

**ANCHORAGE CONDOMINIUM ASSOCIATION
ANNUAL MEETING
JUNE 13, 2009**

Peter Schutz reviewed the new property valuation situation. He said he sent comps to several owners. The problem with the new assessed valuation was the "time adjustment" theory, which took the highest sale and added 1.52% per month until the end of the valuation period. He felt this was a bogus assumption because the market peaked at the beginning of 2008 then stalled. The assessor's office has received thousands of protests. He has been led to believe that if the value of one unit is adjusted down, all the other units will be as well.

Peter Schutz provided a Town of Dillon update. Improvements are underway to Gold Run and Tenderfoot Street. More information is available on the town website. The schedule has been changed due to a lawsuit filed by the lower Yacht Club against the town. Although the owners at Yacht Club have been parking in the town right of way for 40 years, they did not prevail in that part of the lawsuit so the project started three weeks ago. The Yacht Club filed another lawsuit against the town for the loss of value to the units because of the severe parking shortage being created.

Despite the economic environment, the town and Lake Dillon Arts Foundation have been aggressive in scheduling events at the amphitheater. The Farmers Market started yesterday. Sales tax revenue for Dillon is off 10% year to date but there are a few new businesses, including Qudoba Grill and Smash Burger at Dillon Ridge. Walgreens was scheduled for a June 1st opening. The neighboring towns are pulling back on projects but Dillon is not so far. Peter said he anticipates a "bumpy road" for lodging and retail for the rest of the year. Construction business is very slow and he expects there will be vacancy in long term rentals and higher unemployment. With higher vacancy, he thinks there will be less emphasis on employee housing.

I. CALL MEETING TO ORDER

The Anchorage Association Annual Meeting was called to order at 10:10 a.m. in the Dillon Town Hall.

Board Members Participating Were:

Florrie Katchen, #42	Jeff O'Neill, #14
Larry Bruner, #33	Richard Crabtree, #41

Owners Participating Were:

Ronald and Ellen Laub, #12	Kenneth Richardson, #13
Allan Meyer, #21	Virginia Bowman, #22
Alex Martinez, #23	James Cover, #26
Janet Stokes, #31	Karen Bruner, #33
Jeff and Nancy Brauer, #34	Anthony and Frances Musco, #35
Larry and Gerry Odekirk, #36	Candice Cole, #41
Bruce Katchen, #42	Judith Wood, #43
Ken Kaiser, #44	Marylu Flight, #46
Tom and Laverne Darr, #46	Ned and Susan Colonge, #54
Aivars Ziedins, #55	

Representing Summit Resort Group were Peter Schutz, Kevin Lovett, Deb Burnell and Rob Carter. Erika Krainz of Summit Management Resources was recording secretary.

II. PROOF OF NOTICE AND QUORUM

Kevin Lovett confirmed that notice of the meeting was sent May 13, 2009. With twenty units represented in person and two proxies received a quorum was reached.

III. APPROVE PREVIOUS MEETING MINUTES

Jim Cover made a motion to approve the minutes of the June 21, 2008 Annual Meeting as presented. Larry Bruner seconded and the motion carried.

IV. FINANCIAL REPORT

A. Balance Sheet as of April 30, 2009

1. Operating Bank Account - \$4,988.
2. Alpine Reserve - \$3,383.

Revenue collected for the Reserve Fund totalled \$93,089 including the \$10,000 operating surplus from last year, \$80,620 from the Special Assessment and \$380 in interest. Expenses totalled \$89,129 for painting, handrails, siding, structural work for siding, utility boxes and handrails, pool carpet and concrete.

There was \$12,000 in unplanned operating expenses for two new sump pumps in the boiler room, new gutter, new light fixtures throughout the complex and repairs to a leak from a bleed valve on the hot water system.

B. 2009/2010 Budget Ratification

The 2009/2010 proposed Operating Budget does not call for an increase. Significant variances as compared to last year's budget included:

1. Insurance – \$1,759 increase based on increased value per square foot.
2. Management Fees – \$939 increase based on contract.
3. Miscellaneous - \$504 decrease.
4. Water and Sewer - \$1,284 increase based on actuals.
5. Cable TV - \$530 increase based on Comcast contract.
6. Gas – \$5,070 decrease based on the \$6/decatherm locked rate from the gas provider.
7. The budget decreased \$1,062 overall but interest income was also decreased on the revenue side.

