

NORTHWOODS CONDOMINIUM ASSOCIATION

Minutes of the Annual Meeting of Owners December 27, 2013

The annual meeting of the owners for Northwoods Condominium Association was held on December 27, 2013. The meeting was convened at 5:45 pm in the D/E Connection Hall. Bob McLeod, in the absence of Scott Martin, the association's president, acted as the chairman of the meeting. Other directors who were present included Javier De Pedro, Miguel Jauregui, and Arturo Brillembourg. Also present were the association's managers, Colette and Patrick Pinnell, as well as the association's accountant, Mike Phillips, and the association's attorney, Norman Helwig. The chairman requested Mr. Helwig to serve as the acting secretary and take the minutes of the meeting.

The chairman reported that sufficient representation of the general membership of the association at the meeting, either by attendance in person or by proxy, had been achieved in accordance with the bylaws. The chairman opened the meeting and asked for motion concerning the minutes of the December 28, 2012 annual meeting. Upon motion made and duly seconded, the minutes were approved unanimously.

The first agenda item concerned the association's financial and budget reports. The chairman called on Mike Phillips to present these reports. Mr. Phillips explained that the operations of the association for the 2013 fiscal year had matched the budget, and that no extraordinary expense or income items had been encountered. In addition, the association did not experience any material revenue surplus during the fiscal year. He pointed out that copies of the association's financial statements had previously been made available to all owners along with copies of the board-approved budget for the 2014 fiscal year with line-item comparisons to the budgets for previous years.

The chairman explained to the owners that the board is required to approve the operating budget on an annual basis for the upcoming fiscal year. This budget becomes the official budget for the association unless it is rejected by a vote of the owners. The chairman then asked if there was a motion to reject the new budget. Hearing no such motion, the chairman declared the board-approved budget for the 2014 fiscal year to be officially adopted.

The chairman then called on Mr. Helwig to explain the procedures for electing directors whose terms had expired. Mr. Helwig reported that Don Childress, Fernando Lerdo de Tejada and Miguel Jauregui had been elected to serve as directors for two year terms at the last annual meeting. Therefore, the terms of the remaining five directors are expiring.

Mr. Brillembourg informed the owners that because his term on the board was expiring, and because of time commitments to other projects, he would not be able to run for re-election to the board. The chairman thanked Mr. Brillembourg for his service and stated that his vacant board seat would have to be filled by a new candidate. A number of owners suggested that Dick Michaux would be an excellent candidate. Mr. Michaux

responded that he would be willing to become a candidate for the vacant board seat, and that he was happy to volunteer for this position. There being no other nominations for this directorship, Mr. Michaux was placed on the recommended slate of directors.

Mr. Helwig described an expedited procedure for electing a slate of directors by acclimation. He explained that Bob McLeod, Scott Martin, Javier De Pedro, Gunnar Gillberg and Dick Michaux could be elected as directors for two year terms by a vote of acclimation from the membership. The chairman proceeded with a voice vote on this matter, and the five directors were elected by acclimation.

Mr. Helwig was then asked to discuss the procedure that takes place each year at the annual meeting concerning excess operating revenues. He explained that while it is always necessary for the membership to approve the transfer of excess operating revenues to the operating or reserve accounts for the next fiscal year, this procedure would not be required at this particular annual meeting because the association had not experienced any material excess operating revenues during the 2013 fiscal year.

The chairman then suggested that the membership take up a full discussion of the proposed renovation and façade improvement project. He explained the background surrounding this project and the reasons that the board had recommended the nature and scope of this project. He discussed the multiple goals that would be achieved by the construction of the project which include fire prevention enhancement, the elimination of the dated and subdued exterior appearance of the buildings, correction of various non-uniform structural elements that have resulted from remodeled units over the years, and the general enlargement and improvement of the pool and spa areas.

