MINUTES

SNOWDANCE MANOR CONDOMINIUM ASSOCIATION

ANNUAL MEMBERSHIP MEETING – SEPTEMBER 2, 2006

Meeting was called to order by Mr. Mark Chase-Jacobsen, President at 9:00 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 405 by proxy.
Harry Johnson representing Unit 309 in person.
Scott Geiger representing Unit 305 in person.
Gary Roberts co-owner of Unit 305 in person.
Robert and Jaclynn Spencer representing Unit 209 in person.
Sondra Dillon representing Units 101 and 201.
Jonathan Gear representing Unit 304.
Gordan Banks as a guest and soon to be owner of Unit 405.
George and Julie Buckland representing Unit 307.
Russell G. Young, Association Managing Agent representing Units 104, 202, 204, 205, 206, 301, 302, 303, 308, 401, 404, 406, 408, and 409 by proxy.

A quorum was present with 91.20% represented – ownership in person (35.42%) and ownership by proxy (55.78%).

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 17, 2005. Mr. Chase-Jacobsen referred the members to

Pages 1 through 6 of the agenda packet. With no other comments, discussions or corrections from the owners, Mr. Geiger made a motion to accept the minutes as written. Ms. Cramer 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 7 of the agenda packet. Mr. Young reviewed his report as follows:

1. All owners are current with their association dues.

2. There are two units on the market for sale at this time:

Unit 407	**2BR+Loft/3BTH**	**$369,900**
Unit 408	**2BR+Loft/3BTH**	**$389,000**

3. Units sold/closed in 2006 to date:

Unit 101	**2BR/2BTH**	**$248,000**	**1-31-06**
Unit 201	**2BR/2BTH**	**$252,000**	**1-31-06**
Unit 405	**2BR+Loft/3BTH**	**$325,000**	**2-10-06**
Unit 304	**2BR/2BTH**	**$249,000**	**8-22-06**

4. Unit 407 loft skylight was removed in September 2005. Total Cost: $495.00.

5. Parking lot repair/patching/crack seal was completed in July 2006. Total Shared Cost (38%): $1,415.53.

6. New sauna heater was replaced in March 2006. Total Cost: $1,094.45.

7. A pool vent fan was replaced in May 2006. Total Cost: $1,662.21.

8. Covered garage fire sprinkler system was drained and recharged with antifreeze in June 2006 for a 50 degree below zero protection. Total Cost: $2,100.09.

An owner asked if the garage sprinkler system was a code requirement. Mr. Young answered that the garage sprinkler systems was a code requirement when the building was built in 1983 and remains so in the current building code.

An owner asked if the parking lot was going to be re-stripped. Mr. Young responded that it had only been stripped one time since construction, which was in 2001 as a requirement for the main entry renovation and ski locker room addition. The Board asked Mr. Young to check into the cost of re-stripping for next summer. With no further questions, 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 8 of the agenda packet. Mr. Young stated that the current insurance underwriter was St. Paul Travelers. Mr. Young also stated that the building's replacement value of $4,987.677 had remained unchanged from last year. The policy premium for the basic master policy is $15,821.00 and the umbrella liability is $2,156. Mr. Young noted that the current replacement value would be checked in the near future through private contractors and the insurance carrier to determine that the replacement value was at the proper level. Mr. Young further stated that the existing liability coverage in the basic master policy was $1,000,000 per occurrence and $2,000,000 aggregate. The Umbrella liability policy, which was added in 2005 by the Board, provides a $2,000,000 per occurrence and $2,000,000 aggregate. Therefore the Association has total liability coverage of $3,000,000 per occurrence and $4,000,000 for aggregate. Mr. Young also mentioned that the Board had increased the deductible from $2,500 to $5,000 in order to reduce the annual premium. Mr. Young reminded the owners that the Association uses Insurance Company of the Rockies in Frisco, Colorado to procure the most competitive insurance proposals. It was suggested that all owners review their respective unit insurance coverage to insure that it is adequate in both replacement and liability limits. After a brief discussion by the owners, Mr. Young concluded his insurance report.

The next item on the agenda was the review of the 2005-2006 Year-End Statement of Operations offered by Ms. Cramer. Ms. Cramer referred the members to Pages 9 through 12 of the agenda packet. Ms. Cramer reported that the June 30, 2006 fiscal year-end was better-than-budget $7,743.83. The Electricity account was over-budget due to previous rate increase by Xcel. The electricity over budget was minimized through the closing of the