After discussion of the future capital projects, Alex Martinez made a motion to approve the 2009/2010 Budget as presented. Allan Meyer seconded and the motion carried.

C. Future Capital Projects

Kevin Lovett said the Board was considering implementing monthly contributions to build the Reserve Fund. He worked with the Board to create a spreadsheet for future capital projects, including the roof, asphalt and the pool. The forecast includes the projected replacement dates and cost estimates from contractors. The most critical projects include hot water heater replacement, sewer drain work, hot tub replacement and water fill line installation, resurfacing the pool, concrete replacement and maintenance, roof replacement and painting.

There are three hot water heaters in the boiler room that supply all the hot water for the entire complex. Right now only two are operational. Two of them failed since April and only one was replaced. The heaters cost about \$9,000 each so there is an immediate expense of \$18,500 to pay for the one that was installed (and not yet paid for) and for the second one that needs to be replaced before July 4th. The Board is proposing a \$30,000 Special Assessment to address these needs.

There are four clay sewer lines that run from the building to a pump station. At least one of the sewer lines has collapsed. That line is being jetted a couple of times per year to prevent backups, but this is a temporary solution. The permanent solution will entail digging up all the sewer lines and replacing them. There is an area of the lawn that is starting to settle. It appears that leaking water is eroding the dirt around the pipes, which could cause the pipes to crack and move. The Board is developing a plan for 2011/2012 at a cost of \$10,000 to dig up the area and replace the sewer lines. There could be an additional expense of \$15,000 for a new hot tub because the sewer lines go under the hot tubs.

Pool resurfacing is scheduled in 2012/2013 for \$20,000 but this will only be done if it is necessary. The pool will be drained and patched this year. Roofing, painting and asphalt are all five to ten years out on the schedule.

Ronald Laub said the railings in the common areas and the outdoor rugs should be added to the plan. Kevin Lovett said he would pay to have some of the rotten wood replaced and replace the railing caps out of the Operating fund because it is not a large project.

An owner asked what the Reserve Fund assessment would need to be to cover the projects out ten years. Larry Bruner said an increase of \$50/unit/month would provide about \$18,000 per year or \$90,000 over five years. Kevin said the owners could choose to fund the Reserve Study 100%, or fund partially through Special Assessments or by Special Assessments only.

Peter Schutz said the main concerns were the sewer lines and the deteriorating roof. Jetting the sewer lines costs a couple hundred dollars per year. Kevin Lovett said the

sewer lines were going to be scoped next week to determine the condition of the lines at a cost of \$450. The main line has already been scoped. Larry Bruner said if the scoping reveals an urgent problem, they would have to move forward with the project after Labor Day.

Richard Crabtree said it is also apparent that there is a problem under the diving board as there is a 30' chasm. This should be addressed at the same time as the sewer lines.

Jeff O'Neil noted that if the piping can be rerouted for the hot tub, it may not be necessary to replace it right away. Larry Bruner commented that if the hot tub has to be replaced, it could be moved a little closer to the lake and a water line to automatically refill the hot tub would be added.

The water heaters and sewer lines are the highest priorities. A \$30,000 Special Assessment would fund two hot water heaters and part of the sewer. The total cost for the sewer line project is not known at this point. Laverne Darr thought the sewer lines were dug up in the past couple of years. Ron Carter clarified that the water line to the pool, not the sewer, was excavated.

An owner asked what the life expectancy was for the hot water heaters. Ron Carter said two of the heaters were 40 years old and one was 20 years old. One of the older ones failed and a few weeks later the newest one failed, so the two current heaters are 40 years old and brand new. Kevin Lovett said the normal expected life is about ten years.

