

Dillon Pine Homeowner's Association
Annual Meeting
Sep 16, 2006

1. Attendees:

N2: Susan Fero & Tony Harrington
N3: Proxy to N2
N4: Caroline Stapleton & David Thompson
N6: Jim & Wilma Allen
N7: Proxy
N8: Kathleen Kelble
N9: Tom Van Velson
N10: Proxy to N9
S1: Tony Kelly
S2: Mary Kay Stewart
S3: Fay & Helen Fuchser
S4: Linda & Doug Ostergaard
S5: Landon Caldwell
S7: Bruce Harrison
S8: George Harrison
S9: Carol Bosserman
S11: Kent Robinson

2. Introduction of Owners: Owners introduced themselves.

3. Proof of Notice/Quorum – Sufficient attendees and proxies were present for a quorum.

4. Approve minutes from Sep 05 Homeowners Meeting.

Motion: To approve
Seconded
Adopted unanimously

5. President's report:

- a. The purpose of the meeting is to reestablish and strengthen communication between the board and the owners, and among the homeowners. Last year was unique. We lost our property manager; he sent email to all. We are in the process of looking for another property manager and are making final arrangements with Steven Gardner, who is now working for the town of Dillon as a full-time employee.
- b. One of the things that we needed to discuss was the self-management effort. It has probably come to a useful end from the perspective of those currently

sitting on the board. When we, as board members, have come up to Dillon we have had to deal with this minutia of board issues. Linda, who served on the board for quite a long time, can understand how much time she spent on specific/mundane issues. We have resignations from several of our board members and the number of board members is down – primarily because of burn out. The board believes that we need to have a full-service property manager. If self-management is still what the homeowner's want, they would need to step up and take this on. This is one of the main topics of discussion. We should move out of self-managed mode and hire a full-time professional and full-service property manager.

- c. George clarified that he did not think it would be helpful for everyone to go through the process of selecting a property manager, but we do want to hear from you what should be considered as part of hiring a new property manager. We have had four interviews and had several proposals. George and the Board were encouraged and believe the opportunity to get a qualified property manager would be pretty good. We need to go through the budgeting process, but we do not see it as a substantial increase in cost and we would get more service for our dollar.
6. Treasurer's Report. Thank you to Bruce Harrison for continuing to do this work on a volunteer basis. Financials were handed out.
- a. Bruce reported we have \$3K left in the budget from not making Aug and Sep payment to the property manager. Expenditures have gone up and income has not, so we are actually behind our budget. Sept not reflected in the report.
 - b. Capital improvements. Each month, 5% of our income goes into the capital improvement fund so it grows by \$257/month. 2005 improvements project is complete and we have about \$1.6K remaining and some minor work remaining on heat tapes. One of the first things the new property manager will need to do will be to fix this heat tape.
 - Q: How urgent is this work?
 - A: It is important and a safety issue and slightly more complex than heat tape. So perspective property managers will have to hit the ground running.
 - Q: Will they do it in the winter?
 - A: We will try to beat the snow.
 - Q: When is the new property manager going to be on line?
 - A: The existing board and the new board we hope will be able to make a selection in the next week or so and to move into a higher level of negotiation with them.
 - c. Also a budget issue, all the property managers we are talking to we are trying to create a list of improvement needs and budgeting them out in say a 5 year time frame. Painting. Repaving. Landscaping. We can get on a schedule and put real live numbers on them. Self-managed Board has done our best

effort, but not as well as a qualified property manager in a Scheduled Improvement Fund. They can do a thorough analysis of our needs and create a schedule. In the past it has been a popularity contest and, as Tony and Susan can attest to, the steps on their condo have not been repaired. Mary Kay said we'd like to avoid huge unplanned assessments and we can do it with a strategic improvement plan.

- d. We do not have a Treasurer sitting on the board – The President has Bruce's resignation and it would be proper for the board to have a professional. Mary Kay stated that Lary Milner (S2) has resigned as the Assistant Treasurer as of this morning. Bruce stated that we are really subsidizing each of you in our volunteer work. If we had not done this you would have had to have hired someone to do this. Bruce enjoyed doing it, volunteerism is good, but needs to resign. Linda stated she had resigned a few months ago, as a self-managed board was extremely difficult and time consuming. One of her frustrations was special interest groups and the inability of the current board to enforce rules, and everybody knows the decelerations and governing documents must be redone, and called for so much time from the board – this was also a factor on her resignation.
7. Board of Directors. Mary Kay stated that some of the reasons to not be on the board in the past have now gone away. George states that the board has been too much in the details and too little in the macro scale. Hopefully, the addition of a full-service Property Manager (PM) will allow the board to work less in the details. The reward of being on the board will be seeing positive change.

