

**ANCHORAGE WEST CONDOMINIUM ASSOCIATION
HOMEOWNER MEETING**

**July 23, 2005
Dillon, Colorado**

Board members present were:

Bob Hohlstein, Gordon Abrams, Bruce Douglas, Ron Pfister and Jim Sebben.

Owners present were:

Ron Kohen, Unit 61

Dixie Zukerman Unit 62

Delores Jacobson unit 64

Richard Esser Unit 66

Thomas Keesling Unit 74, 82

Cecilia Ackerman Unit 75

Richard Weicht Unit 76

Paul Dowling Unit 105

Dale Hill Unit 113

Gordon Abrams unit 122

Robert Dentel Unit 133

Jim and Judy Collins Unit 143

Edward Akerlund Unit 146

Jack Ross Unit 81

David and Beth Lipka Unit 84

Roy Topping Unit 85

George Douglas Unit 91

Bob Good unit 93

Eve Horner Unit 95

Young Cho Unit 103

Dean Massey Unit 106

Dan Waters Unit 114

David Wright Unit 123

Carolyn White Unit 142

Ron and Marcia Pfister Unit 145

Bob Hohlstein Unit 101

Proxies were received from the following units:

Unit 92 assigned to Bob Good

Unit 104 assigned to Bob Hohlstein

Unit 111 assigned to Bob Hohlstein

Unit 112 assigned to Gordon Abrams

Unit 115 assigned to Roy Topping

Unit 132 assigned to Gordon Abrams (but vote not to levy large assessment)

Representing Summit Resort Group was Peter Schutz. Erika Krainz transcribed the meeting from tapes.

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I. DILLON UPDATE

Dillon Mayor Barbara Davis, Dillon Police Chief John McKay and Dillon Town Manager Jack Benson were introduced. Jack Benson said the town was doing well financially but did not have a lot of excess cash for redevelopment. On the economic development side, there is quite a bit of vacant space in the downtown area. He participated in a retreat with the Town Council to discuss the future direction and vision for the town. He described the "Landmark" program, which is designed to help define the town. There will be a pocket park by Christy Sports on Highway 6. It is being designed this year with a goal of constructing next year. The front entrance was completed this year. The town will work to define the entrances by Silverthorne and Keystone, similar to the front entrance. The

Dillon Center building will be redeveloped with condominium units on top. It is the first major redevelopment in the town in several years. The garage structure is being excavated at present. He believes all the condominiums have already been sold. An owner asked if the condominium units would be prefabricated. Jack Benson affirmed that they would, but said the town had diagrams of the final appearance and would watch the project closely. Peter Schutz clarified that there were reservations for all the condominiums, but they had not yet closed. Prices range from the mid \$200,000's to about \$480,000.

Mayor Davis reviewed upcoming events in the town. The barbecue will be held in the Dillon town center on August 12th and 13th. There will be a fundraiser with Harley Davidson to build a hangar for the Flight for Life Helicopter on August 27th.

Jack Benson encouraged owners to view the new town website and to provide comments.

An owner commented that there was a bright yellow light directed at his unit. Jack Benson offered to take a look at it and commented that Dillon had a "dark skies" initiative to cut light pollution.

An owner asked if it was possible to move the boat storage from the parking lot during the winter. Jack Benson did not believe that would be possible. He is working with the Denver Water Board about possibly creating storage on the property near the cemetery.

There was a question regarding protection of the water level in Lake Dillon. Jack Benson said the town did have some leverage since the original "Blue River Decree" delineates a service area of the Denver area, not the Denver Metro Area. He anticipates the reservoir level will go up and down more often than in the past. The town is working on making the Old Dillon Reservoir a larger physical supply in partnership with the County.

