E106	Paul Hage, Treasurer, BB203/N305/Q205/Z104
Bob Price, Member, G305	Glenn Johnson, Member, S103/S104

Homeowners present were:

Nancy Bain, B103	Nanci Campbell, BB302/U304
Deborah Burg, S301	Priscilla Calahan, B204
Jean Capps, B303	Niki Collier, H306
Bridget Crowe, F304	Brandon Devine, E103
Anthony Dobriski, O203/T302	Glen Egbert, N106
Susan Fiske, N205	Patrick Fogarty, N206/Z105
Erin Griffin, O206	Clifford Hamburg, S303
Laura Hartman, R201	Wanda Hitchcock, C301
Barbara Johnson, S103/S104	Rachel Zerowin, X304
Robert Klea, S201	James Lauletta, J204
Thomas Lorenz, X103	Misty McMillian, E302
Cesar Munoz, J102	Dolores Nelson, N306
John & Mary Regan, A204	Leah Roehrs, I106
David & Rita Kay Ryan, A101	Wayne Ryon, G306
Jeffrey Schramm, I205	Newyne Shadrach, V203
Barbara Slater, E201/I305	Rosie Tronnier, A106
Dan Ulmer, X303	Leo Vroble, X302
Edith Webster & Chris Heer, X204	Carla Rigger, G205

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

II. DETERMINATION OF QUORUM

A quorum or 41% was reached with 48 units represented in person and 39 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 20, 2008 Annual Meeting as presented. Rosie Tronnier seconded and the motion carried.

V. PRESIDENT'S REPORT

Richard Garcia reviewed the completed projects:

1. Balconies – The wood surfaces were scraped and painted. The railings were removed and replaced. The space between the bottom railing and the deck was increased by a few inches to facilitate snow removal. The horizontal top railing was replaced with Trex for durability. Owners were reminded not to attach satellite dishes to the deck, siding or railing; dishes must be on stands.
2. Boilers – The original 35 year old boilers are being replaced with high efficiency boilers. One boiler is for hot water and the other is for heat. There are also new high efficiency pumps which are maintenance free and guaranteed for five years. Albert Amerin developed a system for providing heat and hot water for the building during the replacement process. The copper pipe is being replaced with new fittings and shutoff valves. The work has been completed in F, G, H, J, S, R, V, W, N, O, R and S Buildings and is almost finished in AA and BB Buildings. In the remaining buildings, Albert will do the necessary electrical work over the winter so the buildings are ready to have the new boilers installed in the spring when weather permits. The double buildings which have not yet been done include B, C, D, E, P, Q, R, S, T and U.
3. Gutters – Gutters are being installed on buildings that have had siding replaced.
4. Piping – Replaced all domestic water pipes on the lower level in all buildings. The Clubhouse pipes will be replaced next week. Extra insulation was added to address heat and sound issues.
5. Siding Replacement and Painting – The siding is an unusual size (4' x 9') so it had to be special ordered. It may not be possible to special order it after this year.
6. Stream by Building A – The company that owns the water rights to the stream added a plastic liner to prevent seepage to the buildings below. They also attempted to add a screen but did a very sloppy job. Legally the Association is not allowed to touch it.
7. Landscaping – Glenn and Barbara Johnson did a great job landscaping by AA Building. There is a new sign and light at the entrance.
8. First Floor Units – New fence can be constructed on common area.
9. Satellite Dishes – Dishes must be mounted on a stand and cannot be attached to the siding, railing or deck floor.

Rita Kay Ryan complimented Julian and Martin and the staff for working so well with the owners during the piping project.

VI. FINANCIAL REPORT

A. 2008 Year-End Profit and Loss

1. Income – \$1,512,159 actual vs. \$1,436,668 budget.
2. Expenses - \$1,667,040 actual vs. \$1,507,103 budget mainly due to the price of gas and necessary repairs after the ditch flooded some units.
3. Total - \$154,881 deficit at year-end.

Paul Hage said the Board decided to reallocate some of the Reserve contribution to Operating to recoup the loss.

B. Year-to-Date Profit and Loss as of August 31, 2009

1. Total Income - \$1,169,433 actual vs. \$1,171,657 budget (0.2% under budget).
2. Total Expenses - \$1,076,027 actual vs. \$1,103,697 budget (2.5% under budget).
3. Total - \$93,406 favorable to budget overall. Natural gas costs are down significantly and the new boilers will help reduce consumption going forward.

The Association took out a loan for \$1.5 million to complete several necessary large projects. The loan is now in the construction phase whereby the Association only pays interest on the amount drawn. The work needs to be completed by February 2011, at which time the Association will start paying back principle. The loan has a 10 year term with a 6% adjustable rate.

