

**Dillon Pine Homeowner's Association**  
**Annual Meeting**  
**September 15, 2007**  
9:00 am  
Dillon Town Hall

1. Attendees:

N3: Tori Gustafson  
N4: David Thompson  
N5: Proxy to N4  
N6: Jim & Wilma Allen  
N7: Proxy to N7  
N8: Kathleen Kelble  
N9: Tom Van Velson  
N10: Proxy to N9  
S2: Mary Kay Stewart, Francie Milner, John Garland  
S3: Fay & Helen Fuchser  
S4: Proxy to N6  
S5: Landon Caldwell  
S7: Lee Harrison  
S8: George Harrison  
S9: Proxy to S8  
S11: Kent & Suzanne Robinson

2. Introduction of Owners: Owners introduced themselves.

3. Proof of Notice/Quorum: With 11 units represented in person and 5 units represented in proxy, a quorum was reached.

4. Approve minutes from September 2006 Homeowners Meeting.

The minutes from the 2006 annual meeting were approved with the addition of unit N8 Kathleen Kelble added to the attendee list.

5. President's report:

President George Harrison stated that good progress has been made this past year at Dillon Pines thanks to hard work from the Board of Directors and Summit Resort Group (SRG). The major issue at last years annual owner meeting was Management. The site manager left with minimal notice and the Board of Directors was busy handling day to day issues which did not allow tem time to handle the issues that the Board should be handling. The addition of SRG has provided for catch up on association items and has allowed for many deferred maintenance items to be addressed. The Board of Directors has been pleased with operating expense budget items and the important creation of a 10 year Capital Reserve Budget that has helped identify and schedule all of the major repair items. This has helped to create a proactive rather than a reactive approach for physical

and financial planning. President George also reported that the re-writing of the Governing Documents is currently under way. The goal of the re-writing of the Governing Documents is to update the Documents to meet today's needs as well as to get one set of Documents for the entire association.

#### 6. Update of Association Governing Documents.

President George introduced Josh Reider of The West, Brown, Huntley and Thompson Law Firm (Law Firm that has been contracted to complete the Governing Document re-write). Josh began his presentation with an overview of the four main documents that govern the Association and their relationship to the workings of the Association:

- Articles of incorporation – these general documents are filed with the State and are the primary document which states the corporation's name, organization and states profit vs. non-profit.
- Declaration – the Declarations state governance of the Association and sets how the Association works.
- Bylaws – the Bylaws state how the Board of Directors operates.
- Rules and Regulations – the house rules set the day to day policies of the Association and to promote harmony amongst owners.
- SB 89 / 100 policies- State legislature has imposed a set of policies and procedures that all Associations are to adopt; it was noted that Dillon Pines has these policies in place and is therefore in compliance. These policies will be reviewed in conjunction with the new version of the Governing Documents.

The schedule of the adoption of the new version of the Governing Documents was discussed. The first draft of the revised document has been reviewed by the Board of Directors and revisions have been sent to the Attorney. The Attorney has created a second draft which is currently being reviewed by the Board of Directors. The Board will continue efforts to create a draft which will be presented to the owners for input prior to the sending of the final draft to owners for approval. 67% of the owners must approve the new version of the Governing Documents in order for the new documents to be in effect.

Josh Reider pointed out a few key issues that have been identified thus far:

- Obsolescence Clause – Josh summarized the meaning of Obsolescence as a point in time when the owners decide that the project is outdated and the decision must be made to undertake a massive renovation or sell the project; the buildings become too old to maintain and require major renovation work in order to function usually at a very large expense. The current obsolescence policy at Dillon Pines requires 75% of the owners to approve for obsolescence to be declared.

Question posed from owner to Josh Reider, “do most Associations have 75% as the percentage of owners that must agree to declare an Association obsolete?”

Answer from Josh “most Associations are between 67% and 75%; however, some are at 100%”.

- Ownership of land tracts as stated in current Documents:

The existing Declarations state that Tract A is owned by the South Bldg. unit owners and Tract B is owned by the North Bldg. unit owners with the roadway in between designated as a common area easement for use by both sets of building owners. The option exists to keep the land ownership separated as is or combining it as one.

**-First Right of Refusal:**

Josh explained that First Right of Refusal gives the first option to buy a unit on the market at Dillon Pines to a current owner at Dillon Pines. First Right of Refusal is legal in Colorado, but has not been included in the current draft of the new documents; the unofficial consensus of the owners at the meeting were in favor of the absence of First Right of Refusal from the new version of the documents.