An owner asked if there had been a problem with collecting Special Assessments, and if not, why the Board felt the system should be changed. Kevin Lovett said the frequency of assessments would likely increase as more items age and fail. Peter Schutz was most concerned about the accelerating deteriorating condition of the roofs. Kevin said he had three bids for the roofs but they were for planning purposes and the prices would not be honored several years later.

Larry Bruner summarized that the Board was proposing to fund \$30,000 now through an assessment and to increase monthly dues by approximately \$50/month to start building the Reserve.

Several owners spoke in favor of this proposal. Jim Colter made a motion to approve a \$30,000 Special Assessment and to increase overall dues by \$18,000. The motion was seconded by Larry Odekirk. In discussion, an owner suggested doing the hot tub project at the same time as the sewer work. She supported a larger assessment. The motion was withdrawn.

Ned Colonge made a motion to approve a \$60,000 Special Assessment. Nancy Brauer seconded. The Assessment would equate to \$1,800 and \$2,400 for the different units sizes. The motion carried unanimously.

Ned Colonge made a motion to approve a dues increase of approximately \$50/unit/month to fund the Reserves effective January 1, 2010. Jim Cover seconded. With twenty owners in favor and two opposed, the motion carried.

An owner commented that there was strong owner sentiment that they want things done proactively and they are willing to spend the needed funds to address problems.

There was general discussion about a new hot tub and the desired size. Kevin Lovett asked interested owners to contact him to form a committee. An owner questioned if the majority of owners wanted to have a hot tub at all. Larry Bruner said it was one of the most used items. Ronald Laub made a motion to eliminate the hot tub. Laverne Darr seconded. In discussion, Larry said eliminating the hot tub might reduce the value of the property. Votes in favor were cast by Ronald Laub and his two proxies, Lavern Darr, Mary Lou Flight and Jay Budnick, but the majority of owners were opposed and the motion did not carry.

An owner asked if the Board would explore solar panels when the roof is redone. Kevin Lovett said he would contact Innovative Energy.

Larry Bruner made a motion to levy the Special Assessment in two \$30,000 payments, with the first due in July and second due in November 2009. The motion was seconded and carried.

An owner commented that the Annual Meeting expenses were \$350 – 700. Kevin Lovett said the expenses were for food for the owner picnic, refreshments, meeting packets and minutes.

V. MANAGING AGENT'S REPORT

Kevin Lovett introduced Deb Burrell and thanked Rob Carter for his work around the property.

A. Completed Projects

1. Annual inspections including fire extinguishers, chimneys and boiler.
2. Spring cleanup, aerating, fertilizing and irrigation start up.
3. Monthly vole remediation (ongoing).
4. Installed gutters and heat tape at complex.
5. New light fixtures installed.
6. Major remodel projects including new deck railing caps, new siding on parking lot side of buildings, stucco painting on parking lot side of buildings,

rebuilt electrical box cabinets on parking lot side of buildings and concrete replacement.

An owner said he was concerned about rotting wood under the railing caps. Some areas need to be caulked. Kevin Lovett will follow up.

Laverne Darr asked to have a gutter installed near her unit. Kevin will follow up.

VI. NEW BUSINESS

A. Board Members

Ronald Laub asked if there was a Board member missing. Larry Bruner said Jay Budnick was not present.

B. Unit 16

Jim Cover said the owner of Unit 16 had made some modifications and now has an amazing new staircase in place of the original spiral staircase. The unit also has new windows. Several owners who had their windows replaced said Tom did a great job.

C. Common Area Use

An owner commented that common areas should not be used for storage. There has been a table and chairs in front of her unit for some time.

D. Bike Storage

Ron Carter said there were two bike racks near Units 44 and 51 for owner use.

VII. RATIFY ACTIONS OF THE BOARD FOR THE PREVIOUS YEAR

Nancy Brauer made a motion to ratify the actions of the Board. Ned Colonge seconded and the motion carried.

VIII. SET NEXT MEETING DATE

A motion was made to hold the next Annual Meeting Saturday, June 12, 2010. The motion was seconded and carried.

IX. ADJOURNMENT

With no further business a motion was made and seconded to adjourn the meeting at 11:35 a.m.

Approved By: _____ Date: _____
Board Member Approval