

**LAKE DILLON CONDOMINIUMS
ANNUAL HOMEOWNER MEETING**

**August 12, 2006
Dillon, Colorado**

I. CALL TO ORDER

The meeting was called to order at 10:15 a.m.

Board members present were:

Jay Budnick, President, Unit 301
Stan Moore, Member, Unit 211
Marilyn Yeager, Member, Unit 105
Forrest Scruggs, Member, Unit 209

Dave Love, Treasurer, Unit 302
Lynn Berggren, Member, Unit 108
Brenda Dee, Member, Unit 208

Owners present were:

Chris and Tonnie Ansay, 102
Phil and Shirley Malkin, 111
Walt Spring, 202
Gaylord Kindschy, 210
Patricia Degner, 305

Jeannie Berggren, 108
Jim and Wilda Swift, 201
Dick Beacom, 203
Suzanne Donalson, 304
Richard and Donna Padrnos, 306

Proxies were received for Units 101, 103, 104, 106, 109, 110, 204, 205, 206, 207 and 303.

Representing Summit Resort Group were Peter Schutz, Sandy Greenhut and Johnny Crowell. Erika Krainz of Summit Management Resources was recording secretary.

II. PROOF OF NOTICE

Notice of the meeting was provided in accordance with the Bylaws. A copy was included in the meeting packet.

III. ROLL CALL

With sixteen units represented in person and eleven proxies received a quorum was reached.

IV. APPROVE PREVIOUS MEETING MINUTES

A correction was noted in Section VI. Wilda Smith should be Wilda Swift.

Dave Love made a motion to approve the minutes of the August 13, 2005 Annual Meeting as amended. Lynn Berggren seconded and the motion carried.

V. TREASURER'S REPORT

As of July 31, 2006 the Association had total assets of \$60,958. About \$56,000 of this total is in two T-Bill notes at Alpine Bank currently earning 5.06%.

As of July 31, 2006 the Association was operating \$274 ahead of budget. Variances to budget included:

1. Repair and Maintenance - \$1,495 under budget.
2. Utilities - \$882 under budget due to bulk purchase of gas. The price was locked in June for next year at a very low rate.
3. Snow Removal - \$1,200 over budget.
4. Landscaping - \$1,015 over budget.
5. Water - \$1,506 over budget but the lawn has never looked better.

An owner said he had a very weak wireless signal in his unit. Another owner said she purchased a booster for \$50 and it works very well. Dave Love said the plan was to have signal on the parking lot side of the building only due to the expense. The cost is \$50/month and installation was \$500.

VI. PRESIDENT'S REPORT

Jay Budnick said management had done an outstanding job and rental numbers were up. Peter Schutz, Sandy Greenhut and Johnny Crowell were acknowledged by the owners.

Several Committees were formed this past year to address the elevator, the future of Dillon, the House Rules and the Managers unit.

VII. OLD BUSINESS

A. Elevator

Forrest Scruggs headed the Elevator Committee and provided a preliminary budget. A three-stop elevator would cost \$157,373. The Committee initially considered putting it on the west end so it would reach all four levels but there are easement issues so it cannot be located there. The revised plan calls for tearing down the middle stairway and replacing it with the elevator.

Dave Argano from Euthenics West Architecture researched the feasibility of installing an elevator for the Association and determined it would have to be located in the middle of the building. Dave said the elevator should have 2,500 pound weight capacity to reduce maintenance issues. It would be 5' x 6' and hold eight people. Dave Love asked about maintenance. Dave said the elevator contractor could provide a maintenance contract.

An owner asked if an elevator would increase the insurance premium. Peter Schutz did not think it would change the insurance but the Replacement Fund would have to be revised to include it. Peter thought an elevator would be a benefit for rentals. Wilda Swift was concerned the elevator could be abused by children. This could be addressed through a keyed entry.

An owner asked about noise. Dave said the model he was proposing was hydraulic and was relatively quiet. In addition, it would be isolated from the building and would not abut any units.

Dave estimated construction time would be three to four months.

Forrest Scruggs said the Committee considered allocating the cost on a percentage basis with 60% allocated to the third floor, 30% to the second and 10% to the first floor. Based on those numbers, the third floor assessment would be \$15,700 per unit, the second floor \$4,000 per unit and the first floor \$1,300 per unit.

In discussion, an owner asked if a dumbwaiter had been further considered. The Board discussed it but hit a dead end. A dumbwaiter would be less expensive (about \$40,000) but functionality would be less. It could only be used for luggage, not furniture. A dumbwaiter would also have to be located at one end of the building. There could be potential liability with children, but it could also be keyed for access. Dave Love said there was a Committee to research a dumbwaiter but no report was ever provided.

Dick Padrnos said he wanted to address the funding for the elevator. He did not think that the different floors should be paying different amounts. Chris Ansay pointed out that the third floor units were assessed double. Stan Moore said it was a matter of value added. Jay Budnick said the Board had a realtor attend a meeting. They were told it could theoretically increase the value of the units \$15 - 20/sq.ft.

Given the options discussed during the meeting, the owners were not willing to vote due to the number of variables.

Dave Love summarized that the general feeling was the owners supported keeping the building as is rather than a complete tear down. He said the Board could provide more information so the owners could vote. Peter Schutz said the vote could be done by mail. There was not additional information available at this meeting because the architect did not provide the information until three days ago. There will potentially be a vote on three issues: the long range plan, the possible sale of the Manager's unit and installation of an elevator. The owners could be surveyed regarding their preferences and a vote held by April 1, 2007. The new Board will have to get more information and cost for the elevator.

