

MINUTES
SNOWDANCE MANOR CONDOMINIUM ASSOCIATION
ANNUAL MEMBERSHIP MEETING – SEPTEMBER 11, 2004

Meeting was called to order by Mr. Mark Chase-Jacobsen, President at 9:05 A.M., Snowdance Manor Condominium building main lobby area, 23034 U. S. Highway 6, Keystone, Colorado 80435

Persons present:

Mark Chase-Jacobsen representing Unit 207.

Stanley Axelrod representing Unit 403 in person.

Marie Cramer representing Unit 402 in person and Units 102 and 208 by proxy.

James Stampfle representing Unit 101 in person.

Stephen Morgan co-owner of Unit 101 in person.

Brian Hajek representing Units 102 and 208 until 10:00 A.M. and for the remainder of the meeting, Marie Cramer represented Mr. Hajek's units by proxy.

Harry L. Johnson representing Unit 309 in person.

Scott C. Geiger representing Unit 305 in person.

Gary D. Roberts co-owner of Unit 305 in person.

Russell G. Young, Association Managing Agent representing Units 103, 104, 201, 202, 204, 205, 206, 209, 301, 302, 303, 304, 307, 308, 404, 405, 406, 408, and 409 by proxy.

A quorum was present with 90.34% represented – ownership in person (25.68%) and ownership by proxy (64.66%).

The first item on the agenda was the introduction of all attending persons.

The next item on the agenda was the presentation of the previous annual membership meeting minutes for September 20, 2003. Mr. Chase-Jacobsen referred the members to Pages 1 through 9 of the agenda packet and asked the members for any comments, discussions or corrections with regard to the minutes. With no other comments or corrections from the owners, Ms. Cramer made a motion to accept the minutes as written. Mr. Axelrod seconded the motion. The members unanimously approved the meeting minutes as written.

The next item on the agenda was the Manager's Report offered by Russ Young. Mr. Young referred the members to Page 10 of the agenda packet. Mr. Young reviewed his report as follows:

1. All owners were current with their association dues.
2. There are five units on the market for sale at this time:

Unit 209	2BR/2BTH	\$219,000
Unit 208	2BR/2BTH	\$229,000
Unit 205	2BR/2BTH	\$239,500
Unit 303	2BR/2BTH	\$269,000
Unit 407	2BR+Loft/3BTH	\$365,000

3. Units sold in 2004:

Unit 401	2BR+Loft/3BTH	\$375,000 (2-24-04)
Unit 204	2BR/2BTH	\$223,000 (6-4-04)

4. Effective July 1, 2004, Jocelyn Banks was selected for the new on-site maintenance supervisor. Jocelyn is 24 years old and is married with two daughters. She has been doing a great job maintaining the Association's common areas.
5. The building roof soffitt vents had been infiltrated by raccoons early this year. After trapping six raccoons in July, the soffitt vent access areas were sealed with steel mesh to prevent further infiltration. Total Cost: \$1,120.00.
6. Parking lot repair-patching was completed in August. Total Cost: \$1,663.17.

7. The balcony deck exterior truss chases for Unit 205 and 206 were sealed and re-insulated in order to prevent cold air penetration into the pool area ceiling. Interior drywall damaged has been an ongoing problem for several years. Total Cost: \$1,760.00.

Mr. Roberts asked Mr. Young what was the current general real estate market conditions. Mr. Young answered that the real estate was steadily improving over the last year. The mortgage interest rates have continued to remain low and buyer showings have been noticeably increasing over the recent past. The total Keystone condominium real estate inventory has remained steady between 340 to 360 units. With regard to the Snowdance Manor unit sale activity, Mr. Young stated that there have been no recent sales since the Unit 204 sale in June, but the market appears to be in a slow, steady upswing. Mr. Young also stated that there was almost no new multi-family construction in progress throughout the county.

With no further discussion, Mr. Young concluded his manager's report.

The next item on the agenda was the Insurance Report offered by Russ Young. Mr. Young referred the members to Page 11 of the agenda packet. Mr. Young stated that the current insurance underwriter was The Travelers. The Travelers had assumed the insurance coverage from Allstate Insurance effective May 10, 2002. Mr. Young also stated that the building's replacement value had been increased from \$4,794,000 to \$4,889,880 from the last fiscal year or a 2% increase. The policy premium had increased from \$15,932 to \$16,883 or a 5.97% increase from the previous policy term effective May 10, 2004. Mr. Young stated that there have been no insurance claims under The Travelers policy. Mr. Morgan asked Mr. Young why the Association had received only one competitive bid. Mr. Young responded that State Farm and Allstate were contacted and the two insurance carriers stated that they would not bid for the insurance coverage due to the Association's past loss history. Also, Mr. Young further explained that the Association's independent insurance agent, The Insurance Company of the Rockies, had shopped the market and could not find any other competitive bids

to match The Travelers. With no further discussion or comments, Mr. Young concluded his insurance report.

