Sunridge at Avon II Condominium Association

Annual Budget Ratification Meeting of the Members — Minutes

Online Meeting via Zoom, hosted by George Merritt, Merritt Services, Ltd.

Wednesday, October 21, 2026, 5:30 PM

DRAFT — FOR REVIEW (unapproved)

Call to Order

Drew Dodd, President, called the meeting to order at 5:33 PM. The President noted that the meeting was being recorded and reminded attendees that, per the Association's Meeting Policy, only the Association is authorized to record the meeting.

Roll Call and Proxies

Roll call was taken by unit, with the attendance count kept by Phil Foster: 22 members attended in person (online), and five units were represented by proxy, all naming the President as proxy holder, as delivered by Spaeth and Company — a total of 27 units represented. Units identified during roll call included D103, G103, H102, K102, K302, L101, L104, L204, L304, M303, N102, N203, P103, P203, P304, Q201, Q202, R101, R203, and R204. No quorum is required for the budget ratification meeting.

Directors present: Drew Dodd (President), Phil Foster (Vice President), Dennis Martin, Aisha Niehaus, and Eugene Cojocari. Also in attendance: George Merritt, Merritt Services, Ltd., property manager, accompanied by his note taker.

Motions and Actions

1. The FY2027 annual budget, approved by the Board of Directors on September 27, 2026, was presented to the membership. Under CCIOA and the Association's governing documents, the budget stands as approved unless a majority of all unit owners (100 of the Association's 198 units) votes to reject it; no quorum is required for this meeting. With 27 units represented and no vote to reject, **the FY2027 annual budget was ratified.**
2. Motion to adjourn (Phil/Dennis). The motion carried without objection.

Quick Recap

The President presented the FY2027 budget and the three-year reserve funding plan, reported year-end FY2026 results showing a $53,259 operating surplus, and answered one written member question. With fewer than a majority of all unit owners voting to reject, the FY2027 budget was ratified, and the meeting adjourned in under 30 minutes.

Next Steps

- Board: Take up the allocation of the FY2026 operating surplus, with the intent to move it to reserves, at the next regular board meeting.
- George: Bring options for hallway and aging exterior lighting fixtures to the Board, and plan lawn restoration for next season.

- All members: The Annual Meeting is Wednesday, November 18, 2026, at 5:30 PM via Zoom; notice and materials to follow by mail and email.

Summary

FY2027 Budget Overview

Monthly assessments increase from $390.00 to $403.00 for two-bedroom units and from $567.23 to $586.14 for three-bedroom units. The total budget is just over $1.2 million, with an operating budget of approximately $1 million, and the annual reserve contribution increases from approximately $164,000 to $195,000.

Three-Year Reserve Plan

The increase funds the reserve plan from the Association's reserve study, which projects expenses through 2051 and currently rates the Association as fairly funded: reserve contributions step up to $195,000 this year, approximately $222,000 next year, and $250,000 in year three, with similar dues increases each year, after which dues increases are proposed to return to approximately 3% per year for inflation.

Conventional Mortgage Eligibility

Effective January 4, 2027, federal mortgage guidelines (Fannie Mae/Freddie Mac) require condominium associations to direct at least 15% of budgeted dues to reserves, up from 10%; projects that fall short lose eligibility for conventional, federally backed mortgages. Sunridge is at 17% this year and will be at approximately 19.6% under the FY2027 budget, keeping the community well above the threshold.

Insurance

The FY2027 premium came in at $170,000 against $198,000 budgeted, as the Association moved past the five-year loss curve from the 2021 fire. By again paying the premium in full from reserves, the Association avoids approximately $5,000 in finance charges; of last year's roughly $20,000 in savings, about $15,000 was year-over-year improvement and $5,000 was the avoided finance charge.

FY2026 Year-End Results

Per the year-end financials received from the accountant today, the Association finished FY2026 with an operating surplus of $53,259 — after the Board's unbudgeted decision in September to spend approximately $31,000 sealing and striping the A–E parking lot. Major items under budget included insurance (~$34,000), plumbing (~$30,000), general repairs (~$18,000), and landscaping/mowing (~$16,000), with water costs down about $13,000, partially offset by lower water-usage income; items over budget included legal expenses (~$14,000), tree work from the May Firewise assessment with Eagle River Fire Protection District, pest control (~$4,100), and office expenses (~$3,600). The Board will discuss moving the surplus into reserves at its next regular meeting.

Completed Projects

The multi-year painting, siding, and skirting project is complete with the finish of buildings P, Q, and R. Holy Cross Energy paid for sealing and striping the F–R parking lot as negotiated after the November 2024 water main strike, and the Association sealed and striped the A–E lot in September with its own selected vendor.

Plumbing Program

With the buildings and parking lots addressed, the Association's maintenance focus turns to the drain lines over the next several years. All 72 ground-floor unit lines have been jetted and camera-inspected,

prior-year spending has been analyzed, and a plan is in development that addresses immediate needs first. Owners — especially those renting their units — are asked to keep grease out of the drains: collect it in a jar and wipe cookware with a paper towel before washing.

Property Manager Comments

George Merritt, who began as property manager on June 1, reported that resources will go toward restoring the lawn next season after this year's drought watering restrictions, that aging lighting fixtures and requests for additional hallway lighting will come to the Board for discussion, and that the Association's approach to the plumbing lines is headed in the right direction.

Member Comments and Questions

One written question was submitted via the meeting chat, from the owner of Unit N102: "Why is the upcoming budget have a 300% increase in legal fees?" The President answered, as read into the record: "The reason for that is we have incurred significant legal expense because of an essentially year-long records request that has yet to end. And we engaged counsel because the process is statutory and we have to follow the law." There were no further questions; members offered thanks to the Board and congratulations to George.

Adjournment

Phil Foster moved to adjourn and Dennis Martin seconded. With no further questions, the meeting was adjourned at 6:02 PM. The next members' meeting is the Annual Meeting on Wednesday, November 18, 2026, at 5:30 PM via Zoom.

Respectfully submitted,

Minutes prepared from the meeting recording and AI-generated transcript; reviewed and finalized by the Board of Directors.