

**LAKE DILLON CONDOMINIUMS
ANNUAL HOMEOWNER MEETING
August 15, 2009
Dillon, Colorado**

I. CALL TO ORDER

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

Board members present were:

Forrest Scruggs, President, Unit 209
Marilyn Yeager, Secretary, Unit 105
Jim Swift, Member, Unit 201
Scott Roper, Unit 207

Dave Love, Treasurer, Unit 302
Lynn Berggren, Member, Unit 108
Carl Botti, Member, Unit 104

Owners present were:

Chris & Tonnie Ansay, Unit 102
Jean Berggren, Unit 108
Julie & Bill Hummel, Unit 110
Wilda Swift, Unit 201
Peter Keuttner, Unit 204
Ann Moore, Unit 211
Diane Love, Unit 302
Suzanne Donalson, Unit 304
Dick and Dona Padrnos, Unit 306

Carne Cunningham, Unit 106
Dave & Gail Gilbert, Unit 109
Shirley Malkin, Unit 111
Walt & Wendy Spring, Unit 202/301
Bill & Blanch Barlow, Unit 210
Walter & Diane Wittowski, Unit 212
Richard & Bessie Braesch, Unit 303
Patricia Degner, Unit 305

Proxies were received from Units 101, 103, 203 and 208.

Representing Summit Resort Group were Peter Schutz and Sandy Greenhut. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. PROOF OF NOTICE

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

III. ROLL CALL

With 23 units represented in person and four proxies received a quorum was reached.

IV. APPROVE PREVIOUS MEETING MINUTES

Bill Barlow made a motion to approve the minutes of the August 9, 2008 Annual Meeting as presented. Walt Spring seconded and the motion carried.

V. TREASURER'S REPORT

As of July 31, 2009 the Association was operating \$1,059 over budget. The cash balance was \$11,347 and the Reserve balance was \$39,230. Significant variances to budget included:

1. Repairs and Maintenance - \$3,459 over budget due to boiler repairs.
2. Utilities – \$1,475 under budget. The Association has been saving about \$300 – 600/month as a result of the locked bulk rate for natural gas.

Completed Reserve projects included new carpet, trim painting, new exterior lighting and correction of the aluminum wire in all units. As of today the Reserve balance is about \$28,000 and should be around \$27,000 at year-end after all projects are completed. The next big capital expenditure will be roof replacement in 2015.

VI. CONTRACTOR REPORT

John Sabal of Summit Building Solutions reported that work was progressing on schedule and mostly on budget. The railings are finished. There is some stucco to be done in the center stairwell and some areas of stucco around the building that need touch up. The windows will be installed in about two weeks, as well as the handrails in the stairwells. The elevator is scheduled for delivery on September 18th and installation/inspection will take about two months.

John said he ran into two unknowns during the course of the work. The first was a gas pipe that was not in line with the locate. The same situation arose with a sewer line. Xcel would not grandfather the existing gas line since it was only 8" from the building and new code requires 5'. It will have to be moved and the cost will be \$2,500. The sewer line made a turn in the middle of the elevator foundation area. The line was relocated at a cost of \$2,312. There were also some problems with insufficient soils for the elevator foundation. In total, there were unanticipated costs of about \$4,800 (2%) for the elevator project.

An owner asked why the new stucco did not match the old both in color and pattern. John said he presented samples to the Board for selection. It was impossible to match the old painted stucco so the Board decided to make it obviously different.

Dick Padrnos said the lights outside his unit had been removed and there was now bare wire. John said Triangle Electric would be installing covers.

An owner asked if the deck gates would be replaced. John said gates were not part of the project. The Board will get a bid. Owners who want a gate should contact management. An owner suggested having the Association pay for gate installation on all second and third floor units to ensure uniformity and for safety. The Board will address this issue.

An owner asked if there would be lights in the stairwells. John confirmed that there would be. The owner also said there should be "No Smoking" signs on the decks. Peter Schutz said the smoking regulations would be included in the rental packet information,

and the restriction would mirror the Town ordinance which prohibits smoking within 15' of any building.

John said he repaired the damaged steps on the lake side of the building but he still had a few to do on the front side. Some of the treads were not to code and had to be replaced.