II. SUMMIT RESORT GROUP OVERVIEW

Peter Schutz of Summit Resort Group was introduced. He provided a handout with information about the company. The Summit Resort Group has sixty-five short term rental units, twenty-five long term units, twelve Associations and six real estate brokers. The new business model is similar to his old company, Columbine Management, meaning the Associations are the nucleus of the business. The office is open seven days per week and there are business services available. He said it was wonderful to be working with this group again and thanked the Board for signing the contract with him.

III. CALL TO ORDER

The meeting was called to order at 10:30 a.m. in the Dillon Town Hall by Bob Hohlstein.

IV. ROLL CALL AND CERTIFICATION OF PROXIES

With 27 units represented in person and 6 proxies received, a quorum was reached.

V. APPROVAL OF PREVIOUS MEETING MINUTES

A motion was made to approve the minutes of the July 24, 2004 Homeowner Meeting as presented. The motion was seconded and carried.

VI. OFFICER REPORTS

Bob Hohlstein stated that the Board's goal were safe and efficient operation of the complex and appearance and appreciation of the property. Right now the property is in pretty good shape, although there is quite a bit of deferred maintenance.

The new management contract runs through the end of the year, at which time it will be renegotiated. There is a bonus program in place for the Property Manager, which he believes is a good motivator.

There was some work done on the cable system this year and two of the buildings are in pretty good shape. The cable contract has been extended to 2008 with some options.

There was a leak in the pool and it has been temporarily fixed with putty. A new hot tub cover has been ordered.

There have been some issues with rental or owner guests bringing pets, which is prohibited.

VII. TREASURER'S REPORT

Jim Sebben reviewed the Balance Sheet. Year-to-date as of May 31, 2005 the Association was \$6,096 ahead of budget. The most significant variance was in the Water and Sewer account, which was \$6,581 ahead of budget due to lower than anticipated rate increases.

He prepared a chart indicating the gas volume and cost for the past five years. In summary, rates continue to increase.

The proposed 2005/2006 Budget as written results in a year-end deficit of \$993, but Jim felt there was enough potential variance in the expenses to cover it without a dues increase. The significant changes to the new budget were reviewed.

An owner noted the Reserve Fund balance was only about \$30,000, which he felt was low. Bob Hohlstein explained that a few years ago the membership voted to handle all large expenses through Special Assessments.

A motion was made and seconded to approve the 2005/2006 Operating Budget as

presented. In discussion, an owner said he felt it was a mistake not to have a larger Reserve balance. He proposed that the dues be increased by \$20/unit/month to start to build the Reserve for future large projects. The motion was amended to accept the Budget, but to add a \$20/unit/month contribution for the Reserve Fund.

The major upcoming projects in the next ten years include three roofs at about \$30,000 each and redoing the exterior; \$200,000 would be a reasonable estimate of the required balance to cover those projects. Peter Schutz said he could work with the Board to create a cash flow analysis to clarify the required funding level. An owner noted that the dues were among the lowest in the area.

An owner stated that the \$20/unit/month figure was arbitrary and suggested a vote on the motion be postponed until later in the meeting after all upcoming projects had been discussed. A motion was made to table further discussion on amending the Budget until later in the meeting. The motion was seconded and carried.

There was a vote on the motion to approve the 2005/2006 Budget as presented, without the amendment. The motion carried.

VIII. MANAGING AGENT'S REPORT

Kevin Lovett presented the Managing Agent's Report.

A. Completed Projects

1. Parking lot and stairwells were cleaned.
2. Powerwashed all carports.
3. Completed carport wall painting.
4. Repaired pool leak.
5. Completed spring cleanup, aerating, fertilizing and irrigation startup.
6. Weeded landscaped terraces and planted flowers.
7. Removed dead potentillas, shrubs and rocks from lawn below terraces.
8. Removed concrete rock bed and replaced with sod at south end.
9. Gas main valves replaced.
10. Stained benches at hot tub.
11. Sent 1099's and paid quarterly taxes.
12. Replaced side arm heater in south building.
13. Replaced domestic hot water heater in south building.
14. Replaced three pumps.
15. Replaced controller in north building.