**-Amendment of bylaws:**

Josh explained that the governing documents can be written to give the Board or the majority of owners the ability to amend the Bylaws (the Declarations require owner approval to be amended). He stated that most Associations permit the Board to amend the Bylaws and this is recommended. An owner commented that a list of Bylaws that can be amended by the Board be established as well as a list of Bylaws that require Owner approval.

The floor was opened up for Q & A:

Unit S-3 asks “is the objective to get one set of documents and can we “retire” the old set of documents?”

Answer – “yes, the goal is to have one set of documents and to retire the old set. The option does exist to have one set of documents which can be written to allow the separate ownership of tract A land (owned by South bldg. owners ) and tract B land (owned by North bldg. owners) or they can be combined; the same option exists with the writing of the Documents as they pertain to the obsolescence clause (written as South bldg. owners are the only ones with rights to declare obsolescence on the south bldg. and vice versa with the North bldg. or the doc’s can be written to require both the north and south bldgs. to approve obsolescence of the buildings.)”

Unit S-2 asks “what are our rights as owners; do they differ from rights of single family home ownership?”

Answer – “rights differ based on situation; generally however, you do have more rights with single family home ownership than you do with condominium ownership”

Unit S-2 requested an executive summary be prepared by the attorney and sent with the Governing Documents in the mailer to all owners outlining the major issues and the stance the Documents take on these issues.

Discussions of eminent domain and condemnation plans the Town of Dillon has for neighboring properties ensued; Unit S-2 requests that Peter Schutz keep Dillon Pines updated on these issues.

The timeline of the implementation of the new Documents was revisited and reported as follows:

- three meetings between the attorney and Dillon Pines were included in the contract
- the first meeting with the attorney and the Association occurred at this annual meeting of the owners.
- the second meeting will be held with the Board, the Attorney and any Dillon Pines owners that are interested in attending (notice will be provided to owners of the date); the purpose of this meeting will be to discuss the draft in place at this time and explore details of documents
- the third meeting will be held with the Board, the Attorney and any Dillon Pines owners that are interested in attending (notice will be provided to owners of the date); the purpose of this meeting will be to present the final approved Board draft and to discuss implementation and owner approval.
- The board stated that a final version would likely be drafted by January 2008.

#### 7. Treasurer's Report

George Harrison thanked Doug Ostergaard for his fine work as treasurer; Doug could not attend the meeting this year and Kevin Lovett delivered the financial report as follows:

There are two accounts with respective budgets at Dillon Pines; the Operating Account / Budget and the Reserve Account / Budget.

-Operating Budget – the operating account covers the day to day, routine expenses associated with maintaining the common areas at Dillon Pines. Each year, the Board creates an annual operating budget to predict / plan for the operating expenses (Dillon Pines is on a “calendar” fiscal year).

-Reserve Budget – the reserve budget is somewhat like a “savings account” that covers the major expenses at the complex such as new roofs, new siding, asphalt and concrete work, etc. The Board regularly reviews the reserve budget to plan for the major future projects.

Your homeowner dues contribute to both of these accounts.

The Balance sheet reports that Dillon Pines has \$11, 404.32 in the Operating Account and \$27,092.20 in the Reserve Account.

The Profit and Loss statement reports that overall, Dillon Pines is \$2,763.95 over budget in operating expenses. This overage is largely due to unforeseen repairs to the roof (installed vents to combat the condensation leaks that occurred) as well as overages in electricity and Landscape Maintenance.

President George Harrison presented the operating budget plan for the upcoming 2008 fiscal year and highlighted the following:

The 2008 operating budget calls for increases in 4 expense areas from 2007:

- Repairs and Maintenance – increased to \$166 per month

- Landscaping – increased by \$500 for the year

- Electricity – actual expenditures for 2007 were increased by 8%

- Contingency – the contingency fund has been increased to \$75 per month

The overall increase to projected operating expenses and the respective increase to the operating side of the dues is 5.3%.

President George continued with a discussion of the Capital Reserve Budget and plan:

With an aging building, major projects such as new siding, asphalt overlays, etc. become necessary in order to maintain the complex and keep property values competitive with the Summit County market. The reserve budget projects a 10 year plan to address these major projects. Currently, \$3396 is placed into the reserve (savings) account each year. Continuing the placement of only \$3396 annually into the reserve account results in annual special assessments and / or improper maintenance of the common areas (buildings) which results in property values decreasing (or at least not reaching full market potential). Calculations completed with the reserve study result in a recommended minimum annual reserve contribution of \$12,000. This results in a growing reserve account and proper maintenance of the buildings.

