

CHAMONIX-AT-WOODRUN CONDOMINIUM ASSOCIATION

ANNUAL OWNERS MEETING

February 12, 2002

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 4:02 P.M. Nonmembers Jim Treadwell, Mike George, and Lee Wilson of Snowmass Lodging Company were also present.

<u>Members Present</u>	<u>Unit #</u>	<u>% Common Ownership</u>
Andy Cole	31	3.09
Employee Units	E- 1,2,3	6.62
Graciela, Alex de Quesada	45	3.30
Anita Cole (by telephone)	17	2.61
Betty Lebovitz (by telephone)	25&15	9.11
Dick Brown (by telephone)	35	3.09
Harry, Rosalyn Hastings	36	4.64
Don Anthony	20	2.80
Richard Webber	37	2.61
Roger Loeffelbein	30	2.61

<u>Members Present by Proxy</u>	<u>Unit #</u>	<u>% Common Ownership</u>
Walker	26	5.56
Hullender & Shurley	33	3.38
Hartman	40	2.61
Brag	41	3.30
Thompson	44	3.38
Rosenbaum	47	2.80

TOTAL 61.51%

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 13, 2001, MEETING

The February 13, 2001, Annual Meeting Minutes were reviewed. Anita Cole made a motion to waive the reading of the minutes and approve them as presented. Grace de Quesada seconded, and the minutes were approved as distributed.

4. REPORT OF PRESIDENT/MANAGEMENT

1. Physical Property

Since February 2001 the following projects/major repairs have been completed at Chamonix: Repairs to B Building gutters and downspouts were completed in May. We repaired leaks in domestic hot water supply lines and fire sprinkler lines in the underground parking. We replaced approximately 10 double pane windows, as seal failures between panes occurred, and one sliding door was replaced because of broken glass. The columns supporting decks at the SE corner of AA Building were jacked back to their original position in June. The garage floor slab on the north side of the lower parking area was raised back close to original position by injecting concrete grout through holes drilled in the floor. Two lawn sprinkler zones were reconfigured on the east side of A building to improve coverage and performance. The pool deck was recoated with epoxy to hold the deck pebbles. All condominium door locks were rekeyed last spring. Chimneys were inspected and cleaned. The heat boiler controls were replaced this fall. New entry mats were installed at building entries. Additional protective mats, additional chairs, and a new umbrella were added to the pool deck. Building insurance policy limits were adjusted to reflect a value of \$250 per square foot.

A leak in condominium 44 caused damage in condominium 34 this fall. All damage is repaired. The sewer line leaving B Building blocked in early January 2002 causing sewage from the building to flood the lower floor of condominium 25. Repairs are underway. After studying a videotape of the sewer line that became blocked Louis Meyer, our engineer, recommends the line be replaced this spring. There are low sections that can result in line-blocking deposits. The line will be jetted at least once before Spring to assure there will be no further blockage.

Roger Loeffelbein mentioned some sheetrock repairs needed to the spalling ceiling above his deck, wall cracks and cracked tile in his solarium. Mr. Wilson committed to completing the repairs this spring.

2. Rental Report

Management analyzed revenue generation and owner returns through the rental program December 2000 through November 2001. Average Chamonix revenue per unit declined from \$61,077 to \$57,349 on a decrease of 5% in average rental occupancy and a decrease of \$5.52 per night in average rate. Owner statement annual returns, after deducting owner folio balances, were 46.41% on average for Chamonix properties this year, versus 47.15% in the prior year. Owner use by rental owners increased from an average of 27 nights per unit last year to 60 nights per unit in the year under review.

The SVRA remains in a state of transition, and the numbers for the Village they provide are deemed to be unreliable at this time. The newly appointed President has resigned, and the outcome for the organization is uncertain. The Marketing VP, Brett Huske, has been appointed as acting President. Association marketing functions are suspended at this time.