Tony Dobriski asked if the Alpine Bank loan allows for prepayment if the rate increases dramatically. Paul Hage said there was no prepayment penalty.

Rosie Tronnier asked about the Reserve balance. Paul Hage said the current balance was \$244,191.

Lee Vroble asked if the Board was taking money out of Reserve instead of drawing on the loan. Paul Hage said the Association had to borrow from the Reserve to cover the 2008 year-end deficit. They are also paying for some of the project costs out of the Reserve Fund and at the end of the year before closing the books there will be a draw from the loan to pay back the expenses. This will reduce the amount of interest paid.

Patrick Fogarty asked if there had been any consideration given to solar/thermal heat for hot water and radiant heat. Paul Hage said there was a long payback in this climate. Chris Heer said another Association she belonged to did a study on solar energy. The best return is for buildings with a south facing roofline, which Dillon Valley East is not. The amount of panels needed would only provide a marginal payback.

Thomas Lorenz made a motion to approve the Financial Report. David Ryan seconded and the motion carried.

C. 2009 Year-End Surplus

Paul Hage made a motion to authorize transfer of any 2009 year-end surplus to the 2010 Operating Budget. Glenn Johnson seconded and the motion carried.

VII. COMMITTEE REPORTS

A. Architectural Review Committee

Cathy Brosius said some owners are replacing doors, windows and fences. She reminded owners that doors and windows must be almond in color and the screens must match. White frames are less expensive but must be painted almond. There are also guidelines for satellite dishes and fences. Washer/dryers must be a condensing unit. Owners must submit an application to the Architectural Review Committee for any projects. The application is available on the website. Owners were encouraged to email her with any questions. Her email is also on the Association website.

B. Buildings and Grounds Committee

Barbara Johnson said there has been a tremendous amount of work around the property. She said the owners were very fortunate to have Julian Brodie and his staff. They saved the owners a considerable amount of money.

C. Real Estate Report

Richard Garcia read a report from Sylvia Dowty. Prices have dropped to 2006/2007 levels. The \$8,000 first time buyer incentive has helped prevent further price deterioration. The nationwide market is coming back slowly but it may take several years to get back to previous levels. Dan Ulmer commented that five units closed at Dillon Valley East last week.

VIII. MANAGEMENT COMPANY REPORT

A. Basic Property Management Staff – Future Projects

1. Painting.
2. Siding on nine remaining buildings.
3. Boiler replacement in remaining buildings by mid-July.
4. Irrigation system.
5. Re-evaluate landscaping.
6. Possible addition of a fence by AA and BB Buildings.
7. Removal of some trees that are too close to buildings. They are a fire hazard and can damage the building foundation.
8. Exterior metal doors will be replaced in the coming weeks on A, B, C, X, Y, Z, BB, V and W Buildings that have been painted. Locksets in bad condition will be replaced at the same time. An owner suggested adding peepholes in the doors without glass panels.

B. General Management Comments

1. Owners were asked to make sure their renters know the rules, especially regarding pets.
2. Dan Ulmer thanked Albert Amerin, Julian Brodie, Martin Cenicerros and the other staff for doing a fabulous job at the property.
3. Owners need to have personal contents insurance. Owners who rent should have loss of rent insurance.
4. There have been some problems with bed bugs in X and BB Buildings. One building cost about \$3,000 to fumigate.
5. Dan Ulmer explained that in addition to handling maintenance, Basic collects dues, pays all bills and negotiates contracts on behalf of the Association.

C. Owner Questions and Comments

1. Tony Dobriski asked about unit owner liability for renter damage to common areas or other units. Dan Ulmer explained that the Association insurance provides the first coverage to prevent inconvenience to the other affected owners. Once all required work is completed, the insurance company will work out the claim with the insurance company for the unit that caused the damage. If

the unit owner does not have insurance, the insurance company may come after the owner for payment.

2. Thomas Lorenz said the owners should be made aware of exactly where the Association insurance stops and owner responsibility begins. One way to avoid problems is to get individual insurance from same company that holds the Association policy. Dan Ulmer said owners need to insure from the sheetrock in. Owners who have upgraded need to be sure to inform their insurance carrier.
3. Carla Rigger suggested that the Board negotiate a bulk price for unit entry doors and sliding doors for any interested owners. Advantage Window and Siding replaced all windows and the sliding glass door in a three bedroom unit for \$1,200. It was noted that there is also a tax credit for certain types of energy efficient windows.

IX. ELECTION OF MANAGERS

The term of Mike Kurth expired this year and he indicated he would not be running again. He was presented with a certificate for the Blue Spruce restaurant in recognition of his service on the Board.

