

MINUTES OF  
BOARD OF DIRECTORS' MEETING OF  
FIRST WESTWIND AT VAIL CONDOMINIUMS ASSOCIATION, INC.

April 24, 2002

The meeting of the Board of Directors of First Westwind at Vail Condominiums Association, Inc., a Colorado corporation, was held by teleconference on Wednesday, the 24<sup>th</sup> day of April 2002 at 4 p.m., M.S.T., pursuant to notice to all Directors.

Board members present by teleconference were Jim Beedie, Sol Gordon, Walter Yeates, and Jim Zetler. Also attending were Geoff Wright and Marty Stewart from Destination Resorts Management (DRM).

Association President Jim Beedie acted as Chairman of the meeting and Association Secretary Jim Zetler acted as Secretary. Mr. Beedie called the meeting to order and determined a quorum was present and the meeting competent to proceed.

Jim Beedie presented the financial statement showing the status year-to-date as compared to budget. This report is attached and made a part of these minutes. Jim Beedie reviewed the year-to-date performance, noting that we are approximately \$17,000 under budget if all major maintenance items proposed are funded. Transferring the \$17,000 into our reserves will give a total reserve amount of \$58,000.

Regarding the Association insurance, since the events of 9-11, it is anticipated that our insurance rates through Loews will increase approximately 50% (currently \$10,972 annually; proposed budget \$16,242). In discussions, it was noted that at this time it might be advantageous for the Association to go directly to insurers as a small

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account, bearing in mind that there have been high losses with large accounts and continued terrorist concerns.

Walter Yeates noted that our General & Administration, Housekeeping & Maintenance Labor, and Repair and Maintenance General has increased approximately 26% over the last two years. Most of these dollars go to DRM with the exception of insurance and the outside Repair and Maintenance General. Jim Beedie explained that these concerns as well as the insurance situation will be addressed in the "Requests for Proposals" being prepared for a new management contract. Jim Beedie stated that next year's budget proposal received from DRM is being reviewed and will be held in abeyance pending the outcome of the bidding process. The bid package will be kept flexible to allow for input from bidders. At present, contract is in essence a cost plus with regard to maintenance labor. The new budget may call for a fixed price bid as an alternative.

Sol Gordon questioned DRM about the effectiveness of the change to fluorescent bulbs. This has not been tracked yet but can be done. DRM will look into this and report.

Major maintenance items were then reviewed according to the schedule provided, which is attached and made a part of these minutes.

**BOILER ROOM PROJECT:** It was noted that the installation cost of \$4,950 when added to the cost of the heat exchanger, which has been

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purchased, would result in a total cost of \$8,000 as compared to an estimate presented to the owners of \$15,000. When questioned as to whether there would be additional charges for this project, DRM stated that there were no further anticipated charges and that we were fortunate to bring the project in considerably under estimate.

Walter Yeates moved and Jim Zetler seconded approval of this project completion. Motion passed unanimously.

DRIVEWAY WALL. The drainage situation was brought into question. DRM explained that the water actually drains into a grate just inside the garage door and this has been cleaned and is functioning properly. Walter Yeates expressed concern about the amount of money that would be available for the contingent reserve, and stated it might be desirable to postpone some projects until next year in order to have funds for the reserve. It was decided to defer voting on the balance of the items until all of them were discussed.

ELEVATOR DOOR REPLACEMENT: The problem with the existing doors is that they have been repaired and re-hung so many times that the hinges will not hold.

COURTYARD RESURFACING: This is essentially a normally scheduled item every two years. It was noted that the price has increased from an estimated \$2,800 to \$3,700. This needs to be done during off-season it closes down the first floor for two days.

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GUTTER REPAIRS: This is a necessary item. Sol Gordon asked if the gutters were copper. Geoff Wright (DRM) stated they were not. The exact material was unknown.

PAINTING OF WINDOW AND DOOR FRAMES: Jim Beedie recommended that this item be held possibly until a complete re-painting of the building. In the meantime, new products that may give better performance will be investigated. DRM will check to make sure there is no wood rot. This can be discussed at the Homeowners' Meeting.

TREE REPLACEMENT: Jim Beedie recommended that this item be held until a landscaping plan is completed and then it can be discussed at the Owners' Meeting.

GARAGE WALKWAY: Jim Beedie has obtained information on a new product and will provide the required amount no cost for application by DRM. This will be done ASAP.

CARPET AND GARAGE FLOOR CLEANERS: Jim Beedie stated that he felt purchase of this equipment would be cost effective and that the labor required for these tasks would be greatly reduced. Discussion proceeded concerning the approval of these items. Walter Yeates requested clarification on the amount of money that would be available for the reserve fund. Jim Beedie noted that if we approved the driveway wall, the elevator door replacement, courtyard sealing, gutter repairs, and equipment purchase, in addition to the boiler room

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project already approved, we would still have approximately \$37,000 to contribute to the reserves. Jim Zetler expressed concern about delaying these items due to the possibility of building disruptions and scheduling problems in the late summer and fall. Walter Yeates agreed that it would be prudent to go forward as long as we were meeting our reserve requirements.

Jim Beedie moved and Jim Zetler seconded that the driveway wall, door replacement, courtyard re-surfacing, gutter repairs, and equipment purchases be approved to be completed as soon as possible. Motion passed unanimously.

Jim Beedie noted that the goal for the roof reserve was \$100,000 to be accumulated over a period of 3 - 4 years. Based on our present situation, we are on track for this.

The rental report was reviewed. Sol Gordon inquired as to whether the 80.16% LQA rating included the value units. Geoff Wright stated that it did. Jim Zetler stated that there has been dissatisfaction with the rental performance during the past season. Rental operations will be a part of the solicitation for contract. Walter Yeates inquired as to whether security around the pool was adequate, and Geoff Wright assured the Board that our security met or exceeded the requirements.

Geoff Wright and Marty Stewart were excused from the meeting.

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Jim Beedie then briefed the Board on his preparation of bid documents for the Management Contract. The solicitation will be open to anyone who wishes to submit a proposal. Interest has been expressed by Vail Management, Prudential, Vail Associates, in addition to DRM thus far. The specification will be flexible to allow for input from bidders. The package will include information on rental income, various fixed costs, such as utilities, and a listing of the items that are paid to DRM, but these items will not have dollar figures included. Information will also be provided on units 200 and 300, which DRM currently rents. Jim Beedie will send this information to the Board for comments before sending it out. It was agreed that the ownership would be divided between the Board members for the purpose of calling and making them aware that the Management Contract is going out for bid, and that this is not to be taken as an indication that the Board is dissatisfied with DRM.

Being no further business to be brought before the Board, it was moved and seconded to adjourn the meeting at approximately 8 p.m., m.S.T.

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Jim Zetler, Secretary

APPROVED:

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Jim Beedie, Chairman