John will provide some replacement materials for the railings. John thanked the owners for the business. Sandy Greenhut said John's workers had been wonderful and very helpful. Peter thanked Sandy and Bernie Romero for making it possible to keep the building open for rentals during the construction process.

The digging out by the street is for the new gas and electric lines. John said Xcel was requiring installation of a new transformer. The new code requires a 3,500 pound elevator instead of 2,500, and this in turn requires a bigger motor. Xcel is also requiring the addition of three phase power at a cost of \$10,791 plus excavation for a total of about \$12,000. Summit Building Solutions is prepared to fund this unanticipated cost per the contract but will probably ask for some assistance. The electrical work will neaten up the project since the pole and overhead wires will go away. Dave Love commented that John had been outstanding to work with. The owners recognized Dave Love for his work on this project. The owners also recognized the members of the "Color Committee" (Tonnie Ansay, Joe Degner, Wendy Spring and Lynn Berggren) who worked on many of the construction items.

Dave Love said that by November it was clear the code had changed and the elevator was going to cost more than \$200,000. The Board made a decision at the November Board meeting not to widen the stairwell and to use those funds for the larger elevator. A letter was sent to the owners in December informing them of this decision; the owners appeared to accept this action.

Dave explained that the initial total figure for the project was \$454,722, equating to \$12,427 for a one bedroom unit. The assessment was rounded up to \$12,500 over four payments. This created a "cushion" of \$2,778. The actual cost of the project to date is \$18,040 higher than the original projection due to the expenses for the window trim, new sewer line and transformer. This means there is an actual shortfall of \$15,262. John will pay the \$12,000 for the transformer and the Association will pay \$3,262 from Reserves.

Jim Swift said there was another dimension to the decisions made by the Board in November. He was concerned about where the power lies in the organization. He said the owners voted to approve the elevator with a cap on the cost of \$200,000. The actual cost for the elevator is going to be around \$240,000. The owners voted to widen the stairway but Board decided to take the money from the approved stairwell project and apply it to the elevator. He and Carl Botti opposed this action due to the significant changes. They felt there should be another ballot and vote by the owners. The other five Board members voted to move forward without another vote because they felt they were acting in the owners' best interest. Carl Botti and Jim Swift obtained a legal opinion. The attorney said the Articles of Incorporation and Bylaws superseded Robert's Rules of

Order, giving significant power to the Board. The attorney explained that the owner vote last August was "advisory" and the Board did not have to abide by it. The Board now has more power than a non-profit Board usually has. If owners want to change that, the Bylaws will have to be changed.

An owner said her parents were original owners in the building and over the years she did not know of any situation when the owners felt the Board had not acted correctly.

An owner asked Peter Schutz what the norm was for other Associations. Peter said putting major decisions before all owners made it very difficult for the Board to proceed with major projects like this due to the number of different opinions. He felt the end result of the Board's decision was fantastic for the building and community. In some other Associations, the governing documents put a cap on the amount of Special Assessment the Board can approve; above that amount requires a 67% majority vote by the owners. Such a mechanism could be put in place as a check and balance.

An owner pointed out that the owners did have some power in that they elect the Board. She did not support changing the Association documents.

Bill Hummel asked if the owners had the power to recall Board members. Peter said they did. Bill felt this would solve any potential problem. He also pointed out that it is crucial to have a strong Board.

The Bylaws were last revised in 1992 and several owners felt they should be reviewed.

Dick Padrnos made a motion to give the Board a vote of confidence for their actions over the past year. Walt Spring seconded. In discussion, an owner said the Board made the changes with the best interest of the owners in mind, but the contractor is absorbing \$12,000 in unforeseen cost, which is cutting into his profit, and the elevator still has not been delivered. She asked what would happen if there were additional unforeseen expenses. The Board said the contractor would incur the expenses per the contract. The motion carried unanimously.

An owner asked if the Association could pay for half of the transformer; this would cost each owner about \$125 for a one bedroom unit. Dave Love was not in favor of another owner assessment and noted there was \$27,000 in the Reserve which could be accessed if needed. An owner recommended waiting until the project was completed before making any decision on reimbursement.

