

MINUTES OF ANNUAL MEETING
OF MEMEBERS OF
FIRST WESTWIND AT VAIL CONDOMINIUMS ASSOCIATION, INC.

June 28, 2003

The Annual Meeting of the Owners/Members of the First Westwind at Vail Condominiums Association, Inc., a Colorado corporation, was held at Lionsquare Lodge, 660 Lionshead Place, Vail, Colorado, on the 28th day of June 2003, at 9:00 o'clock a.m., M.D.T. (Vail Time), pursuant to written notice duly sent to all members.

The meeting was called to order by President James Beedie (Units 305 and 404), who acted as Chairman. Secretary James Zetler (Unit 101) acted as Secretary of the meeting.

Jim Beedie called upon Jim Zetler to present the report of the Quorum and Credentials Committee. Jim reported that approximately 95% of the voting membership was present in person or by proxy and was eligible to vote. A quorum was, therefore, declared, and the meeting competent to proceed.

Sol Gordon (Unit 108) moved and Ed Lampert (Unit 102) seconded acceptance of last year's Annual Meeting Minutes, which passed unanimously by voice vote.

Jim Beedie then called upon Steve McDonald from Vail Management Co. (VMC) to present the membership with an operations and status report on the management of the building. The packet of information provided by VMC is attached to and made a part of these minutes.

Jim Beedie then discussed the major maintenance items for the balance of this fiscal year and next. He noted approximately \$11,000 may be expended for a non-slip deck surface in the pool/hot tub area.

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He mentioned there were small sample pieces currently on the deck for owners to inspect. He reported that the consensus of the Board was that we would wait and not do the new surface at this time. There is a new material that is supposed to be available shortly that is more slip resistant. Funds from this current fiscal year's budget will be used, and if the work is not done, the funds will go into surplus. Walter Yeates (Unit 205) asked if the pipes under the decking had been checked. Jeff Jacobs, VMC, stated they had been checked. Jeff stated that there is an insulation board over the pipes and the pipes are continually heated. Jim Beedie noted that the cost of the project could increase if structural problems are more severe than anticipated.

Ed Lampert stated he was of the opinion that the reserve fund was to build up, and that it was not supposed to be used for maintenance. He questioned how the \$25,000 on the financial statement was derived.

Chairman Beedie stated that the \$25,000 is a figure used to balance the budget. He also stated that current reserves are approximately \$65,000 per the Balance Sheet. The Association will add another \$4,075 to the reserve before fiscal year-end. The fiscal year ending July 31, 2003 Major Maintenance and/or the revenue over expense for the year will be used to cover the entire cost of the pool deck, railings, etc., with any non-slip material that may be purchased in the next fiscal year. The total cost could be more than the \$19,500

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currently in Major Maintenance. Jim Beedie also stated that he felt the membership was comfortable with \$50,000 in reserves, and that it is called "reserve" because this was the tax accountant's recommendation. Don Meier (Units 204 & 209) stated that when a member's unit is sold their portion adds onto the basis of the unit.

Discussion followed on utilities and telephone lines. Jeff Jacobs (VMC) answered questions pertaining to these items. Jim Beedie reported that natural gas prices have spiked and that quarterly membership assessments will have to be increased to accommodate the increase. Steve McDonald (VMC) reported that natural gas prices have increased 139% and that this is not based on seasonal rate increases. A large portion of the increase is due to other natural gas outlets in the Rocky Mountain region, primarily California. He expects there will be no relief for some time to come. Jim Beedie stated that if natural gas prices were cut during the year, the Board would most likely cut membership assessments.

Chairman Beedie explained that the \$2,600 of expense for the website is the owners' portion. He also explained that VMC and the Association are basically splitting the cost. If the Association should no longer retain VMC as the management company, there will be no misunderstanding concerning the fact that the website is owned by the Association.

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Bob Jacklin (Units 303 & 402) pointed that there was no advantage to him in having a website and felt that it was a management company expense. Discussion followed. Steve McDonald (VMC) stated there were no plans to show each unit's bookings on the website. This allows flexibility for VMC in changing bookings to meet the need. Chairman Beedie stated that the website issue brought forward by Bob Jacklin will be voted on when the budget is approved by membership.

