

**MINUTES OF DURANGO MOUNTAIN MASTER ASSOCIATION, INC.**

**ANNUAL BOARD OF DIRECTORS MEETING**

**JUNE 24, 2006**

**DIRECTORS PRESENT:** Mark Seiter, (also Association President), Nancy Furry (also Association Vice President), EJ Schanfarber, Mark Gebhardt, Gary Derck, and Cathy Craig

**DIRECTORS ABSENT:** None

**MEMBERS PRESENT:** The residential members present in person or by proxy represented a quorum. The commercial member present was Durango Mountain Resort (owner and Lessor of all commercial properties), represented by Mark Seiter.

**GUESTS PRESENT:** George Stahl (DMR and also Association Secretary/Treasurer), Louisa Drouget, Music in the Mountains, Virginia Wright, Consultant, Annie Simonson (DMR), George Ames (DMR), Jola Schraub (DMR), Kim Calder (DMR), and Lisa Foster (DMR).

Prior to the meeting, a package of materials was mailed to the members containing a summary of information, meeting agenda, minutes of the June 25, 2006 annual meeting of the members, proxy, financial statements for the year ended April 30, 2006, the Association's budget for the 2006-07 fiscal year and minutes of meetings of the board of directors over the past year.

The annual meeting of the Durango Mountain Master Association as called to order by Mark Seiter. A review of the meeting agenda was made and approved. Mark formally introduced the board of directors to the membership.

Mark Seiter introduced Hank Thiess, DMR's new General Manager and provided information as to Hank's background.

Annie Simonson introduced Louisa Drouget with Music in the Mountains. Louisa reviewed the 20<sup>th</sup> anniversary performance schedule for the summer and asked homeowners to consider donating their units for musician housing.

Mark introduced Judy Wachob, Senior Director of Village Services. Judy presented information on the summer adventure tickets and the all season pass with associated discounts provided to DMMA members. The pass must be purchased by the end of June 2006 to receive the early season rate.

The owners present at the meeting introduced themselves, including their unit number and how long they have owned property at the resort. After review of those present both in person and by proxy it was determined that a quorum of Classes A, C, D, and E were present, and that a combined quorum was also present.

Mark Seiter then directed members to the minutes of the June 25, 2005 meeting. There being no additions or changes to the minutes it was moved and seconded to approve the minutes as presented. The motion carried by voice vote with none opposed.

As the next item of business, Mark Seiter delivered the president's report, which noted the following items:

1. The ski season started off slow, but ended with a fabulous snowfall and visitor volume in February and March.
2. Southwest Charter was highly successful, and we are in the process of renewing for the 2006-07 season.
3. The resort continued to receive high marks for the family service, including the high profile focus on mountain safety and zero tolerance policy for recklessness.
4. The resort is in the final phases of the multi-year environmental impact study with the Forest Service to pave the way for more lifts and more terrain in the future.
5. Summer weddings and reunions continue to grow dramatically and the resort will host over 70 this year.
6. High Speed internet is being launched through private and "A" rated rental program units, offering safe and reliable high speed internet service.
7. The Community Service Team lead by EJ Schanfarber, is focused on residential services, quality of life and, well-managed community growth. In addition to managing Durango Mountain Utilities, this team is designed to compliment the efforts of DMMA and the metropolitan district
8. In the up coming 06-07 fiscal year the Association will continue to focus on the future with growth, community, quality of life, and investment values in mind. Specific areas of attention include:
  - Purgatory lodge club and spa
    - Pool
    - Family and adult spas
    - Locker rooms
    - Family game room and activity center
    - Club lounge
    - Fitness center
    - Salon and treatment rooms
    - \$3.5 million, paid for with RETF, memberships, reserves, and S/T debt
    - This project also sparks plaza/arrival improvements
  - Finalize design and construct the tennis courts and tot lot at the entrance of Engineer Village – designs are in meeting minutes of your package.
  - Working with the metro district on the initial conceptual plans for the community park.

- Management of new members and associated transfer fees.
- Expansion of residential and commercial design guidelines, and continued management of the growing submissions to the design review board.
- Improve clubhouse utilization (member programming, events, and guest visitation).
- Expand and improve membership communication, touches, and amenities.
- Organize survey results into the 5 year strategic plan.

Mark Seiter introduced Mark Gebhardt and Nancy Furry to discuss the DMMA amenities and facilities questionnaire (survey) and the results of the survey. 285 surveys were sent out to the members and 34 responses were received as of June 15, 2006. It was agreed to leave the survey open until July 15<sup>th</sup> to allow additional input. A summary of the survey results is attached as Exhibit A.

After the survey presentation, the membership engaged in a question and answer session that included the following topics:

- Improve restaurants (quality, consistency, hours of operation)
- Add a library area in Purgatory Lodge
- Evaluate ice rink opportunities
- Accelerate grocery/general store
- Add more bear-proof trash receptacles
- Upgrade quality/variety of shops in plaza
- Develop programming for tennis courts and tot lot
- Define trail hierarchy with more gradual/paved paths.
- Create map showing both private and public land trails
- Consider a large field for multi-purpose outdoor use, including games and picnicking
- A tunnel is proposed under highway 550 to allow pedestrians and cars to connect from east side to the west side of the resort community
- Increase the size of the snowmaking reservoir

Gary asked for volunteers to get involved with the planning and design of the new facilities. The facilities will be open to DMMA members, guests of members and rental guests. Gary also requested anyone interested in serving on the DMMA Design and Review Board to please let him know.

The membership requested that the survey results be posted on the DMMA website and mailed out to the membership. A drawing was held for an all season pass to those members that submitted the prior to June 15. Chris Lovato won – congratulations!

George Stahl presented the financial statement for the year ended April 2006, noting that revenue, net income, and cash flow were generally within or better than budget. The Association cash balance at April 2006 was approximately \$140,000.

Mr. Stahl then shared the board approved budget for the 06/07 year highlighting the following items:

- Real estate transfer fees continue to grow and are estimated to generate over \$400,000 next year.
- With continued Association growth, management accounting and community services expenses have increased to accommodate the incremental work and resources required.
- Seventy-five percent of the \$135,000 capital expenditure budget is directly related to the Engineer Village tennis courts and tot lot that is scheduled for construction in the autumn of 2006.
- Net income for the year ending April 2007 is budgeted at approximately \$40,000.

The next item of business was the election of directors. An explanation of the various classes of directors and appointments was discussed. The following appointments were made:

Commercial director -	Mark Seiter
Declarant director -	EJ Schanfarber
Declarant director -	Cathy Craig
Declarant director -	Mark Gebhardt
Mountain director -	Gary Derck

The Residential director is the only director voted by the members. Jon Word decided not run for the Residential seat, to allow Nancy Furry to remain on the board for another year uncontested. A motion was made for Nancy to serve another year that was approved by a unanimous vote with no members opposed.

There being no other business, the meeting was adjourned.

---

Meeting Secretary