The next item on the agenda was the review of the 2003-2004 Year-End Income and Expense Statement offered by Ms. Cramer. Ms. Cramer referred the members to Pages 12 through 14 of the agenda packet. Mr. Cramer suggested that the members refer to Pages 13 and 14 for a complete line-item review of the Year-End Income and Expense Statement. Mr. Cramer stated that the Total Current Year Loss was \$737. Ms. Cramer explained that the over budget was due to unexpected Repair and Maintenance – General and increased Electricity costs. Ms. Cramer stated that the Association was on a fiscal year basis, i.e. July 1 through June 30. With no further comments or discussion of the June 30, 2004 Year-End Income & Expense Statement, Ms. Cramer concluded her report.

The next item on the agenda was the review of the 2004/2005 approved operating budget. Ms. Cramer referred the members to Pages 16 through 24 of the agenda packet. Ms. Cramer stated that Page 16 reflected the actual/budget comparisons from 1996/97 fiscal year to present. Mr. Young commented that the member budgeted assessment dues had increased by an average of 5.37% per year over the 9-year history. Mr. Young reminded the members that the approved 2004/2005 approved operating budget had been mailed to all owners in June 2004. Mr. Hajek asked why the laundry revenue had been decreasing of the last few years. Mr. Young explained that the laundry revenue has been decreasing over the last few years mainly due to reduced building occupancy. Mr. Young also explained that the laundry revenue was split between the laundry equipment provider (Automatic Laundry) and the Association. Mr. Young further explained that when the laundry contract was renewed in 1999 for a ten-year term, the Association received an upfront \$2,500 rental premium. The Automatic Laundry Company also provided brand new Maytag washers and dryers at that time and provided all repair and maintenance costs for the equipment. A question was asked about the trash removal service budget. Ms. Cramer commented that from

post-winter through the fall, the trash pick-up was generally once and occasionally twice per week. In the higher occupancy months of the ski season, the trash service was generally twice per week with occasionally third times per week. Mr. Young stated that just recently the Waste Management contract was renegotiated, which will save the P.U.D. users collectively an average of \$2,600 per year. Ms. Cramer referred the members to Page 24 of the agenda packet. Ms. Cramer stated that Mr. Young had compiled association budget information from thirty-three Keystone associations every two years, including Snowdance Manor. Ms. Cramer commented that Snowdance Manor operating costs have been very competitive with other associations, particularly since Snowdance Manor had only 31 units and maintained an elevator, indoor pool/spa/sauna, covered parking and extensive interior common areas. Ms. Cramer commented that Snowdance Manor's reserve fund contribution was higher than most of the comparable associations due to the Association catching up from the past large capital expenditures. With no further comments or discussion, Ms. Cramer concluded her report.

The next item on the agenda was the review of the August 31, 2004 Year-To-Date Income & Expense Statement. Ms. Cramer referred the members to Pages 25 through 28 of the agenda packet. After a brief review of the August 31, 2003 Year-To-Date Income & Expense Statement, Ms. Cramer concluded her report.

The next item on the agenda was the review of the Reserve Fund. Mr. Axelrod referred the members to Pages 29 through 37 of the agenda packet. Mr. Axelrod reviewed the Statement of Reserve Fund for 2003/2004 year-end fiscal year on Page 29 along with the Statement of Reserve Fund for 2004/2005 Year-To-Date on Page 30. Mr. Axelrod also referred the members to Pages 37 through 40 of the agenda packet. Mr. Axelrod explained that the Reserve Fund Expenditure & Assessment Analysis on Pages 37 through 40 reflected various capital assets along with life expectancies, estimated replacement costs and current ages. Mr. Young stated that the Reserve Fund Analysis was a planning tool for the Board of