The chairman described the process that the board had undertaken in order to obtain competing design bids for the project and to investigate possible contractors who were interested in submitting construction bids. He pointed out that the board had hired Jim Adams, a construction and development consultant with East West Partners, to assist in this process, and that Mr. Adams was present at the meeting. The board reviewed the various design submittals and selected the submittal from Zehren & Associates, a local architecture firm. A representative of the Zehren firm was also present at the meeting, and he gave a brief description of the firm's capabilities and other projects that had been constructed in the Vail Valley and in other resort areas.

The association has posted Illustrative drawings and other information about the project design as proposed by the Zehren firm on the association's website and has also attempted to send information about the proposed project to all of the owners. The association also made copies of project information available to owners before and during the meeting. The Chairman emphasized that the drawings and the representative materials were simply conceptual in nature, and that the actual project, if constructed, might look different.

A lengthy discussion followed. Many owners had questions and a variety of suggestions. The board members and Mr. Adams responded to these questions and suggestions in as much detail as possible. Mr. Michaux took the floor and said that while he supported the general concept of the project, he felt that the association would benefit from

a value engineering process. He explained that this essentially required an analysis of the costs relative to the benefits obtained with respect to various materials and design features. He suggested that an example of this kind of approach might require a closer examination of the proposed material to be used on the new chimneys and a determination of whether metal or copper-clad exterior surfaces would suffer any corrosion or degradation from heat and smoke over the years.

There was a general feeling among the membership that while the project had merit and should be pursued, additional analysis and discussion should take place concerning the final design of the project and the selection of materials. Mr. Michaux emphasized that the membership should not hesitate to try and make the proposed project better by indulging in this process, and that undertaking this effort should not interfere with the planned construction schedule.

The chairman explained that the mail-in ballot for voting on the project would be valid for a period of 60 days, and that this would give the owners an opportunity to learn more about the project. He also pointed out that this would give the board additional time to discuss possible alterations to the design drawings in light of feedback and other suggestions from the owners. If the project, in its final design iteration, is approved by 67% of the voting strength of the ownership, the project will be constructed during the mid-April to mid-November time period during 2014.

Several owners asked about the best method for paying for the project. It was pointed out that the association currently has almost \$2 million in its replacement reserve accounts, and that a portion of these funds should be allocated for the project. Mr. Adams explained that two banks had already issued preliminary loan commitment letters to the association for financing a major portion of the costs of the project. Mr. Jauregui said that the financing issues were favorable, and that the banks would not require mortgages on real estate property within the association as collateral. Instead, the construction loan, which would be converted to a permanent five year loan at the end of construction, would be secured by an assignment of the association's future assessment revenue stream.

The chairman pointed out that the financing issues and other related questions would be studied by the board in depth, and that the board would make recommendations based on what it believed to be the most prudent course of action. He suggested, by way of example, that the board might wish to consider a special assessment to raise funds to pay for a portion of the project, and that owners might be given the option of paying this special assessment in one lump sum or financing the payment over a number of years. He emphasized that no firm decisions had been made as yet by the board, and that these issues would be analyzed carefully in the coming weeks.

At the request of the Chairman, Mr. Jauregui spoke about his membership on the board of the Vail Homeowners Association and the general goals of the organization to monitor and enhance responsible growth and improvements within the Vail Valley. He pointed out that there are still a number of problems with the redevelopment proposal that is being circulated by Ski and Snowboard Club of Vail for its property west of the association's boundary along Vail Valley Drive and across from the Manor Vail complex. He also explained that if Northwoods can advance and submit a highly desirable and well-

received renovation project plan for its buildings, this will serve as a guideline and will encourage other responsible development projects.

Mr. Brillembourg suggested that more owners should take the time to participate in the Vail Homeowners Association activities. He expressed his appreciation to Mr. Jauregui for serving on the board of the Vail Homeowners Association, and he encouraged Mr. Jauregui to continue with this endeavor. The ability to control responsible development within the Vail community is dependent upon this kind of continuing involvement.

The Chairman asked if there was any new business to come before the meeting. Hearing nothing further, the Chairman, upon motion made and duly seconded, adjourned the meeting.

Norman Helwig, Acting Secretary

(Original Document Signed by Norman Helwig)