

**DILLON VALLEY EAST CONDOMINIUM ASSOCIATION
ANNUAL MEETING
September 17, 2011
Dillon, Colorado**

I. ROLL CALL AND CERTIFICATION OF PROXIES

The meeting was called to order at 10:07 a.m. by Richard Garcia.

Board members present were:

Richard Garcia, President, T106	Sylvia Dowty, Vice President, Y101
Lisa Watkins, Secretary, T305 BB203/N305/Q205/Z104	Paul Hage, Treasurer,

Homeowners present were:

Linda Banziger, B101	David Bittner, D302
Deborah Burg, S301	Anthony Dobrski, O203/T302
Bryan Fabel, B302	Antolii Gancev, E304
Elaine Garcia, T106	Margaret Garver, R106
Bimleshwar Gupta, AA201	Matthew Hage, F303
Clifford Hamburg, S303	Laura Hartman, R201
Carl Henry, U202	Frances & Charles Kachadoorian, Q305
Thomas Lorenz, X103	Cesar Munoz, J102
Dolores Nelson, N306	Mark O'Brien, S205
Joyce Oleson, R101	Martha Pirnat, X301
Jeff & Rachel Plachko, G202	Richard Sears, E301
Barbara Slater, E201/I305	Paul Tronnier, A106
Leo Vroble, X302	Edith Webster & Chris Heer, X204/X303
Gail Wepfer, I102	Ann Woods, P303
Nicole Wyckoff, B106	Russell Young, AA301/Q101

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

II. DETERMINATION OF QUORUM

A quorum was reached with 40 units represented in person and 88 proxies received.

III. PROOF OF NOTICE

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

IV. APPROVE PREVIOUS MEETING MINUTES

Anthony Dobrski made a motion to approve the minutes of the September 18, 2010 Annual Meeting as presented. Thomas Lorenz seconded and the motion carried.

V. REPORTS OF OFFICERS

A. *Real Estate Report*

Sylvia Dowty presented the Real Estate report. Prices have continued a downward spiral. Dillon Valley as a whole has suffered many short sales and foreclosures. Dillon Valley has been traditionally a first home area and many purchased when the market was high and are now in financial difficulties. There are seven Dillon Valley East units on the market. There were 13 sales last year, (5) one bedroom units, (5) two bedroom units and (3) three bedroom units. There are some indications that the market is nearing the bottom and it is hoped it will stabilize around beginning of 2012. She anticipated it would be at least five years until there is reasonable annual appreciation in unit values. It is still a desirable neighborhood and the prices are right.

B. *President's Report*

Richard Garcia provided a Power Point presentation with photographs of completed projects and some areas that need attention. Highlights included:

1. Window and door frames need to be almond or beige, not white.
2. Owners who replace their original fireplaces need to have a building permit and use a licensed contractor.
3. The Clubhouse roof had to be completely replaced. A ridge vent was added to improve circulation and to reduce moisture in the eaves.

VI. FINANCIAL REPORT

A. *2010 Year End Financial Status*

Paul Hage reviewed the Profit and Loss as of December 31, 2011:

1. Income - \$1,554,381 actual vs. \$1,550,690 budget (0.2% over budget).
2. Expenses - \$1,541,954 actual vs. \$1,548,758 budget (0.4% under budget).
3. Net Income - \$12,428.

Reserve income in 2010 totaled \$356,402 and expenses were \$98,240, mainly for the loader and emergency Clubhouse roof work. The net income for the year was \$258,162.

B. *Year-to-Date Profit and Loss as of August 31, 2011*

1. Total Income - \$1,135,725 actual vs. \$1,120,690 budget (1.3% over budget).
2. Total Expenses - \$1,079,032 actual vs. \$1,123,235 budget (3.9% under budget).
4. Net Income - \$56,693

Savings were realized in Trash, Pest Control, Water and Sewer and Insurance. Washer/Dryer income was over budget. The Association should finish the year with a surplus. It is the Board's goal to avoid the need for a dues increase next year.

Paul Hage said there was discussion about metering water in Dillon Valley. Each building would be metered individually but water costs would still be allocated among all owners as it is now, not by building. Paul mentioned that the Association pays more for water and sewer than natural gas at this point. The water metering could potentially

impact future budgets. If there is a surplus that is carried over to next year, it could be used to lower dues or be refunded as a credit against dues in February or March.