Sol Gordon (Unit 108) asked if they had received a letter from Fireman's Fund, our current carrier, regarding continued coverage and next year's premium. Steve McDonald (VMC) stated the current anniversary date of the policy is September 1, and that VMC is trying to change the date to coincide with the Association's fiscal year. Steve stated he felt there would be no problem in renewal of the policy. Al Litwak (Unit 109) asked what our current coverages were. The policy was not available but it was reported that the limits were high. It was also mentioned that each individual unit owner needs to have a policy, which covers improvements and betterments, etc., such as appliances and furnishings, etc. The master policy picks up limited common elements and elements.

Trash removal was discussed in response to questions regarding number of pickups and the increase in expense. Jeff Jacobs (VMC) stated that the increase was due to more pickups. RaeAnn Lampert (Unit 102) questioned if it was possible to negotiate a special rate

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with the trash removal company. Steve McDonald (VMC) stated that they would check into that possibility.

Chairman Beedie called for a motion to approve the budget. Don Meier moved, seconded by Charles Wachendorfer (Unit 104) that the fiscal year budget for the upcoming year be approved. Motion was approved by voice vote with two units (Units 303 & 402) opposing.

Chairman Beedie called upon Vail Management Co. (VMC) for their annual report. Dawn Moe (Office Manager for the Westwind) and Greg Chandler (Reservations) and computer management/programmer with VMC gave the current marketing and management program. (A copy of VMC's report is attached to and made a part of these minutes.) Bob Jacklin asked how much of the Westwind's rentals were repeat customers. responded that records were only available back to September 1, 2002, when they took over management of the Westwind. Destination Resort Management, the previous management company, gave no records to them. They estimated 10% to be repeat business but felt this number was inaccurate due to the lack of records available to them. Sol Gordon asked how VMC went about attracting business from travel agencies. responded that a lot of group tours go through the central reservations office of Vail Beaver Creek Reservations.

Chairman Beedie then turned the meeting over to Vail Resorts (VR) for a presentation of the proposed Lionshead Development Plan. The architectural renderings for the "core" (conference/hotel center) and

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the Lionshead Transportation Center are attached hereto and made a part of these minutes. Questions to Vail Resorts centered on emissions from the busses in the proposed Transportation Center blowing from the west directly to the Westwind and the problems this would create for Westwind owners and guests, the down lighting proposed for the center to minimize light pollution, and potential noise problems associated with the proposed employee housing in the Transportation Center (35-36 units). VR representatives explained that VR's corporate offices would be on the top level of the building. Construction on the Transportation Center is proposed for the Spring of 2005 with a 2½ year time frame from start to finish. VR is prepared to go before the Vail Town Council in the next 7 - 10 days with their final proposal. VR representatives explained that the current Transportation Center located in Vail is undersized for the current demand. The Town of Vail wants to separate some of the functions. It currently handles both people and freight.

Roger Marce questioned what plans, if any, there were for modification of the Lionshead Parking structure. The VR representatives replied that there were some plans to add approximately 400 spaces. Ed Davenport requested that the "grade" and "height" of the center be checked into to make sure it is within code.

Chairman Beedie stated that the Board would circulate a letter to each owner asking for written responses to the above discussions.

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Roger Marce suggested two letters be written to the appropriate officials raising our concerns: 1) To address the Transportation Center immediately west of our building; 2) To address the building of a hotel/conference center, etc., to replace the existing structures. Jim Beedie stated that the Board would find out what process was in place for expressing concerns and that we would be represented at all hearings. He also stated that the Board would have discussions with the Landmark and perhaps the two associations could combine forces. Jim also mentioned that the Town Council has been very receptive to discussions in the past. He stated that our concerns were not with the "core" project but with the Transportation Center or any development immediately to the west of the Westwind property.

Chairman Beedie brought up concerns with the Westwind roof. He stated that last year our insurance carrier told us the roof should be replaced with more fire resistant materials within the next year or two. Funding for the roof was first discussed before the Board about four years ago. There is \$65,000 in surplus now, and the Board would like to keep some portion of that so that the money could be used to tie the Westwind in architecturally with what the Town is doing in the redevelopment plan. The consensus of the Board is to pick a date to begin re-roofing and go ahead with it. Chairman Beedie stated the work could be done in the spring of 2004 or the fall of 2003 if we can negotiate a good price with the contractor. The Board proposes an

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assessment of \$100,000, which would be approximately \$2,500 for a typical two-bedroom/two-bath unit, over a one-year period with assessments made quarterly. Any cost over the \$100,000 (which is currently estimated at \$25,000 - \$30,000) would be taken out of surplus. Roofing samples were shown and are available after the meeting for owner viewing.