Chris Ansay asked about the funding for repaving the parking lots. Dave Love said the year-end Reserve balance would be about \$30,000. The roof replacement is scheduled in 2015 for \$105,000. The current annual Reserve contribution is \$15,000, so there should be adequate funding for the roof but not for the asphalt. The trim will also need to be painted sometime in the next six years at an estimated cost of \$11,000.

Peter Schutz estimated it would cost about \$4,000 to have the Declarations reviewed and updated by an attorney. An owner pointed out that putting a cap on the amount of Special Assessment that can be approved by the Board would not have had any affect on this situation; he thought they were trying to fix something that was not broken.

An owner felt the Bylaws review should be done. A motion was made to form a committee to review the Bylaws and to provide a list of proposed changes. The Board can then consider the expense of an attorney. The motion was seconded. With nine in favor and thirteen opposed the motion did not carry.

Forrest Scruggs noted that the passage of Senate Bills 100 in 2006 and 89 in 2007 corrected a number of things in the existing Declarations and Bylaws and therefore there should not be a need for extensive revisions.

Forrest said the Board had tried to remove "Condotel" from the building name. Every time there is a potential sale a questionnaire has to be completed which asks if there is a front desk. Some lenders will not approve a loan if there is a front desk. Short term rentals in a building can also raise a red flag.

VII. MANAGEMENT REPORT

Peter Schutz introduced his Property Administrator, Kevin Lovett. He also reintroduced Sandy Greenhut and Bernie Romero. He thanked them as well as Maxine in Accounting.

A. Completed Projects

1. Aluminum wiring conversion – All units but one have been completed. The conversion of all exterior lighting wiring has also been completed.
2. Carpet – the contractor is doing a good job.

B. Operational Issues

1. Pet Policy – Owners only are allowed to have pets, not family or friends. The Board gave strong direction at their meeting last night and management will start issuing fines.
2. Resolution by Board – The Resolution approved by the Board prohibits installation of any attachments in the common areas outside the unit air space in order to protect the new stucco. An owner asked if it would be permitted to hang something neatly from the overhead board. She felt the lack of personal items would make the units look very sterile. The Resolution as approved prohibited all items in the common space. Peter Schutz recommended that owners email their suggestions for revisions to the policy to the Board for consideration. A motion was made to have the Board reconsider the Resolution to allow flowers, birdfeeders and flags to be hung from the wood. The motion was seconded. Julie Hummel proposed an amendment to clarify that the items approved by the Board would only be hung from the wood, items would be removed when the owner leaves and only owners are permitted to hang items. The amendment was approved and the motion carried.

3. Rental Business – There has been less extranet business with Expedia, Travelocity, etc.; it is down about 70%. There has been a fair amount of repeat business.
4. Housekeeping – Peter Schutz will speak to the company about cleaning the exterior patio furniture.
5. Hot Tub Area – Bernie Romero will be provided with a daily task list for maintaining the hot tub area and there will be written documentation of the services performed.
6. Carpet – An owner commented that there were some bubbles in the carpet on the south side. Peter Schutz asked owners to contact him about such issues. The contractors have not yet been paid in full and still have more work to do.
7. Noise Ordinance – Quiet hours are 10:00 p.m. – 8:00 a.m. Peter Schutz said he would try to do a better job informing guests about quiet hours in the handouts. Owners were encouraged to call the after hours number about any problems.

C. Owner Storage

Sandy Greenhut asked owners to remove items from the owners' closet. There are also items on the third floor that have been collected from around the property.

VIII. ELECTION OF OFFICERS

There were four open Board seats. The terms of Forrest Scruggs, Jim Swift, Lynn Berggren and Carl Botti expired this year. Forrest Scruggs and Lynn Berggren agreed to run again. Walt Spring was nominated from the floor. Nominations were closed and the three candidates were elected by unanimous ballot. The Board will solicit a seventh Board member.

IX. SET NEXT MEETING DATE

The next Annual Meeting was set for Saturday, August 14, 2010 at 10:00 a.m. in the Lake Dillon Condominiums Meeting Room.

The owners recognized Dave Love and the other Board members for their work this past year.

X. ADJOURNMENT

With no further business Tonnie Ansay made a motion to adjourn the meeting at 12:15 p.m.

Approved By: _____ Date: _____
Board Member Signature