

**LAKE DILLON CONDOMINIUMS  
ANNUAL HOMEOWNER MEETING**

**August 13, 2011**

**Dillon, Colorado**

**I. CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 10:01 a.m.

Board members present were:

Forrest Scruggs, President, Unit 209  
Brenda Dee, Member, Unit 208  
Lynn Berggren, Member, Unit 108  
Chris Ansay, Unit 102

Walt Spring, Treasurer, Unit 202/301  
Marilyn Yeager, Member, Unit 105  
Scott Roper, Member, Unit 207

Owners present were:

James Strong, Unit 101  
Dave & Gail Gilbert, Unit 109  
Shirley Malkin, Unit 111  
Myron & Rebecca Wolfe, Unit 206  
Walter & Diane Witkowski, Unit 212  
Richard & Bessie Braesch, Unit 303  
Patricia Degner, Unit 305

Mary Fowler, Unit 103  
Julie & Bill Hummel, Unit 110  
Jim & Wilda Swift, Unit 201  
Stan & Kathleen Moore, Unit 211  
Dave & Diane Love, Unit 302  
Suzanne Donalson, Unit 304

With 21 units represented in person and 6 proxies received a quorum was reached.

Representing Summit Resort Group were Peter Schutz and Deb Borel. Kyle Wiseman of Summit Management Resources was recording secretary.

**II. PROOF OF NOTICE**

Notice of the meeting was sent July 13, 2011 in accordance with the Bylaws. A copy of the notice was included in the meeting packet.

**III. APPROVE PREVIOUS MEETING MINUTES**

Julie Hummel made a motion to approve the minutes of the August 14, 2010 Annual Meeting as presented. Myron Wolfe in Unit 206 noted that his name was omitted from the list of attendees. Jean Berggren seconded and the motion carried.

**IV. TREASURER'S REPORT**

Walt Spring reported that as of July 31, 2011 the Operating cash balance was \$4,677 and the Reserve balance was \$16,255. The Operating account is owed \$12,600 from the Reserve account and this transfer has not yet been made.

For the month of July 31, 2011 the Association was operating \$51 over budget. Significant variances to budget for the month included:

1. Utilities were 5% over budget. A new contract has been negotiated at a 10% lower rate.
2. Telephone was 92% over budget. Credits for the telephone expense have not been posted and a new line agreement was obtained from Qwest, lowering the cost by 30%.
3. Trash Removal was 9% over budget due to rising fuel costs, cost of living adjustments and unit remodels. An owner asked about the allocation of the trash expenses. Peter Schutz explained that the Association splits the costs 50/50 with the neighboring building.
4. Capital Improvements – There was a \$5,100 payment to the contractor for the holdback from the elevator tower construction and building remodeling. There was also a \$2,534 expense for modifications to the hot tub for compliance with the Virginia Graeme Baker Act.

Year-to-date the Association was \$4,498 favorable to budget.

Walt Spring reported that the hot water tank failed and there will be an expense of approximately \$5,000 to the Reserve account for the replacement. In addition, the sprinkler system failed. The repairs will be paid out of the Operating budget.

## **V. PRESIDENT'S REPORT**

Forrest Scruggs thanked the Board, Committees and management for their work over the past year. He also thanked new (returning) Board members Brenda Dee and Chris Ansay for their time and commitment to the Board.

## **VI. OLD BUSINESS**

### **A. Parking**

There was a sign restricting parking in the lower lot to owners and tenants but it was hit by the snowplow this winter. The sign will be replaced at a better position.

## **VII. NEW BUSINESS**

### **A. Closing of On-Site Rental Office and Sale/Rental of Unit 107**

Peter Schutz spoke about the rental or sale of Unit 107. He noted that with changing technology, it was hard to justify the expense of an on-site office. The Board and management are looking for ways to economize for the Association. He clarified that staffing of the office is part of the management agreement and it is the management company's responsibility. He acknowledged it was a tough decision and that it would be a cultural change for the community.