Status of Rental Program and Operations - Mr. Wilson reported that winter rental revenue for 2001-2002 is on pace to be down from that of 2000-2001 by about 5% across all units in the rental program. While the effects of Sept 11th were dramatic in December and January in terms of lost revenue, bookings for the rental operation are improving in February and March. Higher-rated units with low owner usage continue to financially exceed the performance of units with low ratings or high owner usage, particularly for owners who schedule their visits around high commercial demand weeks.

Management has advised owners that it is again accepting shorter stay lengths, offering higher booking commissions, and reducing prices to shore up weak demand. Other factors that have weakened demand are the decline in equity markets, the upheaval and management changes at the SVRA, and the unfavorable Canadian currency exchange rates that are causing winter vacationers to visit the Canadian Rockies in greater numbers. International travelers have been slow to return to Snowmass Village, and we hope that this market segment will rebound next season. It will take two to three seasons to rebuild nightly rates to pre-Sept 11th prices, particularly over the Christmas and New Years holiday periods.

Financial Summary

After the first two months the Association's expenses are about 2% under budget.

Utility costs are down \$3,728 YTD, with savings in gas and electric costs. Natural gas price is lower this year compared to last year. We expect a one-time expense when the gas company connects a required real-time metering device, which may consume most of the savings to date. The electric savings is due to a Holy Cross Energy dividend to customers.

Repairs & Maintenance expenses are approximately on budget, with offsetting variation in some lines.

The audit for the prior year will be completed before the end of February 2002. Preliminary reports from the association auditor indicate that we should have no external adjustments to the books.

The Reserve fund (for replacement of capital items) had a balance of \$391,505 at year-end.

ELECTION OF MANAGERS

Andy Cole's term is expiring. Andy has indicated he will not run for another term. Grace de Quesada's term expires in 2003, and Anita Cole's term expires in 2004. In addition, the Board has decided to increase the size of the Board to five members. The nominating committee has nominated Betty Lebovitz, condo. 25, Dick Brown, condo. 35, and Peter Van Giesen, condo. 46. Anita Cole made a motion to elect the slate of nominees, with Betty Lebovitz elected for a three year term, Dick Brown elected for a two year term and Peter Van Giesen elected for a one year term. Grace de Quesada seconded, and the motion passed. Thank you to all candidates for your willingness to serve on the Association Board.

5. Old Business

1. Courtyard Renovation

The Members reviewed a conceptual plan for the renovated courtyard produced by Robert Trown Associates. Andy Cole summarized the process that led up to presentation of the plan. Concrete in the motor court is spalling. Other properties in the village have heated their drives. We have replaced the entry lights and trash room door, and see the need to continue maintenance and upgrades. The domestic water boilers are near replacement age, and replacements could be sized to also heat the motor court. Grace was appointed to organize the research effort. Robert Trown and Associates were asked to develop an entire upgrade plan. The Board is still gathering information regarding the plan. They are presenting the plan to get feedback from owners to see if they are going in the correct direction. The next step is research on the cost alternatives. It seems unlikely that any work would begin this summer or fall, and investigations should continue.

There was discussion of the need for more cost information, and the possibility of phasing the improvements. Ideas mentioned for funding the project included: use of reserve funds, acquiring a loan, levying a special assessment, or a combination of all these mechanisms.

It was pointed out that the problem is primarily aesthetic in nature. The motor court is structurally sound. The idea of pouring a slab on top of the present surface was discussed, but the garage entries and other grade considerations make that option difficult or impossible. Harry Hastings described an idea for a smaller central area in the motor court allowing for parking around the center, and a decorative, chimney-like object to better control ventilation from the parking below.

Replacing the upper deck would allow new waterproofing to be installed to prevent or reduce leakage into the lower parking garage. Roger Loeffelbein suggested consideration of the use of surface sealants to prevent water infiltration into the structure.

6. New Business

1. Minutes note - tax allocations and disclosures

Andy Cole made a motion affirming that the following management practice is a policy of the Board and Management, and is adhered to by the Association. Anita Cole seconded, and the motion passed:

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.