The Board was asked to reconsider a dumbwaiter or service elevator. Peter Schutz thought this issue should be fast tracked and addressed by the end of the year.

VIII. NEW BUSINESS

A. *Future Priorities*

Dave Love reviewed a "fact sheet" he developed.

1. There is high demand for second homes in Summit County.
2. Sales prices are increasing at Lake Dillon Condominiums. In 2000 the average sale price for a one bedroom unit was \$208,000. In 2005 it was \$254,300. The latest sale price was \$379/sq.ft.
3. High end condominium construction cost in the County is now \$200/sq.ft.
4. Lake Dillon Condominiums' lakefront location is the best and is valuable.
5. Lake Dillon Condominiums can accommodate a greater number of units but it would require zoning approval. Many new units would have a valley/mountain view rather than a lake view.
6. Lake Dillon Condominiums was constructed in 1967. Maintenance is increasing, especially for the boiler and roof. There is no garage, air conditioning, swimming pool, outdoor hot tub or elevator. Soundproofing, heating, electrical and plumbing are built to 1960's standards. There is no fire suppression or alarm system.
7. Land is limited and building sites are expected to be exhausted by 2012. Only 4% of Frisco's land remains undeveloped. Redevelopment and replacement of older units has already begun in Frisco.
8. Dillon has started planning for an upgrade of its downtown area.
9. Redevelopment will change the existing condominium culture with more owners, more congestion and a less cozy atmosphere.
10. Reconstruction could take two years and rental revenue would be lost.
11. Existing owners could either sell or get equivalent replacement units from profits of new units.
12. Upgrades at additional cost may be possible.
13. How will financing, marketing and development be managed?
14. Who assumes the risk for the project?

Dave Love asked the owners if they felt redevelopment or upgrades were worth pursuing in a five or ten year program. Jim Swift proposed a latent but equally significant approach. He thought there was an attraction in well preserved historic properties in good locations. He would support keeping the existing structure, including the culture, but maintaining and upgrading it. He felt there would be more benefit culturally and financially that razing and rebuilding.

Stan Moore pointed out the parking lot could be worth \$100/sq.ft. and revenue could be used for improvements to the property. Dave Love said there could be a phased plan to include underground parking and additional units on top of the parking structure.

Jeannie Berggren said the building was not particularly well built so she supported looking at long range options. Several owners said they did not buy the

property to make a lot of money, they liked the old style and they did not support replacing the building just because of its age.

Chris Ansay supported the idea of a feasibility study. Jim Swift said he would support a feasibility study, but it would have to be done by someone who is concerned about and aware of the historic potential of the property. Dave Love estimated a feasibility study would cost about \$7,000.

Jim Swift reiterated that he would like to maintain and invigorate the property culture. He recommended planning for this decision well in advance.

Jeannie Berggren said owners should appreciate what they have while considering the future.

Dave Love said there would be more detail provided in the future.

B. House Rules

Jay Budnick reviewed the Rule regarding pets. He mentioned there had not been any written complaints regarding pets in the past year.

An owner said he spoke to the Police Department and was told it was not required to keep pets on a leash on common area decks. Peter Schutz said the intent was to make sure owners were responsible for their pets in common areas. Management is empowered to deal with pet issues. Lynn Berggren said keeping an open line of communication was most important.

An owner said people should not be allowed to smoke on the decks. This will be added to the House Rules since smoking is prohibited within 15' of any entry door by Dillon Town law. No Smoking signs will also be put up on the decks. Owners should notify Sandy Greenhut of any violations.

C. Manager's Unit

Jay Budnick emphasized no decision had been made but there had been discussion about selling the Manager's unit. The unit could sell for \$250,000 – 280,000. This would equate to \$7,000 per single unit and double for the third floor units. These funds could be used for an elevator with enough remaining to eliminate dues for about one year. The unit generates about \$4,000/year in rent. There would be a savings of \$1,500 – 2,000 per month or \$20,000 – 24,000 per year, plus \$28,000 in rental income if the manager lived off site. If the unit was rented short term, it would generate income of approximately \$8,000/year.

Chris Ansay noted the manager's unit was an appreciating asset owned by all owners. Selling it and using the money for an elevator would be trading an appreciating asset for a depreciating one. The unit would have to have a window installed to be legal for rental use.

IX. ELECTION OF OFFICERS

The terms of Dave Love, Stan Moore, Forrest Scruggs and Marilyn Yeager all expired this year. All terms are two years. All four indicated their willingness to serve another term. A motion was made and seconded to nominate all four incumbents. The motion was seconded.

Brenda Dee nominated Walt Spring and the nomination was seconded.

A motion was made to close nominations. The motion was seconded.

Ballots were tallied and the four incumbents were re-elected.

The Board convened briefly following the adjournment and elected the following Officers:

Forrest Scruggs, President
Dave Love, Treasurer
Marilyn Yeager, Secretary
Jay Budnick, Member
Brenda Dee, Member
Stan Moore, Member

X. SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, August 11, 2007 at 10:00 a.m. in the Lake Dillon Condominiums Meeting Room.

The membership acknowledged the Board for their efforts on the Association's behalf.

XI. ADJOURNMENT

With no further business, the meeting was adjourned at 12:32

Approved By: _____ Date: _____
Board Member Signature