

CHAMONIX-AT-WOODRUN CONDOMINIUM ASSOCIATION

ANNUAL OWNERS MEETING

February 13, 1998

1. CALL TO ORDER, ROLL CALL AND PROXY CERTIFICATION

The meeting was called to order in the meeting room of Chamonix Condominiums, in Snowmass Village, Colorado by Andy Cole, President of the Association, at 4:05 P.M.. Nonmembers present were Mike George and Lee Wilson of Snowmass Lodging Company.

Members Present	Unit #	% Common Ownership
Brenda and Dick Brown	35	3.11
Andy Cole	31	3.11
Employee Units	E- 1,2,3	6.66
Graciela de Quesada	45	3.33
Betty Lebovitz	25	6.06
	15	3.11
Kay and Dave Walker	26	5.60

Members Present by Proxy	Unit #	% Common Ownership
Anthony	20	2.82
Hullender	33	3.41
Luke	34	3.41
Stancil	40	2.63
Bragg	41	3.33
Thompson	44	3.41
Van Giesen	46	3.11

TOTAL %            55.72%

Verification of the signed proxies established that the required quorum of 50% of Chamonix owners was achieved.

2. PROOF OF NOTICE OF MEETING

Lee Wilson presented proof of notice of the meeting.

3. APPROVAL OF MINUTES OF FEBRUARY 1997 MEETING

The February 1997 Annual Meeting Minutes were reviewed. Mrs. de Quesada made a motion to waive the reading of the minutes and approve them as presented. Mrs. Lebovitz seconded, and the minutes were approved as distributed.

#### 4. Report of President/Management

Mr. Wilson advised the attendees that a Board meeting had preceded the annual meeting and summarized the Board motions. The Board approved an interior remodel for unit #45, as no exterior work was planned. The Board also approved placing a "No Smoking" sign at the pool and spa area. The Board decided to create a committee to complete the furnishing of accessories and lobby appointments and asked Mrs. Walker and Mrs. de Quesada to participate. Both members agreed, and Mrs. Walker advised the attendees that she and her husband had reviewed the property and prepared an initial list of ideas. Mr. Wilson asked that the committee prepare a budget for Board review between now and July 31, 1998, so that the budget for next year can incorporate the cost. Mr. Walker asked if the Association could act more quickly on acquisition of the lobby appointments. Discussion of the subject was tabled until later in the meeting. A proposal to convert the conference room to a fitness center was discussed, and the Board asked Mr. Wilson to investigate the feasibility and costs to convert storage space on second floor AA Building to a fitness center rather than the conference room conversion. Mr. Wilson also commented upon the Declaration requirement to have the property appraised annually, as the cost is estimated at \$5,000-\$5,500. The Declaration requires an annual appraisal to determine the insurable value of the property. The appraiser working on the project last year was unable to complete the appraisal. Discussions with another appraisal firm are in progress. The Board instructed Mr. Wilson to proceed with the process to amend the Declaration to allow for less costly appraisal requirements. Neither Woodrun Place nor The Enclave have requirements for annual appraisals of this nature.

##### 1. Physical Property

The domestic hot water supply lines continue to develop random, minor pinhole leaks. Mr. Walker asked whether the pipes are copper or plastic, and Mr. Wilson advised that the pipes were copper. Mr. Brown asked if the original supplier was still in business, and Mr. Wilson replied that he did not know. Management has reduced the size of the pumps and replaced the damaged copper pipes with thicker gauge pipes. There appears to be a small increase in the separation of some of the monitored cracks in B Building, with additional investigations scheduled to occur this Spring. Mr. Wilson advised the attendees that management planned to have another engineer review the structure in the Spring. Fewer swallows nested this year. The associated mess on windows, walls, and decks has been managed with increased washing.

The following projects have been completed in the last year: Dielectric fluid for corrosion protection was installed in the AA building elevator casing in the Spring. The decks at B 3rd and 4th, and C 3rd and 4th floor entries were resurfaced. Approximately one third of the individual condominium decks were resurfaced and had

their railings painted this Fall with the remainder scheduled in the next year. South facing fascia was stained. The pool and spa deck was resurfaced, and coping stones with a line of new tiles were replaced around the pools. Another application of epoxy with fine silica sand to reduce the chance of slipping is planned for the Spring. Mr. Wilson commented that the old runner was not put out in front of the ski locker room, because it stains the epoxy rock surface. Mr. Wilson asked the attendees to advise him during the course of the year, if they felt the surface was too slippery. Mr. Brown commented that cocoa mats near the edge of the pool deck adjoining the ski runs may be a good option.