Jim Zetler moved, seconded by Jeanne Holm (Unit 309) that a \$100,000 special assessment be made for the re-roofing of the building to be assessed over a one-year period with quarterly payments and that any additional cost over \$100,000 be taken out of surplus. Discussion followed. A roll call vote was taken with all units voting affirmative except Units 306 and 403. A copy of roll call vote is attached and made a part of these minutes.

Jeff Jacobs (VMC) estimated cost to be \$120,000 - \$150,000, although no firm estimates have been retained at this time. The estimated time frame for re-roofing would be three weeks with the punch list taking up a fourth week.

Al Litwak recommended that the Association hire a reputable contractor who can warrant the roof for product/roof failure. Mark Johnson (Unit 403) questioned if there were any leaks in the current roof. Jeff Jacobs (VMC) stated that there were a couple of leaks this past year, and there have been previous leaks in several other areas. The insurance company has evaluated our cedar shake shingles and they

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are not fire retardant. Code requires fire retardant shingles for any new roofing. Discussion followed as to whether the current roof could be patched and an entire new roof delayed. Jim Beedie pointed out that it was not easy getting insurance, and that perhaps if the roof was replaced now, a reduction in insurance premium could be negotiated. He stated the Board would obtain bids.

Don Meier moved, seconded by Ed Lampert to increase the assessment to \$125,000 so that the entire cost of the roof would be paid for by the assessment and that no funds would be taken from reserves. Motion carried by hand vote with two negative votes from Jim Zetler and Oakah Jones (Unit 405).

Chairman Beedie presented the slate of directors for the coming year as follows: Jim Beedie, Mark Johnson, Don Meier, Walter Yeates, and Jim Zetler.

Ed Davenport moved to nominate the proposed Board for election. Sol Gordon seconded the motion. Motion passed by unanimous voice vote.

Jim Beedie discussed next year's Annual Meeting date and suggested an e-mail be sent to all owners for input on a date in hopes of having more owners attend. Vicki Marce suggested a date be selected within 30 days. Chairman Beedie stated that it would be a June date and it would be set within 30 days.

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Vicki Marce suggested that internet cable connection be considered for each unit in the building. Jim Beedie suggested that also a wireless system should be checked out and that an e-mail would be sent to all owners with the findings. Don Meier suggested that the cable in the building was old and to consider cable for TV at the same time.

Vicki Marce proposed that an up-dated list of telephone numbers for each unit be compiled and be posted in each unit in order that owners and guests could place telephone calls between units. VMC will compile the list.

Jim Johnson (Unit 306) expressed concern over high water consumption in the building and suggested that restrictors be placed in faucets and showerheads and that perhaps low-volume flush toilets could be considered. Jim Beedie requested that Jeff Jacobs (VMC) research the matter.

Sol Gordon suggested that sub-metering was a possibility and could drop down our sewer rate. Jeff Jacobs (VMC) stated that the building had a solid "gold" rating now. Bob Jacklin suggested eliminating the extension cords feeding lights in the locker area. He suggested hiring an electrician to put in permanent lighting. Norma Loeser (Unit 309) suggested that delivery of the Denver Post be made to each individual unit's door at 7:30 - 8:00 each morning. Jeff Jacobs (VMC) has looked into this and the Denver Post will not

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cooperate. It was decided to deliver the Vail Daily to each unit in its place. Bob Jacklin requested that a dead tree on the outside of the pool area on an adjacent property be removed. Jeff Jacobs (VMC) will handle. Mark Johnson mentioned that the entry doors to units are in need of work. Jim Beedie stated the entry doors are probably limited common elements. He suggested VMC check all doors and repair as necessary. Al Litwak questioned who was responsible for windows repairs. The inside is the owner's responsibility; the outside if the Association's responsibility. Ed Lampert noted that the new Westwind brochures look good.

There being no further business to come before the meeting, upon motion of Ed Davenport, seconded by Don Meier, the meeting was adjourned at 11:30 a.m., M.D.T. Motion was unanimously carried.

James Zetler, Secretary

APPROVED:

James Beedie, President