B. Pending Projects

1. New hot tub cover has been ordered.
2. Parking lot will be sealcoated August 3rd (lower), 4th (upper) and 5th (boat lot). On August 8th the lots will be striped. Kevin asked owners to arrange to have all vehicles, boats and trailers moved to accommodate the schedule.

An owner asked if it would be possible to remove the old bikes from the

shed. Peter Schutz said he could send all owners a notice and move unclaimed bikes at the end of the summer.

An owner commented that she was told by the contractors that they used ordinary latex paint to paint the concrete. Kevin Lovett said he would speak to the owner of the company; he believes it was a concrete paint.

Peter Schutz said his company would be creating a website "srghoa.com" in order to keep all Associations under his management in compliance with the new Senate Bill 100. It will include a great deal of information for all the Associations, including meeting minutes and financial information. It must be in place by June 2006.

IX. NEW BUSINESS

A. Facility Upgrade Program

Gordon Abrams said there was discussion at last year's meeting about a \$5,000 assessments for projects. He reviewed a statement outlining the Board's philosophy on improvements and the list of potential projects:

1. Railing Repair - \$12,000
2. Paint and Prep Work on Railings, Rakes, Fascia, Storage Closets and Doors - \$28,100
3. Kenitex Repair - \$12,000
4. Flashing Repair - \$12,000
5. Replace Bedroom Windows - \$60,000
6. Install New Cable System Conduit - \$2,000
7. Boiler Replacement, Heating System Replacement, Snowmelt System Repair - \$160,000.

The total for all these projects is \$286,100. Assuming a current Reserve Fund balance of \$36,722, a \$6,000 surplus from last year, and a \$30,000 minimum required Reserve Fund balance, there is an available balance of \$12,722. With forty-seven units, the per unit assessment would be \$5,837.83. The Board is proposing payment of this assessment in three installments of \$1,946 each, in August and November 2005 and in February 2006.

Gordon Abrams made a motion to approve the \$286,100 Capital Projects Budget as presented. The motion was seconded. An owner made a motion to table the vote and asked if there was a long range committee to oversee these projects. He felt the costs were understated. The motion to table the vote was seconded.

The Board was asked to review each project individually.

1. Railing Repair - \$12,000. There are a number of railings that are rotting and are not secured properly. It is a safety issue and will affect the insurance premium if there is an incident. If the railings were to be replaced, they would have to comply with the current

code, which would require them to be two feet higher, so the Board opted for repair instead. To replace the railings would cost over \$100,000. A motion was made to approve the railing project for \$12,000. The motion was seconded and carried.

2. Paint and Prep Work - \$28,100. The Board hired Mountain Design to look at the buildings and they recommended a new color palette for the trim. The contractor does not plan to strip and sand all the trim, which would increase the price to about \$200,000. They will powerwash all the blue painted areas to remove as much paint as possible, slightly sand the tops and repaint. If the color is changed, chances are it will be necessary to repaint sooner. A motion was made to repaint using the same blue color as is currently on the trim. The motion was seconded and carried.
3. Kenitex Repair - \$12,000. This treatment would repair the damaged stucco on the ground level. A motion was made to approve the stucco repair for \$12,000. The motion was seconded and carried.
4. Flashing Repair - \$12,000. A contractor examined the roof and determined the flashing is separating in some areas. This project would extend the roof life. There have also been some leaks due to holes in the chimney caps. A motion was made to approve the flashing repair for \$12,000. The motion was seconded and carried.
5. Replace Bedroom Windows - \$60,000. The windows are old, unattractive from the exterior and are not energy efficient. A motion was made to approve the bedroom window replacement for \$60,000. The motion was seconded. An owner noted the windows selected should be easy to clean from the inside. The motion carried. Selection of the window will be left to the discretion of the Board.
6. New Cable System - \$2,000. Upgrading the cable would allow owners to take advantage of new features such as HDTV and programming on demand. Comcast would do the rewiring and charge the Association \$0.91/unit/month more than the current rate with a seven year contract. The cabling would not be run through the walls, but would mainly be run through the storage closets. It would cost \$2,000 extra to have the cable run through a conduit. A motion was made to approve the new cabling for \$2,000. The motion was seconded and carried. There was discussion about installing the conduit before painting so it could be painted to match. Comcast will tie the new cabling into the existing cabling in the units and provide service to one outlet, most likely in the living room. Comcast will not guarantee that the existing wiring in the units will support all new services so additional upgrading may be necessary at owner expense.
7. Boiler Replacement - \$160,000. There have been numerous repairs to the boilers and all zone valves in the units have been replaced. It appears that the system is in good condition between the units and the boiler room. Last year one or two main gas valves were replaced in the boiler rooms at \$1,000 each and three pumps at