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

Anita Cole made a motion to ratify the acts of the Board for the past year. The motion was seconded by Betty Lebovitz, and was approved.

3. Base Village

Bill Kane of the Aspen Ski Company presented the proposed plan for Base Village and new lift configuration near Chamonix. He reviewed the history of at least 6 base village plans, which began when the ski area was first developed. In 1999 the Ski Company acquired the land for Base Village. In July of 2001 IntraWest joined the Ski Company as partner for the Base development. The partners are focusing on "hot bed" development, designed to bring in more skiers, and some food and beverage enhancements. The application calls for 683 condominiums with rental and operational management by major "flag" name hotel companies. Individual, lock-off bedrooms would allow hotel style as well as apartment rental. The condominiums are generally to be about 1200 square feet in size. At this time they are expecting to sell in the \$700 to \$800 per square foot price range.

The changes to the lifts include: a new gondola from the Base to Elk Camp with bend in alignment and a loading station near the bottom of the present Funnel lift, a new high speed lift from the end of the Mall to the top of Sam's Knob with an unload station near the point where Burlingame lift now unloads, a "cabriolet" lift between the new Base and the Mall, a new Assay Hill lift, and the removal of the present Assay Hill, Woodrun, Fannie Hill, and Burlingame lifts.

A new activity/ski school center is planned for the flats to the west of the Café Susanne, with evening gondola operation anticipated. There is an "aqua-center" recreation area within the Base Village that would be open to the public, and would include food and beverage.

The developers hope to begin construction in the summer of 2003 with approximate

build-out in eight years. The Woodrun lift may be removed in the summer of 2004.

The specific alignment of the new gondola and the height of the towers was a concern for the members present. Mr. Kane indicated the towers would be 30 to 40 feet in height, about the height of the present chair lifts at Snowmass. Management was instructed to get further information as the approval process evolves. The plan will be discussed with the Town and community at meetings scheduled February 18 and 20, 2002.

7. Questions from the floor

Roger Loeffelbein asked to address the meeting regarding his son, Mark, and the actions of the Board related to Mark. Mark was born with Williams Syndrome, and is handicapped. Mark is 36 years old. Mark typically visits the Front Desk Lobby and the ski locker/pool areas. He has a habit of rocking, and will occasionally ask to hold a person's hand. Mr. Loeffelbein understands that someone at the Front Desk was uncomfortable having Mark in the lobby. Mr. Wilson had also contacted him about a person that was uncomfortable with Mark in the ski locker room. Mr. Loeffelbein understood the matter to be closed until he received a letter from the Association's lawyer in December. He and his wife were offended by the letter. Mr. Loeffelbein maintains that people need to be tolerant of Mark's condition, and he is unwilling to place Mark under "house arrest".

Anita Cole explained the Board felt the need to address the situation because of the potential sexual harassment liability. She finds the Loeffelbeins response to be threatening. Grace de Quesada described her interactions with Mark and her familiarity with another (past) resident with Williams Syndrome. Grace pointed out the owner's responsibility for guests and family conduct at Chamonix. She is offended by the Loeffelbein's reaction.

At Anita Cole's request, Roger Loeffelbein read his letter in response to the letter from the Association's lawyer. He offered that Mr. Wilson has copies of his letter as well as the letter from the Association's lawyer, and a response letter from the lawyer to his letter. Mr. Loeffelbein asked that the Board respect their position and deal with them directly.

Mr. Webber felt it was inappropriate for the Board to have the lawyer send a letter to Mr. Loeffelbein without talking to the Loeffelbeins directly. Andy Cole pointed out that Mr. Wilson had conversations with the Loeffelbeins regarding the issue.

Harry Hastings asked that the management obtain further information regarding the specific alignment and tower height of the new gondola from the proposed Base Village.

8. Adjournment

Harry Hastings made a motion to adjourn. Richard Webber seconded, and the motion

was passed. The meeting was adjourned at 5:50 P.M.

Respectfully submitted,

Graciela de Quesada

Graciela de Quesada, Secretary