There were two open Board seats. Glenn Johnson and Lisa Watkins were nominated by the Nominating Committee. Glenn Johnson introduced himself and provided biographical information. Richard Garcia provided information for Lisa Watkins who was unable to attend the meeting. Thomas Lorenz made a motion to elect the slate of nominees as presented. David Ryan seconded and the motion carried.

X. NEW BUSINESS

A. Excessive Occupancy in Rental Units

Susan Fiske said out of town owners should be informed of excessive occupancy in their units. She asked if management would be willing to inspect units upon owner request. Nanci Campbell asked what could be done about bad tenants. Patrick Fogarty said there should be something specifying occupancy in the lease. Unattended children can be reported to Social Services. Richard Garcia noted that the Association does not control the units and does not have the authority to inspect units for overcrowding. The police can enter a unit based on a report of abuse or drugs. Richard said owners can be notified about problems with renters, can be asked to address the situation and can be fined if there is no action. The process takes 60 – 90 days. Lee Vroble commented that the County defines occupancy by “family” so there is not necessarily a maximum permitted number.

B. Parking for Three Bedroom Units

Barbara Slater stated that it was not fair that three bedroom units do not have an additional parking space.

C. 2010 Dues

Jeff Schramm asked when owners would be notified of the dues amount for next year. Paul Hage said it should be finalized at the beginning of December. He said dues will

most likely be very close to the figure in the letter that was sent to all owners with increases of \$11/studio, \$18/one bedroom, \$23/two bedroom and \$30/three bedroom.

D. Heat

Leah Roehrs said there was no heat in the I Building. This will be investigated.

E. Sprinkler System Timers, Work Warrantees and Copper Pipe Recycling

Mike Kurth read some questions from an owner that were submitted anonymously. The first question was about responsibility for the sprinkler system. Dan Ulmer said the Association was responsible for the sprinkler system and wires. Comcast did damage some systems while working on their new pedestals but they made repairs. There will be an extensive overview and some areas will have to be reworked next year. The owner asked if all contractors and subcontractors warranty their work. The response was that they do. The owner asked who received the funds for recycling the copper pipes and the boilers. Dan explained that the Association normally would have to pay to have the boilers removed from the property. Julian Brodie said the copper piping was worth \$0.22/lb. He traded the pipe for free disposal of several refrigerators which normally costs \$80 per refrigerator.

F. Heat

Brandon Devine said his zone valve started leaking recently and asked when the boiler would be replaced. Dan Ulmer said when shutoff valves are replaced the building system has to be completely drained. Dan asked Brandon to talk to him after the meeting about this issue.

G. U Building Entrance

Nanci Campbell said her entry door area was very unsightly. She has requested that something be done for the last four years but never received a call back. She would like the Board or management company to respond to situations like this. Dan Ulmer said now that the piping project has been completed the staff will start cleaning carpets in the common areas.

H. Owner Contact Information

Barbara Slater asked if the owners could have a directory of all other unit owners. Richard Garcia said the names and legal addresses of owners are available from Basic. Cathy Brosius said this information was available online through the County website. Nanci said she provides all neighboring units with her name and phone number whenever she rents her unit to new tenants so they can contact her if there are problems.

I. Assessing for Damage

Carla Rigger asked if unit owners were being assessed for damage to the common areas. Richard Garcia said any owner reports of damage should be followed up. Some issues have been falling through the cracks.

J. Green Initiative

Patrick Fogarty volunteered to get estimates for thermal/solar systems. He can also get an estimate for window cleaning.

K. Wireless Internet

Rita Kay Ryan asked if there were any plans to install wireless internet for the entire complex. Richard Garcia said he had looked at it and worked with another Association. He determined it would not be cost effective. Cathy Brosius noted that ATT and Verizon had good new technology through their 3G network that is completely mobile.

L. Fire Alarm System

Brandon Devine asked if the Board had considered a fire alarm system for the entire building. Richard Garcia the Board had not. Brandon said he worked for Allied and he could look into it.

M. Fences

Rosie Tronnier asked if there was a recommended contractor for replacing fences. Richard Garcia said there was not and owners could use any contractor.

N. Fines for Delinquencies

Jeff Schramm asked if the fines had been raised as discussed at a previous Board meeting. Richard Garcia said this was still under discussion by the Board.

O. Hybrid Vehicles

Lee Vroble asked how the Association would handle plug-in hybrid cars. Richard Garcia said the property was not set up for plugging in vehicles.

XI. SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, September 18, 2010 in the Dillon Valley East Clubhouse, time to be determined.

XII. ADJOURNMENT

Thomas Lorenz made a motion to adjourn at 12:30 p.m. David Ryan seconded and the motion carried.

Approved By: _____
Board Member Signature

Date: _____