A letter that was sent to all homeowners was included in the meeting packet explaining why the Board feels the on-site rental office should be closed. Forrest Scruggs explained the Board had unanimously agreed to close the rental office by September 1<sup>st</sup>. Chris Ansay added that from a real estate perspective, lenders have reclassified "condotels" within their portfolios. Having an on-site rental office automatically puts the property in that category and results in an increase of approximately 2% in mortgage interest rates and increases the required down

payment to about 40%. This means the market for these units is basically restricted to cash buyers or buyers who are willing to accept these terms, potentially reducing the purchaser pool by 2/3. Elimination of the office would make the property more competitive and would allow for unit value appreciation. There are three units on the market right now that have not sold despite price reductions. He noted that the office was an expense that was not being offset by appreciation.

Walt Spring said closing the rental office would save the Association about \$20/month for single units and \$40/month for double units, mainly due to elimination of a phone line and the on-site staff salary. There would not be any reduction of the services that are provided by the management company.

Some owners expressed concern about not having a live person answering the phones and the affect it might have on renter satisfaction. Chris Ansay explained that although certain personnel do a very good job, it was a business decision. The telephones will still be answered by a “live person”. The only change is that the person answering the phone now sits in the SRG office. An owner asked if the legal designation as a “condotel” could be changed. Chris Ansay responded that this had been explored in the past but changing the designation would require 100% approval from all owners and mortgage holders and it would be close to impossible to achieve this.

Walt Spring reviewed the options:

1. Option 1 – Offer the unit for sale.
  - a. Option 1A – Put the unit up for auction to LDC owners. There would be a website set up for owners to submit bids. The Board originally decided there should be a minimum bid of \$240,000 but that figure may be slightly high. If it sold for that amount, the single units would get approximately \$8,000 and the double units would get \$16,000.
  - b. Option 1B – Put the unit on the open market if it does not sell to an owner after one month. The unit would be listed for about \$260,000.
2. Option 2 – Renovate the unit for residential use and rent it to Summit Resort Group. This would provide a savings of \$14/unit/month for single units and \$28/unit/month for double units. This would provide a “softer” transition.

A discussion of the options ensued. Dave Love recommended against putting the unit up for sale at this time since there are already three units on the market and it would create additional competition. In addition, he expressed concern about the impact of the unit being offered for sale at a lower price than the three other units currently on the market. A lower sales price would affect the appraisal values for the other units. Chris Ansay said the circumstances of the sale and pricing would be explained to the appraiser by the listing agent. Dave Love said he would support putting the sales proceeds into the Reserve Fund so the Reserve contribution could be eliminated from the monthly dues. He said he would like to know the tax consequences for each individual owner before voting. He thought the Bylaws would also need to be

amended. He would like a legal opinion. He would also like to see a pro forma budget for the sales proceeds.

A Board member said the Board had discussed putting the money into the Reserve Fund. The issue would be that any owner who sells in the near future would not receive any benefit from the proceeds.

Forest Scruggs reiterated that the Board had already made the decision to close the office. He recommended putting the matter of selling the unit to a vote. The Board recommended Option 1.

Stan Moore made motion to accept Option 1. Julie Hummel seconded the motion. In discussion, Dave Love made an amendment to the motion to table the vote until other options could be explored. Diane Witkowski seconded the amended motion. Secret ballots were tallied and the amended motion to table the vote did not pass with 16 in favor and 17 opposed.

The original motion was amended to take a vote on Option 1A and 1B or on Option 2. Secret ballots were tallied and the second amendment to the original motion passed with 19 in favor of Option 1 and 13 in favor of Option 2 with one abstention.

*B. Welcome Committee*

Julie Hummel will chair a Welcome Committee and create a welcome packet that can be distributed to new owners.

*C. Parking Lot Barrier*

An owner requested addition of a barrier on the west side of the parking lot. The Board will look into the cost of adding a barrier.

**VIII. ELECTION OF OFFICERS**

There were three Board seats up for election. Walt Spring and Forrest Scruggs volunteered to run again. Mike Wolfe and Sue Donalson were nominated from the floor. Election ballots were distributed and tallied and Forrest Scruggs, Walt Spring and Sue Donalson were elected to the Board.

**IX. SET NEXT MEETING DATE**

The next Annual Meeting will be held on the same weekend as the Dillon Barbecue in the Lake Dillon Condominiums Meeting Room.

**X. ADJOURNMENT**

The meeting was adjourned at 12:40 p.m.

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
Board Member Signature