Combining the 5.3% increase to the operating side of dues with the increase contribution results in a total increase to monthly home owners dues of 17.79% (\$42 - \$50 per unit per month depending on the unit). This increase to dues is planned to begin with the November 2007 dues billing.

While the additional contribution to the reserve account grows the reserves and addresses some of the necessary maintenance of the complex, there are four major projects that call for a one time special assessment:

- New Siding

- New Deck Railings

- Painting (to accompany the new siding and railings)

- Asphalt Overlay

The total predicted expense to complete the four major projects is \$176,000.

Funding options to complete the four major projects include special assessment or a loan.

If a special assessment was enacted, this would result in an approximate \$8000 per unit special assessment.

In efforts to allow owners time to plan for the funding, the plan is to complete the four major projects in 2010 with the special assessment (if so chosen) due in the Spring of 2010.

The Board will continue to monitor funding (and funding options such as comparing a one time special assessment with taking out a loan) and will solidify the special assessment amount and due date and will announce this info at the 2009 annual owner meeting.

Kent Robinson of unit S-11 recommended that units with basements should pay a greater portion of the operating expenses than the other units and that all units should pay a fixed fee to reserves. Kevin Lovett pointed out that dues are portioned per the current square footage allocation stated in the existing Governing Documents. Discussion continued on assignment of fixed vs. variable expenses on reserve items. The Board will discuss.

## 8. Managing Agents Report

Kevin Lovett reported the following:

### **Completed Projects**

- Stucco repairs and painting of East Side of North building (including green rails on N-1 and N-2)
- Stucco repairs and painting of West Side of South building
- Stucco repairs and touch up to north bldg. entries
- Infected tree removal and pruning
- Various Landscape improvements including the creation of new mulched beds
- Many site improvements including touch up painting and repairs
- Roof leaks remedied; heat tape repairs completed

Kent Robinson of unit S-11 reported problems with the heat tape on the South Bldg. not being connected to a regulating thermostat. SRG will investigate and make sure it is properly connected to a working thermostat.

- Deck railing repairs
- Increased Association insurance coverage and decreased premium with the SRG / Farmers program
- New House Rules version implemented
- Senate Bill 100/ 89 compliance met

### **Reminders**

- Please visit the website for minutes, financials and postings
  - Current Association Insurance Carrier is Farmers – 970-879-1330
- Please remember that all owners should have contents insurance for their units! – Feel free to call Farmers for coverage info!
- Please be sure to review house rules with guests and tenants!!

## 9. Old Business

### A. Landscaping Plan

Mary Kay Stewart of Unit S-2 reported that the landscape committee has been busy working on ideas for landscaping at Dillon Pines. Research has been completed in efforts to beautify the grounds as well as cut down on water usage (and expense) and maintenance. A naturalist has completed a landscape plan for Dillon Pines which has been considered. Mary Kay stated that the first step is to provide for irrigation and \$5,000 is slated in 2008 to place meters on the irrigation sources in the lawns so that these may once again be used as a water source (note that the Town of Dillon has required Dillon Pines to place meters on the water taps in the lawn or they must not be used). Mary Kay

also stated that \$5000 is budgeted in 2008 to address storage issues and \$5000 is budgeted in 2009 and 2010 for landscaping improvements. Mary Kay is working to form a landscape specific committee and asks that any owners interested in volunteering are more than welcome!! A questionnaire will be sent to all owners in efforts to gain input on the future landscaping plan.

#### 10. New Business and Owner Discussion

Discussions of Boat Storage and the clarification of what boats can and can not be stored on site took place. Per the current rules, boats on trailers are not permitted to be stored on site. Canoes, Kayaks and rafts are not permitted to be stored on site. Some owners felt that this issue should be readdressed by the Board with the request to permit storage of canoes, kayaks and rafts on site.

#### 11. Election of Directors

The following owners volunteered to serve on the Board:

George Harrison  
Tori Gustafson  
Mary Kay Stewart  
Kathleen Kelble  
Doug Ostergaard  
David Thompson  
Jim & Wilma Allen

The Board stated that at the current time, the Board seats 5 voting members; additional members are permitted but they hold "member at large" positions and non-voting status.

The owners voted via secret ballot with the following results:

Owners elected to a voting position:

David Thompson  
Tori Gustafson  
George Harrison  
Mary Kay Stewart  
Jim and Wilma Allen

Owners elected to a non-voting position:

Doug Ostergaard  
Kathleen Kelble

Francie Milner of unit S-2 recommended that the Board renew with staggering terms in efforts of continuity.

#### 12. Adjournment 11:55 AM