

**FROSTFIRE CONDOMINIUM ASSOCIATION
ANNUAL HOMEOWNER MEETING
JULY 29, 2006**

I. CALL TO ORDER AND INTRODUCTIONS

The meeting was called to order by Merrel Miller at 9:00 a.m. in the Oro Grande Lodge Conference Room.

Owners Present Were:

Thomas Richter, Unit # A01	Bernard Amels, Unit #A33
Bud Clifford, Unit #A34	Ronald & Joanne Fiedler, Unit #D08
Ted Nelson, Unit #B03	Darold Douglas, Unit #C05
George Fornnarino, Unit #C06	James & Marie Keeney, Unit #C38
Deborah Yoder, Unit #C21	Merrel & Kathy Miller, C37
Diane Johnson, Unit #E09	Stanley Tyms, Unit #E10
Larry and Julie Hanan, Unit #E41	

With thirteen units represented in person and twelve proxies received, a quorum was reached.

Representing Summit Resort Group were Peter Schutz, Kevin Lovett and John Crowell. Margot Mayer of Summit Management Resources was recording secretary.

II. PROOF OF NOTICE

Notice of the meeting was provided in accordance with the Declarations and Bylaws of the Association.

III. REVIEW PREVIOUS MEETING MINUTES

A correction was made on page seven; HDTV should read HGTV.

There was a motion to approve the minutes from the July 30, 2005 Annual Meeting as corrected. The motion was seconded and carried.

IV. OFFICER'S REPORT

Ron Fiedler said Mary Parrott was not able to attend the meeting. He said Mary's main focus has been on upgrading flowerbeds and overall landscaping within the complex. He thanked all volunteers who helped weeding flowerbeds and trimming trees. He said it was important to maintain the landscaping. He thanked Property Management, especially John Crowell, for doing a good job.

V. FINANCIAL REPORT

Ron Fiedler presented the Treasurer's Report.

A. *2005 Year-End Status*

As of December 31, 2005 there was a balance of \$11,087 in the Operating account and \$18,988 in the Replacement Fund. Overall, the Association ended 2005 \$3,473 over budget in operating expenses, mainly due to higher utility costs, repair and maintenance, landscaping improvements and legal/professional fees.

B. *Year-to-Date Status*

As of June 30, 2006 the Association had a balance of \$11,620 in the Operating account and \$26,081 in the Replacement Fund. Overall, the Association was \$2,492 under budget in operating expenses, mainly due to the timing of the insurance payment. Upon payment of the second half of the premium the Association will actually be \$2,794 over budget. This overage is due to increased usage of utilities (electric and gas) and legal expenses. A homeowner commented that Property Management and homeowners should make sure all windows in the common areas are closed once it gets colder outside.

C. *Replacement Fund Status*

As of January 2006 there was a dues increase of \$25/unit/month to help reach the goal of bringing the Replacement Fund balance up to \$50,000. A professional contractor was hired to look at the timing of the roof, window, and siding replacements. It appears the buildings are in good shape and no replacements need to be done in the near future. The three major repair considerations, siding, roofs, and windows are expected to last beyond ten years before replacement is required. Approximate replacement costs are \$250,000 for the roofs, \$100,000 for the siding, and \$65,000 for the windows.

Ron Fiedler explained he created a spreadsheet that indicates the short term goal of increasing the Replacement Fund balance could be achieved by 2009 with a \$25/unit/month dues increase starting January 1, 2007. He recommended revisiting and evaluating the Replacement Fund balance in three to four years to decide whether additional contributions are needed.

There was further discussion about the \$50,000 goal; some felt it would not be sufficient to cover major upcoming expenses and suggested raising the goal to at least \$100,000. An owner suggested making the repairs part of the annual Operating Budget. Kevin Lovett explained that it would be very difficult to budget for major maintenance items in the Operating Budget; these types of expenses are typically paid out of the Replacement Fund.