Q: Will it be of assistance to us to have the owners be on record as supporting?

A: Very appropriate and appreciated.

Motion: Have a vote in support of full-service property mgt group?

Seconded

Adopted: Unanimously in favor.

- a. Election of Board

Q: What board positions are available?

A: People are identified and later matched with positions.

Q: How many positions?

A: Five, George listed them. President, VP, Treasurer, Secretary, and At Large.

By-Laws say that there should be five.

Comment: Even in past participants can even split the vote.

Q: Volunteer and approval?

A: The way we'd like to talk about this is any nominations. Carol states she is willing to stay on as a temporary basis.

Q: What are the time constraints? Can it be done at a distance?

A: We have three meetings plus the annual meeting. With a PM it will be much easier.

Q: Will the PM pay most of the bills?

A: It is not written in stone, but most of the firms have written that we will do it the way you want to do it. The reality is that much of the action is done electronically. The real bottom line is that the Property Management companies will do this the way we ask.

Comment: Going back to the dilemma of volunteering, you can resign from the board at any time.

Discussion: Expression of thanks to the past board for what they have done to keep things going. Sometimes we don't look to the past board members as much as we need for their wisdom.

We have had five bids from property management companies – one of them has withdrawn.

Q: Who were they?

A: Key Mgt Co., Americana (very late), Mike Reed, Summit Resource Group, Basic.

Q: Why did we not do Wilderness?

A: They did not come up on Google and we looked at them as more of a rental company. Subsequently we are concerned about how large they are. Further we felt like we had a handful of pretty good candidates. The money for property managers seems to be in rentals, and not in HOAs – so if we are not renting and constantly turning over. So we were concerned that the resources might be diluted. Further, this is a one year contract to prove them and if they are not the one, next year we will review and re-bid for another year project manager.

Q: Is Carol on the board?

A: Anyone can attend meetings, we have Carol and Bruce who are “boots on the ground” in that they live in the condos all the time and can continue to advise, sit in, and help. Discussion: We talked to all the folks about the declarations and the need that this be taken care of right away, so this will be second behind the heat tape.

b. Nominations were as follows: David Thompson, Doug Ostergaard, Wilma and Jim Allen, Tony & Deb Kelly, George Harrison, John Garland & Mary Kay Stewart

Motion: Names on blackboard be elected as board.

Seconded.

Adopted. Unanimously approved.

- c. Thanks to all who have stepped up.
8. Old business & General Discussions: We have been treading water somewhat, and we have discussed why there continues to be the same list of things that need to be done. All of those being considered for PMs have experience on taking organizations with outdated documents to update those documents. Our rules and regulations are confusing, making it difficult to enforce. We need to clear up the rule book to fairly enforce. The intention is to have a place where we can comfortably recreate. Most if not all see this process as part of their base service fees as it is part of their investment with working with us; but we may need to go to an attorney's office for the technical part of it. We should save money, whereas before we were relying on attorneys for more than will be necessary with the right set of rules in place.
- Q: What are the governing documents?
- A: By Laws, Declarations, and House Rules. They were passed by numerous boards and homeowners over past years.
- Q: Will they have to be voted on again?
- A: According to rules to change by section we need majority. Clarification-- depends on the documents.
- Q: Are rules enforceable?
- A: This has been an issue for many years, they were built differently and there were different sets?
- Q: Are we looking to trash them in their entirety?
- A: Our information from different sources is that we can work with things that are in place. It will be part of a diagnostic process.
- Q: Do we want them all the same for North and South?
- A: That would seem desirable to find a common set that makes sense and is appropriate.
- Q: Suggestion is that the company gives us an example? Then give to an attorney?
- A: With rules and regulations, this is the PM's profession, we don't need to start from scratch; we can use templates, and reduce attorney's time.
- Q: What portion of the money is carved out for new legal documents? If it is a flat fee w no charge, I'd like to know.
- A: PMs said declarations and by-laws would be a mess, but they understand there will be a heavy amount of time in the first year, but they would be making money in the later years. We are sure they have factored in somewhere in their bids. We believe that in future year contracts their fees should adjust down because it is easier for them to manage the complex because these rules are in place. We agree we need to be aware of what the true costs are. If you know of someone who might help, please let us know.
- Comment: I am afraid of being ripped off by lawyers; I am a lawyer. We should be careful. (Much of discussion with Caroline Stapleton dealt with recommendation of a lawyer with this expertise). One of the reasons we have not done this work was because of the difficulty.
- Q: If we are going to do this, let's make sure we do this right and that the legal review is appropriate.