C. *2011 Year-End Surplus*

Paul Hage made a motion to authorize transfer of any 2011 year-end surplus to the 2012 Operating Budget. Thomas Lorenz seconded and the motion carried.

D. *Reserve Fund Status*

Year-to-date income for the Reserve Fund was \$197,871 and expenses totaled \$54,305 resulting in net income of \$142,566. The most significant expense was for emergency repair of the Clubhouse roof (\$48,000).

Paul Hage anticipated finishing the year with a Reserve balance of about \$700,000. The upcoming capital expense list is being updated. The building painting cycle will need to be started again in three years. A professional Reserve Study was done in 2003 and they recommended painting on a five year cycle. The cost will be about \$75,000 per year for the painting and siding replacement as needed. The mowers are \$35,000 each and at least one will need to be replaced in the next few years. Paving is underway but has been hampered by the weather. The Board will be looking at the lots to determine if the parking striping can be changed to increase the number of spaces. The Clubhouse needs updating. Roof replacement will be a large expense in the next ten to fifteen years. The roofs will be professionally inspected.

The Association took out a loan with Alpine Bank for \$1,500,000 last year and started paying against the principal in February. The loan term is 15 years at 6% (it is an adjustable rate). The loan was taken to address failing boilers and leaks in the domestic water piping. Inflation is a concern down the road; it could cause the rate to skyrocket. Paul Hage recommended keeping the Reserve healthy and keeping up the property.

Thomas Lorenz made a motion to approve the Financial Report as presented. Chris Heer seconded and the motion carried.

E. *Owner Comments and Questions*

1. Nicole Wyckoff (B106) noted that paying down the loan balance would reduce the interest.
2. Anthony Dobrski (T302) asked where the Reserve funds were held. Paul Hage said it was invested in a T-Bill. Anthony asked if the loan could be renegotiated. Paul said it could be but the Association would probably have to pay refinancing fees. He noted that the Association is a commercial entity and does not qualify for the same low rates as individual homeowners.
3. Richard Sears (E301) asked if the loader was rented out. Paul Hage said there was a policy for rental to ensure it is available for use by this Association when needed and that any renters know how to operate the equipment. It can only be rented for snow removal. It was purchased in excellent condition from the Town of Silverthorne. The rental income is credited Loader Expense in the Operating Fund.

4. Martha Pirnat (X301) asked about the status of delinquencies. Paul Hage said most Associations are fighting higher rates of delinquencies than ever before. The problem is that Associations do not have much legal recourse. The Association can file a lien on the property or foreclose but both options cost the Association money and the process can take up to two years. If the unit goes to foreclosure the Association only has legal rights to six months of back dues. Richard Garcia said the total delinquent balance was currently over \$100,000. The Board is trying to identify an aggressive attorney to pursue collection. Colorado law protects the homeowners so it is difficult. The majority of the delinquent balance is attributable to about ten owners. Anthony Dobrski suggesting using a collection agency. Paul said that had been considered but the Board wanted to try to work with an attorney who would retain a smaller percentage. Dave Bittner noted that the delinquent owners usually do not have any funds to pay their outstanding balances.

VII. COMMITTEE REPORTS

A. *Buildings and Landscape*

Richard Garcia read a report from Glenn Johnson. The parking lots were plowed adequately during this past winter of heavy snow. Owners were asked to move their cars more frequently to facilitate plowing. Metal diverters were installed on some roofs to alleviate ice build up on the front steps. The mowing was well done this summer and the flowers were well cared for and watered. He thanked the Basic Property Management staff for their support.

Lee Vroble commented that weeds were a big problem. He asked the Board to budget for weed killer in addition to fertilizer. Richard Garcia said the fertilizer used this year included a weed killer but it was applied at the wrong time and the weather did not cooperate. He noted that the product had to be carefully selected because of dogs and children.

VIII. MANAGEMENT COMPANY REPORT

A. *Basic Property Management*

Gary Nicholds provided a summary of completed and pending projects:

1. The Clubhouse roof was replaced.
2. All the parking lot asphalt needs repair. The Clubhouse parking lot crack sealing, seal coating and striping was just completed. Buildings AA, BB, H and I have been saw cut through the middle. The cuts will be excavated next week and concrete drain pans will be poured. The lots will then be patched, repaired and overlaid. If weather permits the parking lots at Buildings B, C, J, F and G will also have concrete pans installed, asphalt patching and an overlay. The asphalt in the rest of the lots is in decent condition and will be crack sealed. The sealcoating was only done for the Clubhouse lot as it is mainly an aesthetic improvement. Next year the Board will look at expanding some of the parking lots wherever it is possible.