The budgeted items in the three year Capital Reserve Plan included:
2006

- | | | |
|----|-------------------------------|----------|
| 1. | Siding Repairs (west side) | \$ 2,000 |
| 2. | Building Staining (west side) | \$13,500 |

2007

- | | | |
|----|--|----------|
| 1. | Concrete Walks and Curbs (front) | \$ 2,000 |
| 2. | Asphalt, crack seal, seal coat, stripe | \$ 8,000 |

2008

- | | | |
|----|--|----------|
| 1. | Building Staining (east side) | \$13,500 |
| 2. | Brick Work (back side) | \$ 5,000 |
| 3. | Repair Back Yard Retaining Wall (behind D) | \$ 1,000 |

Kevin noted the Frostfire dues were low in comparison with other Associations. Overall, the membership was in favor of higher dues in order to build the Reserve balance in order to reduce the likelihood of a future Special Assessment. A suggestion was made to increase the dues by \$50/unit/month and to allocate these funds to the Reserve account. The Board will take these suggestions under consideration.

VI. MANAGING AGENTS REPORT

A. Completed Projects

1. Landscaping improvements.
2. Stained south side of building.
3. Repaired potholes in parking lot.
4. Tree trimming completed.
5. Hot tub area staining.
6. Kick plates installed on entryway doors.
7. Siding boards reattached throughout the building.
8. Entryway private drive sign installed and the old sign was removed.
9. Motion sensor lights installed at the rear entrances of A and E.
10. House Rules have been established.
11. Washing machine hose has been installed.
12. Association insurance provider switched from Farmers to Neil Garing (Travelers).
13. Annual inspections of the fireplaces and chimney sweeps have been completed.
14. Touch up painting done.
15. Spring clean up completed.
16. Senate Bill 100 compliance fulfilled.
17. Summit Resort Group/Frostfire website established at www.summitresortgroup.com.

B. Report Items

1. High Speed Internet – The installation of broadcasters and repeaters was completed providing good coverage to buildings A, B, C and some of D and E. Additional equipment installation to provide increased coverage to the D and E buildings is pending. The initial cost was around \$3,700, and the monthly fee is \$1.70/unit. Merrel Miller said they were still working

on improving reception for Building D. Instructions have been mailed to all homeowners and will be posted on the website. Kevin Lovett reminded all owners that Property Management was not able to provide technical support. He recommended calling the computer manufacturer for technical support.

2. Satellite TV - This item will be discussed under New Business.
3. Building Staining – Staining of the “back” or west side of building to be completed in 2006.
4. Door Bells – Triangle Electric (970/453-5424) can repair the doorbells. Interested owners should contact them directly.
5. Ceiling Heat – Triangle Electric (970/453-5424) recommended abandoning the in-ceiling heating system and installing a baseboard heater. Any interested owner should contact them directly. A homeowner said he had a six-foot baseboard installed and it was not very expensive.
6. Remodeling – Property Management should be contacted prior to any major remodeling.
7. Washing Machine Hoses – All hoses have been checked and the rubber hoses were replaced with steel hoses.
8. Pan Underneath Water Heater - The pan underneath the water heater should be checked on an annual basis. An owner suggested installing a sensor that shuts off the water valve if it detects water on the floor. Kevin Lovett will research this matter.
9. All Bylaws, meeting minutes and upcoming meeting schedules will be posted on the website.

VII. OLD BUSINESS

A. *Wetland Walkway*

At last year’s Annual Meeting there was discussion about clarifying ownership of the wetland walkway located in Tracts B and C, as the insurance company was going to require installation of a railing to improve safety. These requirements were placed on Frostfire because the insurance company believed Frostfire was the owner of Tracts B and C. This perception was based upon interpretation of Frostfire plat maps. After discussing this matter with the Summit County Assessor, a report was received stating that Frostfire was not the legal owner of Tracts B and C and that the Summit County Assessor made an error. The appropriate corrections have been made. Due to the complexity of the situation, the Board had further investigation done by Attorney Wayne Brown. Wayne Brown investigated the situation, documents, and maps and agreed with the conclusion of the Summit County Assessor stating that Frostfire does not and did not ever own Tracts B and C. A second legal opinion was sought through Attorney John Neiley. He, too, concluded that Frostfire does not and did not ever own Tracts B and C. His investigation concluded that an entity called Sports Club LA out of California owns Tracts B and C, which they acquired through a foreclosure purchase from Summit Base Ventures. This summation of ownership

has been confirmed by investigations from Stewart Title, a Summit County based title company. Based on the information above, the insurance company has released Frostfire from all responsibility for the wetlands and the walkway.