Managers for future capital replacement costs. Mr. Morgan asked the Board for an explanation of the \$36,628.74 and \$60,000.00 expenditures for Interior Design on the 2003/2004 Year-End Statement of Reserve Fund Balance on Page 29 and the \$14,489.11 listed on the 2004/2005 Year-To-Date Statement of Revenue Fund (Page 30). Ms. Cramer answered that the \$36,628.74 expenditure was for the complete building interior walls and ceilings repainting, new wallpaper, partial lobby furniture replacements and the three-level mural on the north lobby wall, which was completed in the fall of 2003. Ms. Cramer further explained that the \$60,000.00 Interior Design deposit payment on the same 2003/2004 Year-End Statement of Reserve Fund was for the initial Interior Design deposit, which improvements included common door painting, wood trim repairs, new chandeliers and remaining new furniture for the 2004 improvements. Ms. Cramer further stated that the Interior Design expenditure in the amount of \$14,789.11 indicated on the 2004/2005 Year-To-Date Statement of Reserve Fund (Page 30) represented a second payment for the 2004 Interior Design improvements. Ms. Cramer stated that the final payment from the interior designer had not yet been received. Mr. Morgan summarized the total cost in the 2003/2004 fiscal year for interior design, i.e. common walls and ceiling painting, new wallpaper, new carpet, wood trim repair, and furniture amounted to \$96,628.74. The Board concurred and further stated that there had been an additional \$14,000+ expended in the 2004/2005 fiscal year. Mr. Chase-Jacobsen further explained that there would be another final interior design phase upgrade next year, which may include some pool area improvements. Mr. Axelrod referred the members to Page 31 of the agenda packet. Mr. Axelrod explained that the Reserve Fund Expenditure & Assessment Analysis on Pages 31 through 36 reflected various capital assets along with life expectancies, estimated replacement costs and current ages. Mr. Young stated that the reserve fund analysis was reviewed and updated two to three times per year. The regular reviews may incorporate updated replacement costs, life expectancies, and Board decisions. Mr. Axelrod referred the members to the Future Reserve Fund Review on Page 37. Mr. Axelrod reviewed Page 37 and stated that if all the capital improvement projects

were to be completed in 2005, there would be an approximate \$62,000 to \$77,000 reserve fund shortfall. Mr. Axelrod stated that due to a projected shortage of funds in 2005, the Board had decided to complete only one half of the building's siding replacement in 2005, i.e. the west and south sides of the building with an approximate cost of \$80,000. Mr. Axelrod further stated that only about one-half of the miscellaneous interior design improvements would be completed in 2005. Based on the Board's planned phasing of the siding replacement and interior design improvements, Mr. Axelrod estimated that there would be a small surplus after the 2005 capital improvement expenditures. Mr. Axelrod went on to say that the siding replacement may experience some additional costs depending on the condition of the under-siding material. Mr. Young reminded the members that the unit bedroom window installation cost of \$15,000 indicated on Page 37 was for the window installation only. The cost of the unit window product would be borne by each respective unit owner. Mr. Axelrod stated that the final solution to the anticipated balcony decks repairs was still in the process of review. One member asked whether it would be appropriate to borrow the funds necessary to fully complete the siding replacement next year. Ms. Cramer answered that the Board had considered borrowing the necessary funds to complete the siding replacement in 2005 versus delaying part of the siding replacement until 2006, but had decided not to encumber the Association with any debt and to avoid any special assessments. Mr. Chase-Jacobsen stated that the Board had not made a final decision on the type of siding to be used and they were still in the process of reviewing siding products. Mr. Morgan asked why the Reserve Fund Expenditure & Assessment Analysis on Pages 37 through 40 did not reconcile with the Statement of Reserve Fund Balances on Pages 29 and 30. Mr. Young responded that the Statement of Reserve Fund Balance reflected a future reserve fund cash flow road map to assist the Board in planning for balancing of frequent, regular, and small contributions against infrequent, irregular, and large reserve expenses. Mr. Young further stated that the Statements of Reserve Fund on Pages 35 and 36 reflected the reserve fund bank accounting, which summarized reserve fund contributions received less expenditures from that bank account. Mr. Young

stated that the Statements of Reserve Fund do not have a direct correlation with the Reserve Fund 20-year analysis. Mr. Morgan asked the Board to provide a reserve fund budget reconciliation for comparison with actual versus budget as was provided for the operating budget. The Board indicated that they would have Mr. Young work with Mr. Morgan to provide the requested information. As a conclusion to the reserve fund review, the Board reviewed the recent interior design improvements. All attending members agreed that the design enhancements added a new, fresh look to the building interior. Mr. Axelrod offered special thanks to Ms. Cramer for all her efforts with the interior building upgrade planning. All the members offered their unanimous agreement. With no further discussion of the Refund Fund, Mr. Axelrod concluded his report.

The agenda item was Open Discussion. Previously in this meeting, Mr. Johnson had voiced his displeasure with the existing Rules and Regulation that prohibited his Snowdance guests (Mr. Johnson is an owner in Snowdance and Snowdance Manor and had to leave the meeting early) from using the Snowdance Manor private garage parking area. The Board had clearly responded that the Snowdance Manor covered parking area was for the exclusive use of Snowdance Manor residing guests and not for use by any other Snowdance P.U.D. member. The Board had reminded the members that, pursuant to the Snowdance P.U.D. Maintenance and Capital Improvement Agreement implemented in July 2002, the covered garage parking area was exclusively maintained and used by Snowdance Manor only. Mr. Chase-Jacobsen had indicated to the members that the Rules and Regulations were modified on July 20, 2004 to clarify that users of the parking and pool facilities were required to be residing owners and guests only. The attending members unanimously agreed with the Board position on this issue.