pool facility during the previous fall and spring time periods. Also, the pool repair/maintenance and supplies was better than budget due to the pool closing. The Insurance account was better than budget partially due to the increase of the deductible from $2,500 to $5,000 and a re-rating by our insurance carrier. Ms. Dillon asked how the bookkeeping was processed. Mr. Young responded the he wrote all the checks, the ACT Accounting processed all the financial reports, and then all financial reports were then forwarded to the Board each member each month for their review. Mr. Young commented that an independent CPA completed a financial review of all the Association's accounting and bookkeeping procedures about eight years ago in order to enhance the Association's accounting and reporting procedures. They were several added recommendations in the financial review. The recommended procedures were adopted and were implemented thereafter. Ms. Dillon also asked the Board what was included the Management Fee. Ms. Cramer answered that the Management Fee was for Young Realty's management services as the Association's Managing Agent. Mr. Young's duties includes the all-inclusive supervision and administration costs, including office supplies, postage, stationary, photocopies, contract negotiations and supervision, accounts payable and receivable control, annual Board/Homeowners' meeting preparation, meeting minutes preparation, and on-site building maintenance personnel supervision. Mr. Young further explained that the Cleaning – Maintenance budget line item represented the housing expense for the on-site maintenance person. Mr. Young referred the owners to Page 15 through 19 of the agenda packet for more detail on what was included in each budgeted account. Mr. Buckland asked for more explanation of the pool expenses. Mr. Young explained that the pool facility represented the most expensive cost operation in the building. The pool was serviced by a Lindel Spa technician every week in the higher occupancy months and bi-weekly in the off season months. The spa/pool filters are cleaned during each service. The hot tub's water was completely changed during each service and was refilled with the pool water to speed up the hot tub reheating process, to reduce reheating costs and to provide a fresh water cycle for the pool. The service cost ranges from $100 to $125 per visit (based on $50/hr.) depending on the time of year. Mr. Young stated that the Association had compared per hour prices over the years and found that Lindell Spas had been the most competitive. Other pool service companies charge from between $62.50 to $75 per hour.

Mr. Buckland asked what the cost savings had been during the off-season pool closings. Mr. Young responded that the 2005 fall pool closing was from October 1 to just prior to Thanksgiving and the 2006 spring pool closing was from just after Easter to just prior to Memorial Day. Mr. Young stated that if the pool was closed from September 6th to just prior to Thanksgiving (just after this annual meeting), the pool would have an extended closing period of two and a half months. Ms. Cramer responded that the pool closing savings (electricity, labor and supplies) had been approximately $3,000 to $3,500 during the prior fiscal year. With extended closing periods, the savings would be increased. With no further comments or discussion regarding the June 30, 2006 Year-End Statement of Operations, Ms. Cramer concluded her report.

The next item on the agenda was the review of the 2006/2007 approved operating budget. Ms. Cramer referred the members to Pages 13 through 20 of the agenda packet. Ms. Cramer indicated that this report on Page 13 represented a 10-year budget comparison. Ms. Cramer stated that the average annual budget increase over the last ten years had been 3.05%. The 2006/07 Assessments-Member budget had decreased by 2.44% from the 2005/06 budget to this fiscal year's budget. The Total Operation Expenditures had only increased by .40%. The Reserve Fund Contribution had increased 4.76%. A member asked the Board what the special assessments were for in 1997 through 2003. Mr. Chase-Jacobsen responded that exterior stucco was replaced in 1996 due to original defective installation, the roof was replaced in 1998, and the main building entrance renovation, ski locker addition and the re-landscaping of the west side of the building was completed in 2000/01. Ms. Cramer further reviewed the Approved Budget along with Budget Assumptions on Pages 14 through 19. Ms. Dillon commented that she felt that the Snowdance Manor dues were unusually high compared to other properties. Ms. Cramer asked the members to refer to Page 21 of the agenda packet. Ms. Cramer explained that the report on Page 21 was prepared every two years by Mr. Young. This report compared 28 Keystone condominium associations including Snowdance Manor. Mr. Young stated that Snowdance Manor was below the average for the Cost/S.F. Operating Expense, but it was well above average for the Cost/S.F. Reserve Contribution. Ms. Cramer stated that the reserve fund contribution was high due to the fact that the Association was building the reserve fund after several major capital improvement projects over the last several years. Mr. Young commented that the Snowdance Manor has only 31 units to share the expense of the pool facility, elevator, common heated hallways, and covered parking – all with electricity as the primary power source. With that in mind, the Snowdance Manor was considered to be very competitive on the operating expenses. Mr. Young further explained that the report format had changed from two years ago. Mr. Young said that special code were now provided to indicate "a pool, but has spa and/or sauna", "has elevator", has High-speed Internet", and "shuttle bus service". Mr. Young reminded the members that the shuttle bus service was now only available to associations that contracted with Vail Resorts based on $150 per unit per year. Ms. Dillon asked about Snowdance Manor's TV cable budgeted expense. She indicated it seems high as compared to a Breckenridge project, but was uncertain as to what television service was provided at the other project. Ms. Cramer responded that Snowdance Manor's television service was provided by Comcast through a seven-year contract bulk rate schedule. The next anniversary renewal date will be October 1, 2012. Ms. Dillon asked the Board if it had considered converting the pool/spa heating system to natural gas. Ms. Cramer responded that the Snowdance Manor building does not have natural gas service. Mr. Young further elaborated that the pool/spa equipment was located below grade. Any conversion of the equipment to natural would require any new equipment to be relocated above grade with an exhaust vent to above the roof. Mr. Young indicated that the previous and current Board had considered a conversion to gas in the pool facility for over 15 years, but had decided not to proceed due to conversion costs. Also, due to the natural gas rate increases in the recent past, the cost versus benefit of converting to natural gas had been substantially reduced. With no further comments or discussion, Ms. Cramer concluded her report.