A: Agree.

Comment: We would need review of things that differ from CO code as some apply to our association only.

Q: Are the PMs that submitted bids to be the enforcement?

A: Yes. Enforcement has been one of our difficulties.

Discussion: Regarding the creation of legal documents, attorneys just try to keep you out of court whereas PMs need documents that are workable on a day-to-day basis. This will be a big area that we will be communicating with the homeowner's in the future.

Q: There were no entries on unpaid assessments on the Treasurer's report, are those up to date?

A: We are continuing to work the collection, but major assessments have all been paid.

Discussion: While it will be changing in the future, our dues are due on the first of the month; they are late on the 15th. This creates extra work on Bruce's part, and the more we pay our dues on the first of the month, the more we can avoid extra work. It is appreciated. Gas bill does not occur until later in the month and the north folks have really been good at doing their work.

9. Update of Governing Documents:

a. Right of first Refusal

Comment: We were very upset that the North building has the right of first refusal and these units were sold without notification to the rest of the owners. It was the worst possible feeling. I know it was just 30 days.

Discussion: Question of legality; this has come up before. When we go to the PM we need to make sure that the homeowners desires are reflected in the discussion. It is not the board's responsibility to make notification of a pending sale, it apparently lies with the owners who have to comply with this requirement, but this requirement appears to be gray. The Board hears by accident. This is an area that needs to be cleared up in the future.

Discussion: This is a priority to get this on record. The difficulty was that special assessments might come along with this clarification – the creation of governing documents. This needs to be a priority. Trude Kless (pronounced Trudee Klees) was the attorney that was being recommended by Caroline Stapleton, and she will consider supporting us. Obsolescence clause and right of first refusal are two key issues to be cleared up.

b. Governing documents

Q: Can I get a copy of the rules?

A: George suggested that rather than giving you something that is older – we suggest you wait. And we hesitate to send out incomplete information or erroneous information. We'd like to wait until we have a collection of the documents that are accurate to send out.

10. Update of Roof Project: Some areas are still having ceiling leaks. Some of this is caused by stacks coming through the roof. Stacks are part of individual unit's responsibility. Condensation from the chimney units is causing the "leaks." Steven and Turner Morris say the roof itself is not leaking, but perhaps the problem is the chimney vents and these are the homeowner's responsibility. If you have leaks, please notify the board to get the contractor to verify the source of the leak.

Q: We'd like to make clear to Steven and Turner that if they have a problem with the roof that the fix is consistent with the previous repair to the roof. Vents are a weak spot. Sometimes vents create smoke. We'd like to have involvement with future property manager. There is a need to have this done immediately. You need to open a window and turn down the humidifier in order to keep the roof from leaking, because condensate and leak comes from the moisture in the unit.

Motion: Roofing and chimney stacks are done through a board/homeowner or property manager approved corporation.

Discussion: other factors exist. Need to do it right away. Does anyone know that Turner Morris is the only one? Hesitate to make just one company. Can we agree that the owners agree?

Modified motion: In interim period the only authorized roofing worker is Turner Morris until at that time we have a property manager approved company.

Discussion: The sleeve/membrane is not something that Turner Morris may be working on. We are unsure that Turner Morris can do the chimney.

Seconded.

Adopted: Unanimous to approve.

Q: How will this information get to the homeowners?

A: It will go in minutes to them.

11. Landscape Plan. We have watered a lot and we have learned a lot about the need to take some action in this area. It is an involved process. We'll turn to a property manager. We used this in evaluating the bid.

Q: Why was our meter taken away?

A: One of Stephen's actions was to have a temporary meter connected to a hose bib. We now have to come up with a more permanent solution.

Discussion: The expense of the water and the need to reduce water use.

Q: Kathleen -- We lost a large Spruce, what is the plan for replacement? We need an evergreen to replace it. We have replaced one tree with a tree of our own. But we still need one.

Discussion: George's memory was that Stephen was to buy a replacement tree. The association would pay for a certain size tree. The homeowner was to be provided an option to pay the difference for a larger tree. There is a juniper/cedar that grows very fast. What works in Denver may not work as well here.

Q: Will we have a Reserve fund? Capitol improvements? How will we fund the many projects? David is concerned that this is our last meeting to decide this matter.

A: The task of the board of Directors is to take care of these kinds of issues and report back.

Q: Are we going to make this a nicer looking place, or just keep it status quo?