Various condominium remodels were completed in AA and B Buildings. One A Building remodel remains incomplete, and work was suspended for the Winter season.

## 2. Rental Report

Revenue generation and owner returns through the rental program were analyzed for December 1996 through November 1997. Average Chamonix revenue per unit improved to \$46,494 on an increase of 4.89% in average occupancy. Owner statement annual returns, after deducting owner folio balances, were 47.37% on average for Chamonix properties, versus 46.16% for all properties in the rental program.

Mr. George noted that Snowmass Lodging Company (SLC) has continued to increase rental rates each year, especially during holiday seasons, when market demand is especially strong. Rental demand has improved from last year because of good, early-season, artificial snow coverage and successful marketing. SLC continues to try to increase the number of rental condominiums and revenue by offering the special rental contract, offering to lock off bedrooms and store personal belongings for non-rental unit owners who wish to rent, and using re-booking inserts to encourage guests to book directly through the management company. The number of rental units managed by Snowmass Lodging Company has remained relatively stable over the last four years, growing from 72 to 77 rental properties.

SLC Internet advertising has resulted in increased direct access by consumers to our rental program and is quickly growing into a strong source of business. Our cooperative marketing with various partners, including the International Alliance, the SRA, Village Resorts International, and the Aspen Skiing Company have helped to increase demand in the 1997-8 season by 7% over the prior year, and we expect Winter gross rentals to grow by approximately 12%.

## 3. SRA Restructuring

The SRA committee has met on numerous occasions this year and is in the process of developing a platform for change that should be beneficial to Chamonix owners. The proposals under consideration conform to the stated goals of the ad-hoc committee to dissolve the SRA, and both committees are close to agreement as to what changes are

needed within the organization. Among the proposed changes are replacing the civic assessments with local sales taxes, reducing common assessments for rental owners, reducing or eliminating common assessments for nonrental owners, restructuring debt, and developing more directed marketing to improve distribution of business throughout the Village.

The intent of the sales tax is to spread the costs of the cooperative marketing programs over more of the commercial business within Snowmass Village. At this time about 70% of the businesses participate in the SRA, and changing the civic assessment to a sales tax would require the remaining properties to participate. The proposed sales tax percentage is lower than the existing SRA civic assessment on the theory that the cooperative marketing costs would be spread over a larger pool of consumers. However, the residents of Snowmass Village will decide on the tax issue, and fairness or parity in the commercial sector of the Village may not be of any real concern to them.

As SRA members have produced more revenue, the funding of the SRA budget has shifted from common (property) to civic (consumer) assessments, giving the SRA an opportunity to reduce the common assessments. The current proposal is to reduce the common assessments by 60% over three years and to place a cap upon the maximum unit assessment. Nonrental owners will most likely have the option to give up their SRA votes in return for having no common assessment. If nonrental owners are interested in retaining voting privileges, then they would have to continue paying common assessments, albeit at reduced rates of approximately 60%, phased over three years.

Restructuring the debt on the Conference Center will help the SRA to reduce the overall assessments by deferring some debt obligations to the future on the theory that future owners within the Village will benefit from the Conference Center, and current owners should not have to pay for all of the related capital costs during their ownership term.

Allocating SRA funds through more specific line items may help to spread business more evenly throughout the Village. Most of the marketing is targeted to Conference Group business, although many members do not derive revenue proceeds from these groups. We are supporting more funds allocation to line items that will directly benefit the condominium members who produce the civic assessments, such as increased staffing to support the Tour & Travel market segments, and more international trade show representation.

#### 4. Financial Summary

After two periods the Association is behind the plan by \$423. Revenue is on pace. G&A costs are down \$556 YTD, primarily for budgeted legal costs that have not been needed.

Utility costs are down \$4,011 YTD, primarily from savings in Electricity costs. The Association received a \$3,669 windfall in dividends issued by the Holy Cross Electric Association. As members of the Electric Association, Chamonix receives dividends when the Board of Directors votes distributions for its members.

Repairs & Maintenance Contractor expenses are higher than anticipated as the result of antifreeze addition to the heat system costing \$2,433.

The audit for the prior year is almost completed. The Association ended the last fiscal year \$244,493 ahead of the budget, primarily from unbudgeted common area lease revenues, common area space sales, and lower Utilities. Reese Henry, the outside auditor, has advised management that the recent common areas sales and leases have more than offset the loss carry-forward on taxable components for the Association in the 1996-7 fiscal year. The Association will have a small income tax liability for 1996-7, and income producing transactions, such as space leases, will create taxable income in subsequent years.