Given the judgment of the Summit County Assessor, the legal opinions of two different attorneys, the results of the title search, and the resulting elimination of the liability and maintenance issues associated with the walkway, the Frostfire Board of Directors considers this issue closed.

An owner felt strongly that this eight-acre piece of land should not be given up so easily. The land borders Keystone and is valuable. He felt another legal opinion should be sought as both attorneys had a conflict of interest with Vail Resorts. Another homeowner suggested filing for adverse possession to acquire the land. Concerns were raised about the potential legal fees, the likelihood of succeeding, the financial value and liabilities, and if the Association really wants to pursue ownership. One concern was to maintain the wetland; the laws of Summit County state there will be no development in a wetland area.

In a show of hands, four homeowners were in favor of seeking an unbiased legal opinion on this matter.

An owner made a motion accept the Board's report of the status of the wetland. The motion was seconded and carried with two votes opposed.

An owner requested the Association revisit this matter in a couple of years.

Management was asked to inform the homeowners whenever this issue or any issues regarding the Mountain House comes up for discussion at County meetings. Kevin Lovett agreed to do so, and added that all homeowners would also automatically receive a notice from the County.

B. River Run Update / Marriott

Ron Fiedler said there was a plan to move the gondola across the river and Marriott was planning on building condominiums.

C. E-Mail

There was a motion to communicate with homeowners by email instead of regular mail. The motion was seconded and carried. Merrel Miller offered to set up a Yahoo user group.

VIII. NEW BUSINESS

A. Satellite TV

Some owners expressed interest in installing additional channels. Kevin Lovett said there were a variety of channels available for different prices. One receiver

will need to be installed for each channel added. There would be a one time charge of \$300 per receiver.

Kevin offered to put together a package that addresses most interests. He will include a survey for owners in the next mailing.

B. Stairs on Building C

Darold Douglas said the stairs were still a significant issue. There is tremendous noise and people do not like to sleep in the master bedroom because it is so loud. He asked the Board to address this issue. Property Management will research a fix for this problem. Darold offered to cover reasonable costs incurred.

C. Tree Trimming

The trees need to be trimmed again. The overall consensus was more tree trimming needs to be done this year, including on the west and east sides.

D. Entrance to Buildings

There was discussion about ways to address the water dripping off the roof. A suggestion was made to add a gable when the roof is being replaced, or to add diverters that would channel the water on each side. Kevin Lovett will research the cost of installing diverters.

E. 2007 Budget

Ron Fiedler said that the upcoming budget would probably be exceeded, even without additional projects. There will most likely be a \$5 – 10/unit/month increase. The owners thanked the Board for doing a good job maintaining the complex.

F. House Rules

The House Rules should be posted in each unit. Kevin Lovett reminded the owners that RV's and trailers can not be stored on site. He will email all owners a copy of the House Rules.

An owner said there was no enforcement of the leash law. Kevin Lovett said owners should contact him about rules enforcement.

G. Fluorescent Light Bulbs

A homeowner recommended looking into installing fluorescent light bulbs to save on energy costs. Another suggestion was to install solar panels around the hot tubs. Kevin Lovett will research these matters.

IX. ELECTION OF DIRECTORS

The Bylaws have been changed and Directors will be elected for three year terms at the Annual Meeting so that the terms are staggered. One Director will be up for election each year to provide continuity on the Board. In order to transition to this staggered

system, one Director (Ron Fiedler) will have one more year in his current term while two Directors (Mary Parrott – two year term and Merrel Miller – three year term) will be up for election.

There were no nominations from the floor for the two year term. There was a motion to nominate Tom Richter for the three year term. The motion was seconded and carried. A motion was made to close all nominations. The motion was seconded and carried.

By secret ballot, Mary Parrott was reelected for a two year term and Merrel Miller was reelected for a three year term.

In future, the Board will send out solicitations before the Annual Meeting for any owners interested serving on the Board.

X. NEXT ANNUAL MEETING DATE

The next Annual Meeting was set for Saturday, July 28, 2007.

XI. ADJOURNMENT

With no further business, the meeting was adjourned at 11:45 a.m.

Approved By: _____ Date: _____
Board Member Approval