The next item on the agenda was the review of the July 31, 2006 Year-To- Date Income & Expense Statement. Ms. Cramer referred the members to Pages 22 through 25 of the agenda packet. After a brief review of the July 31, 2006 Year-To-Date Statement of Operations, 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 26 through 32 of the agenda packet. Mr. Axelrod stated that it was the Board's past policy that the annual reserve fund contribution would be increased by 5%. He explained that since all the major capital improvement projects had been completed, it was the Board's desire not to have a 5% annual reserve fund contribution increase continue past this fiscal year, but instead, keep the contribution static barring any unexpected capital requirement. Mr. Axelrod referred the members to Pages 28 through 32 of the agenda packet to review the Reserve Fund Expenditure & Assessment Analysis. Mr. Axelrod explained that the reserve fund analysis reflected depreciable building assets, estimated life expectancies, current age and estimated current replacement costs. Mr. Chase-Jacobsen commented that the reserve fund analysis was reviewed frequently to adjust asset replacement lives and costs. Mr. Axelrod indicated that the Association should reach its reserve fund balance goal by 2010 to 2011. Mr. Axelrod also stated that the Board saw no reason for any future special assessments even without the future annual 5% reserve fund contribution increase. Mr. Axelrod reminded the members that the Board regularly reviewed ways to improve revenue for the Association. He mentioned that the Board had discussed the possibility of instituting a real estate sale 1% transfer fee which could be applied to the Association reserve fund. Mr. Axelrod asked the members how they felt about such a fee. Mr. Young stated that a Condominium Declaration amendment requires 67% of the undivided interests in the Common Elements and 51% of the first Mortgagees of Condominium Units to consent and agree to such amendment. After a thorough discussion of this issue, the members agreed that the Board should look into the possibility of a transfer fee and related Association legal document required changes. Mr. Axelrod referred the member to Pages 26 and 27 and reviewed the June 30, 2006 Year-End and July 31, 2006 Year-To-Date Reserve Fund Balance statements. With no further discussion of the Reserve Fund, Mr. Axelrod concluded his report.

The next item on the agenda was the review of the exterior building improvement project. Mr. Chase-Jacobsen stated that the general contractor was still in the process of completing the deck sealing, re-carpeting, rail mounting and several punch list items. Mr. Chase-Jacobsen indicated that the installment payment schedule of the balance due the contractor would not be paid as agreed until the project was completed to the Board's satisfaction. After further review of the project, Mr. Chase-Jacobsen concluded his review.

The next item on the agenda was Open Discussion.

Mr. Chase-Jacobsen brought the pool closing in the off-seasons to the floor. The Board stated that the pool facility was closed during the last off-season months in response to the large increase in utility costs. After a thorough discussion of the pool closing issue by the members, the members decided to poll all owners via e-mail with regard to keeping the pool open year-round or closing it during the off-seasons. Mr. Young stated that he would prepare the necessary poll letter and e-mail it to all owners. The members decided to keep the pool facility open until the poll results were received.

An inquiry was presented to the Board regarding whether any future capital improvements were planned. The Board responded that most all major capital improvements had been completed over the last few years. Ms. Cramer did indicate that the interior lighting is the next item on upgrades needed. The lighting will be evaluated and upgraded over the next few years.

The Snowdance Restaurant Building condition was discussed. The Board indicated that the Restaurant Building owner had been contacted regarding the condition of the exterior building condition and the trash dumpster location. There had not been a sufficient maintenance effort over the last few months. The Board stated that they would continue to encourage the Restaurant Building owner to upgrade the building and provide better grounds maintenance.

High-speed internet accessed was discussed. Mr. Chase-Jacobsen said that the Board had been looking into various high-speed service options for the last two years. The Board will continue to review available options in the future and report back to the owners with recommendations.

Chase-Jacobsen referred the attending members to the Board of Managers and owners lists on Pages 34 through 40 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 agenda topic.

The next item on the agenda was the Board of Managers election. Mr. Chase-Jacobsen explained that Mr. Axelrod's three-year term was up for election. Mr. Axelrod nominated himself for re-election. With no further nominations offered from the floor, the nominations were closed. Mr. Axelrod was unanimously elected to 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 12:00 noon. The attendance roll is attached to these minutes and incorporated hereto.

Marie Cramer

Marie Cramer, Secretary

Dec 4, 2006

Date