A: We have been taking care of basic maintenance repairs and need to get costs and priorities set. Then we can look at enhancements. The impression from property managers was that to go as we are going, we won't have more cost; but more costs and capital improvements may be somewhat extra. Mary Kay believes that any property manager we work with, we will not just use their people; but may continue to use others. Our personal interest is a landscaping plan that is a cohesive look.

12. Hiring of the new Property Manager.

Q: Does the board do the increase in the fee if the Property Manager cost will be more?

A: We understand the board has the authority to increase the dues and hire a new property manager. But we do not see independent board action without homeowner input if the expected cost increase was to be substantial. If the dues increase will be substantial, we feel it is fair and necessary to get a vote from the homeowners.

Q: Should we set a number now? Is there something in our way? What was our monthly payment?

A: \$1420 was what we paid Stephen.

Discussion: General discussion of costs.

Q: Is it fair to say that we should go ahead an increase our dues by 10% and do it now.

Discussion: I really like that idea. We are going to use the money that is raised. One of the reasons it is difficult to determine from our budget the need for the raise is that we didn't do the projects we were supposed to do (in this past year). Cash reserve was whittled away. Do want to caution, too, that even if we increase now, we should recognize that they may go up or be adjusted after the new PM is in place.

Motion: Propose that we raise the dues 10% with the understanding that other increases may be necessary as the final budget is determined.

Discussion: I think this should be suspended until the first of the year. Bruce thinks that at the end of the year we will be out of cash and that we are operating in a slight deficit because of other increasing costs. Discussion on why units pay different rates.

Motion Amended: Propose that we raise the dues 10% beginning Oct 1 with the understanding that other adjustments may be necessary as the final budget is determined.

Discussion: How much money have we exhausted? Discussion about whether we are actually decreasing our operating costs? Income has stayed the same

and expenses have gone up. It is certainly clear to state that additional special projects will cost extra money that we don't currently have budget.

Seconded

Approved Non-agreement by two members. One, Carol believed it needed to be done next Jan. One, George voted against without comment.

13. Volunteer Workdays. George discussed the need to have some hands on work done by the members that we could volunteer our time to do some beautification, reduce costs, allow us to get to know one another. He stated there would be some costs, e.g., flowers. We were contemplating that if you were not willing or able to contribute with labor, you would be willing to contribute some cash, e.g., \$100. One or two days or one or two weekends.

Discussion: The idea of two days was that some days folks would not be present. So the idea is one day per unit per year. Perhaps in conjunction with meetings. Perhaps a meeting in the spring and one in the fall. We have done these in the past. Cut down trees, picked up limbs, etc. Suggestion for more options for days, perhaps four or five. Perhaps have homeowners individually take the lead for a particular day. Good idea seems to be the sense of the group. If we had a running list of things we really wanted to have done that would be good. Board will endeavor to get this rolled out with plenty of warning so that people can get on their schedules and keep a good list of projects that are doable as well.

14. General Discussion:

- a. We used to have some extension ladders. We don't see a ladder anymore.

Q: What does the association own on equipment? Where is my key?

A: Stephen still has the keys. Lary Milner has volunteered to get our things. Our biggest concern is that we do not have this property. We have a hard time getting him to communicate with us.

Comment: Suggestion that the new property mgt company is that they not knock on our doors for action; but that they write letters in reasonable time frames to obtain homeowner action.

Discussion: As to equipment, some of the things are in the shed and some of the other material needs to be given back to us. It would be important to us that we have an inventory of what we do own and this should be an action perhaps before the new property owner is in place. We used to have two extension ladders. We do have an inventory based on things that we paid for that we will use as our checklist when we settle things up with Stephen. We have been talking about equipment with the various PMs. So the procedures may change. We may be able to get rid of the sheds to get more parking spaces. But we may need a central storage place for equipment that is helpful to homeowners.

Q: Would we like to have some equipment available to some owners?

Discussion: What will we have to use on workdays? Washing windows may be something for volunteer day. We have keys for shed. We had a fiberglass

ladder that was stored and stolen. We replaced with an aluminum ladder that apparently is at Stephen's house.

b. General

Q: Who owns North 1?

A: It is being rented. It is owned by John Prowdy. He is a partner in 9 & 10 per Tom. He is the General Partner and the partnership is the owner of record.

Discussion: A few years back we agreed on replacing all the storm doors. The door on number 1 is missing and has been for some time. We discussed housekeeping things with the various PM bidders.

Comment: An offer was made to help pay for refreshments; refreshments for the annual meeting came out of our budget. Thanks were expressed for the board's good work over the past year.

15. Being no further business, the meeting was adjourned.

APPROVED/REVIEWED

Minutes approved at the 9-15-07 Dillon Pines Annual Owner Meeting