Mr. George reported that the Woodrun Place Association is considering using an outside consultant to review reserve funding. A ten percent discount is available from the consultant if more than one Association participates. Management suggested and those in attendance agreed that, while it is beneficial to have reserve reviews, the approximately \$5,000 fee may be more useful in the fund. Management and Board will continue to review reserve funding on an annual basis. The fund is in good shape with an approximately \$390,000 balance.

5. Election of Managers

Dr. Bramlet's Board term is expiring. He has indicated a willingness to serve another term. No other owners have expressed an interest in serving on the Board at this time. There were no nominations from the floor, and Mr. Cole nominated Dr. Bramlet, and Mrs. de Quesada seconded. Dr. Bramlet was reelected.

6. Old Business

1. Brush Creek and Burlingame development

Snowmass Land Company and the Ski Company have reopened discussions with the Town of Snowmass Village regarding the Brush Creek and Burlingame development. Details of the new proposal have not yet been published. Mr. George reported that Woodrun Place was actively pursuing litigation to counter any proposals to build properties between Woodrun Place and Fanny Hill. The latest newspaper reports also indicated that Children's Activity Center is now tentatively planned as a component of the mixed-use facility at the base of Fanny Hill. The plan submitted two years ago included a gondola alignment between Chamonix and The Enclave.

Until some construction proposal is presented by the developers to the Town of Snowmass Village, management will be uncertain of the impact upon Chamonix owners. Management will continue to advise the Board, as information becomes available.

Mr. Cole advised the attendees that the owner of units 22 and 23 was in the process of combining the units. The contractor was originally to finish the project by Thanksgiving, but he did not complete the work. The owner has approached the Board to ask that work be allowed to proceed during the late Winter season. Mr. Cole explained the Board's position of trying to help the owner with his project schedule while being aware of potential construction impacts, and asked the attendees for comments. Mrs. Walker commented that construction should only occur in the off seasons.

Mr. Cole advised the attendees that discussion at the Fall budget meeting of whether to return some of the Reserve Fund to the owners occurred. Mr. Brown commented that any amount returned would be negligible, and would be best left in the Reserve Fund.

## 7. New Business

### 1. Insurance Appraisal

Interior improvements are now covered by the Association insurance policy. Owners may be able to reduce their individual policy coverage/cost because of the change in the Association policy. Please have your insurance agent contact John Wilkinson of the Aspen Agency (970) 925-7285 for further information.

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Mr. Walker made a motion to have management investigate the costs of adding walls constructed of weather-resistant materials to both the exterior and interior garage walls.

Mr. Brown seconded, and the motion was unanimously passed. Mrs. Brown commented that there were wires that should be put inside conduit, and Mr. Wilson said that he would work on the problem. Mr. Walker commented that a section of the exterior near the entry to B Building had recently been painted, but that the color did not match the rest of the complex.

Mrs. Walker thanked the staff for their hard work, and Mr. Cole asked management to post a letter of appreciation for the staff. Mr. Walker noted that an organized method

of recognizing staff during the holidays would be a good idea. Mr Cole asked management to include a pledge form in the November mailing to Chamonix owners to give them an opportunity to recognize the staff. Mr. George outlined the existing process by which owners and guests may leave a gratuity on their folios, and it will be distributed to the staff by a standard formula.

Prior to the meeting, Mrs. Walker established a quick budget of \$3,000 to add accessories to the lobbies. Mrs. de Quesada advised Mrs. Walker that she would be available to work on the project until late March. Mr. George and Mr. Wilson suggested an expenditure of that magnitude could be accommodated in this year's operating budget. Mr. Cole made a motion for the committee to spend up to \$4,000 from operations to add accessories to the common lobbies. Mrs. Brown seconded, and the motion was unanimously carried.

Mr. Brown asked about the current TV satellite signal usage at Chamonix. Mr. Wilson advised the members that it may be possible to multiplex from existing dishes, if owners are interested. Two owners presently utilize the service, and each continues to use cable signal for local channel availability.

2. Minutes note - tax allocations and disclosures

Management has performed various time studies and has developed specific allocations for budgeting and tax purposes. These studies have been incorporated into the Association's current year tax returns. The Association's membership surpluses are added to reserve funds or carried forward to the next fiscal year and membership deficits are covered by increased assessments in the next fiscal year. Reserve funds are held in separate escrow accounts.


3. Motion to ratify acts of the Board of Directors for the past year

Mr. Cole made a motion to ratify the acts of the Board for the past year. The motion was duly seconded by Mr. Walker and unanimously approved.

8. Adjournment

The attendees were reminded that the Annual Meeting is scheduled for the second Friday of February each year. The meeting was adjourned at 5:30 PM.

Respectfully submitted,

  
Graciela de Quesada, Secretary