3. The Association hosted a Real Estate Open House this summer. Efforts were made to improve the appearance of the property. Half of the Clubhouse interior was repainted and the other room will also be done in the future.
4. The garage is being organized and the area behind the garage was cleaned up.
5. Management recognizes there is a dandelion problem. The lawn was mowed every week on Tuesdays or Wednesdays. The grass was treated with weed and feed but the weather did not cooperate. The product used will be reexamined for next year.
6. All new boilers have passed inspection. Winter preventative maintenance will be done next week. The water pump pressure needs to be regulated to address noise issues in the walls and ceilings.
7. A loader was purchased last year and saved the Association \$18,000 – 20,000 in rental fees.
8. Gary is working with the insurance agent on a bulk policy for several Associations. It might not lower the premium but the coverage will improve.

Bimleshwar Gupta commented that when the parking lot at his building was restriped last year, an extra space was added that made all the other spots too narrow, especially in the winter. Gary Nicholds will work with the paving contractor on the striping plan.

Antolii Gancev asked if there were regular inspections of the roofs. Gary Nicholds said he regularly looked for loose shingles and flashing issues on his driving tours of the property. Richard Garcia said the attics were not inspected on a regular basis, only when problems arise. There have not been any indications of roof failures on any of the regular buildings. Antolii suggested implementing a regular roof inspection program.

Martha Pirnat asked how the Open House went. Sylvia Dowty said there was not much of a turnout but she received a large number of calls the week before and after and she has become the “go to” person for the property among Realtors. This will allow Sylvia to inform Realtors about the improvements that have been made that are not visible.

Chris Heer said there was erosion of the stairs by the patios. In addition, some downspouts were removed by building entrances and the draining water is eroding the concrete.

Bimleshwar Gupta said the numbers on the nameplates were wearing. Gary Nicholds will add this to his list.

Deborah Burg asked if the door replacement project had been completed. Gary Nicholds confirmed that it was but there have been some issues with abuse. The paint will be touched up in the spring.

Bryan Fabel requested addition of a directional sign to the lock boxes or laundry for renters.

IX. ELECTION OF MANAGERS

The terms of Bob Price, Richard Garcia and Paul Hage expired this year and all three indicated their willingness to run again. Cathy Brosius was also nominated. Sylvia Dowty presented biographical information for Bob Price and Lisa Watkins presented biographical information for Cathy Brosius, who were both unable to attend the meeting in person. Richard Garcia and Paul Hage provided biographical information. Secret ballots were tallied and Bob Price, Richard Garcia and Paul Hage were elected to the Board.

X. NEW BUSINESS

A. Staffing Changes

Margaret Garver thanked all the staff and Board members for their efforts on the Association's behalf. She asked why Erin Griffin and Julian Brodie had been let go. She felt they had been very good staff members. Gary Nicholds said the decision was not easy but it was a business decision that was made in the best interest of the company and Dillon Valley East. Thomas Lorenz agreed with Margaret and suggested awarding both former employees a separation bonus. David Bittner felt the owners should let the management company do their job. Delores Nelson asked if the positions had been filled. Gary said one had been and the other would be.

B. Parking

Chris Heer said many cars had expired or illegible parking permits or none at all. She felt owners should help to monitor the parking. Gary Nicholds said he appreciated the owner assistance and that owners should call the Clubhouse about parking issues. She suggested an occasional notification to owners to remind them who and where to call.

C. Employee Rental Unit

Lee Vroble asked what the status of the employee rental unit was now that Julian Brodie is no longer living there.

D. Wireless for all Units

Bimleshwar Gupta asked if there was any consideration given to adding wireless for the entire property. Richard Garcia said this had been considered in the past. With the new technology that is available, it is now becoming feasible. Antennae could be mounted on the light posts in the parking lots. The Board will research this idea. There is wireless available in the Clubhouse. Gary Nicholds said he would be sharing information about a new option called Cobianet with the Board.

XI. SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, September 22, 2012 in the Dillon Valley East Clubhouse.

XII. ADJOURNMENT

David Bittner made a motion to adjourn at 12:09 p.m.

Approved By: _____
Board Member Signature

Date: _____