The next Open Discussion item was an update on the pending 2001 "slip and fall" lawsuit. Mr. Chase-Jacobsen explained that the lawsuit had been dragging on for some time and was now set to move into the mediation phase within the next few

months. Mr. Young reminded the members that Young Realty, Inc. was party to the lawsuit as the managing agent. Mr. Chase-Jacobsen stated that both he and Mr. Young were copied on correspondence from the insurance carrier's legal counsel – Hall and Evans in Denver.

Mr. Chase-Jacobsen moved onto the next item of Open Discussion. Mr. Chase-Jacobsen indicated that Mr. Hajek, a Snowdance Board member, had commented that there was a problem with the river bridge lighting. Mr. Chase-Jacobsen stated that there was a public light out on the south side of the bridge crossing and the Snowdance Board was going to contact the parties responsible to have it fixed. If that lighting was not adequate, the Snowdance Board was suggesting that additional lighting be installed for safety. The Snowdance Board would hope that all Snowdance P.U.D. members would participate in the cost. Mr. Chase-Jacobsen indicated that the Snowdance Manor Board would review the need after the public light was repaired and decide whether additional lighting was required.

The next item of Open Discussion was the upcoming Snowdance P.U.D. snow removal contract. Mr. Chase-Jacobsen stated that the Snowdance P.U.D. would be receiving two contract bids in the near future – one from Micah Teague who provided the contract last winter and Joe Banks, the husband of the new on-site maintenance supervisor.

There was a brief discussion on high-speed internet capabilities in the Snowdance Manor building. Mr. Morgan was a wireless telecommunications engineer and ~~offer~~^{OFFERED} his expertise in researching possible options for wireless high-speed internet service. The Board thanked Mr. Morgan for his offer of assistance and looked forward to his contributions.

The unit owners of #101 asked the Board to consider covering the exposed exterior concrete foundation on the southwest corner of the building when the

new siding was installed next year. The Board members responded that they would review the owner's request in conjunction with the siding project.

A unit owner asked the Board if the pool area design improvements were completed. Mr. Chase-Jacobsen answered that there were some additional improvements, i.e. additional lighting, wall painting/staining, etc. that were being considered for next year.

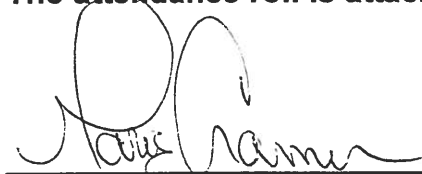
With all the potential hot tub health issues, Mr. Roberts asked the Board what monitoring was done on the pool and hot tub. Mr. Young responded that he checked the chemicals mostly every day throughout the year. During certain off-season periods, the chemicals were checked every couple of days. Mr. Young further explained that the pool/hot tub were serviced by a professional pool/hot company, which included filters changes, minor repairs, and water changes. These professional services were provided every week in the higher occupancy periods and every two weeks in the slower periods.

Chase-Jacobsen referred the attending members to the Board of Managers' and owners' lists on Pages 38 through 45 of the agenda packet. If any corrections were required, the respective member should contact Mr. Young. With no further Open Discussion topics, Mr. Chase-Jacobsen concluded this report.

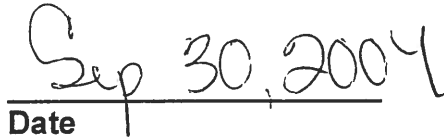
The next item on the agenda was the Board of Managers election. Ms. Cramer explained that Mr. Chase-Jacobsen's three-year term was up for election. Mr. Axelrod nominated Mr. Chase-Jacobsen (Owner of Unit 207) for another three-year term. Mr. Chase-Jacobsen was from Boulder, Colorado. Mr. Young nominated Mr. Buckland (Owner of Unit 307) for the open Board position. Mr. Buckland was from Silver Spring, Maryland. With no further nominations offered from the floor, the nominations were closed. The ballots were passed out to the members. Mr. Young reported that Mr. Chase-Jacobsen was re-elected for another three-year term.

With no further discussion, Mr. Chase-Jacobsen made a motion to adjourn the meeting. All attending members agreed. The meeting was adjourned at 10:30 A.M.

The attendance roll is attached to these minutes and incorporated hereto.



Marie Cramer, Secretary



Date