\$3,000 each. Two outside consultants recommended updating the system. There is no redundancy in the boiler system so if one fails, the building is without hot water. There are redundant pumps but there is no mechanism to cycle or test them. A local contractor recommended rebalancing the system, but the regulator is thirty years old and could break in the process. The Board felt it would make sense to replace the system since the annual repair cost is running over \$30,000. If a new system can increase efficiency 20%, the payback in fuel expense will be seven or eight years. A new system could be designed with redundancy and with the ability to cycle the pumps, resulting in increased efficiency. The cost for the boilers is actually about \$110,000 and the remaining \$50,000 is to replace some of the tubing in the snowmelt system. A motion was made to approve the \$160,000 boiler replacement. The motion was seconded and carried.

B. 2003/2004 and 2004/20053 Surplus

A motion was made to transfer the \$6,000 Operating surplus from fiscal year 2003/2004 to the Reserve Fund. The motion was seconded and carried.

A motion was made to transfer any Operating surplus at year-end 2004/2005 to the Reserve Fund. The motion was seconded and carried.

C. Special Assessment

The estimated Special Assessment per unit to fund the projects discussed is \$5,817. There was discussion about how to assess this amount, i.e. on a monthly basis or acquire a loan using the Manager's unit as collateral. A motion was made to assess each owner \$6,000 to be spread over twelve (12) months starting September 1, 2005, or \$5,837.83 in a lump sum to be paid by September 1, 2005, or in three (3) payments of \$1,946 starting in September 1, 2005, then December 05', then March 06'. The motion was seconded and carried. Peter Schutz noted the Special Assessment could not be paid through the auto-deposit program due to the complexity of the different options.

A motion was made to authorize the Board to use the Manager's unit as collateral for a line of credit for the approved projects, if sufficient Reserve funds were not yet available due to not having received enough assessment payments at the time payment is required. The motion was seconded and carried.

D. Reserve Contribution

Discussion resumed on the Reserve Fund contribution. A motion was made to increase the monthly dues by \$20/unit (from \$380 to \$400) starting September 1, 2005, with the entire increase to be contributed to the Reserve Fund. The motion was seconded and carried.

Peter Schutz will prepare a Reserve Study for the Association for presentation at next year's meeting.

E. Real Estate Report

Peter Schutz said the average sales prices at Anchorage East were about \$100 higher per square foot but the projects approved today would help to equalize that difference. There are two units for sale at Anchorage East and Four at Anchorage West.

X. ELECTION OF DIRECTORS

Bob Hohlstein announced he would not be running again so there was one Board seat open with a three-year term. Roy topping had indicated his interest in running and his name was on the ballot. There were no nominations from the floor. A motion was made to cast a unanimous ballot for Roy Topping. The motion was seconded and carried.

XI. MOTION TO APPROVE BOARD ACTIONS FOR 2005/2006

A motion was made to ratify the actions of the Board for 2005/2006. The motion was seconded and carried.

XII. ADJOURNMENT

With no further business, a motion was made and seconded to adjourn at 12:45 p.m.

Respectfully submitted,

Gordon Abrams, Secretary