

CHAMONIX-AT-WOODRUN ASSOCIATION
BOARD OF MANAGERS MEETING MINUTES
October 28, 2010

I. Call to Order

Betty Lebovitz, President of the Board, called the meeting to order by conference phone call at 1:03 P.M. Colorado time on October 28, 2010. Board members present by conference phone call were Betty Lebovitz, Donald Anthony, Peter Van Giesen, and Brian Moir. Nonmembers present in Snowmass were Mike George and Lee Wilson of Snowmass Lodging Company.

II. Approval of Minutes

Mr. Anthony made a motion to waive the reading and to approve the minutes of the February 25, 2010, Board meeting. Mr. Moir seconded. The motion was approved.

III. Old Business

A. State of the Property

The following repairs and replacements were completed since the last board meeting:

- Chimneys were inspected/cleaned
- Dryer vents cleaned
- Hot water pipe pinhole leaks were repaired
- Driveway boilers controls repaired
- Heat recirculation pump repaired
- Fire alarm signal panel replaced
- Beveled glass entry doors repaired
- Condominium 17 patio installation was completed, and a gutter was installed along the C Building eave over it.
- C Building roof replacement is underway with repairs to the underlayment, weatherproofing, snow-clips, and most shingles replaced by October 25, 2010. Further HotEdge heat tape system and the final shingle installations will be installed after the snow from the October 25 storm clears.
- Water damage to a section of stucco on C Building chimney wall was found to be the result of leakage at the chimney cap. Access to the chimney cap for repairs will require a larger man lift than available for the C Building roof work this fall. Chimney cap repairs can be scheduled next year utilizing the higher man-lift required for A Building roof work. We estimate that chimney cap and stucco repairs will cost approximately \$3,000. Mr. Moir asked if the boom would keep the roofers off the new material during the repair, and Mr. Wilson advised that this is part of the intent of using the boom.
- An internet component failed this spring on the hardwired backup system. Although it could be repaired for approximately \$3,500, the other system components are obsolete, with no new replacements available. It has been unusual for people to utilize the hardwire system (there have been no complaints since the failure), so we do not plan to replace the failed part. The Enclave and Woodrun Place Associations have had their 2010-2011 budget meetings, and neither has approved any funding to replace this shared-cost system.

B. Rentals, Rates, and Unit Upgrades

Snowmass Lodging Company Rental Operations – Summer 2010 gross rental revenues were up by 11%, or \$18,149, over those of the prior year. Both the economic recession and local construction issues continue to hamper rentals. Advance bookings for winter 2010-2011 are currently up 6%, or \$85,983, over those of the prior year. The Snowmass Village rental market for winter 2009-2010 was

down a reported 11%, while SLC was down about 8%.

IV. Accounting and Budget

A. Current Financial Position

The owners of condominiums 27 and 50 are delinquent on payment of assessments amounting to \$11,359.42 and \$1,361.21, respectively. The owner of condominium 17 has one month of interest charges outstanding of \$83.36. The condominium 27 owner recently notified Mr. Wilson that a judge ruled that the owner's ex-husband will be responsible for the assessments due through August 2010. Mr. Wilson will continue to try to elicit the balance owed from the unit owners.

The Association has a 3% surplus, or \$1,014, as compared to the plan, after 11 months, excluding any carry-forward surplus. Our forecast is that the Association will finish the fiscal 2009-2010 year approximately \$3,527 over the budget. General & Administrative costs are forecasted to be over budget by \$22,409 for Depreciation costs related to the recent lobby renovation project and higher than expected Insurance premiums, with other line items variances offsetting. Utility costs are expected to be under budget by \$4,879, or about 2%. Repairs & Maintenance expenses are forecast to be under budget by \$11,968 on lower SLC labor and Snow Removal costs, with other line item variances offsetting. Details for most of these variances are discussed in the recently issued quarter 3 report to the Board.

B. Reserve Fund Status

The Association has a projected Reserve Fund balance of \$512,594, at 2009-2010 fiscal year-end.

Mr. Wilson reported that no reasonable heat boiler replacement plan has yet been found. A number of possible energy conservation/efficiency financing plans and additional heating contractor proposals were investigated. The type of boiler specified by the contractor mentioned at the previous Board meeting was found to be inappropriate for the retrofit situation at Chamonix. Presently the driveway/domestic hot water heaters are on the same gas meter as the heat boilers, so no contractor was able to reliably estimate the savings with new, more efficient heat boilers. Mr. Wilson is continuing investigations.

Mr. George noted that the external auditors recommend that any miscellaneous line item credit in the Reserve Fund be allocated to a specific cost line item. For fiscal 2009-2010 year end SLC recommends transferring the miscellaneous line item credit, now approximately \$4,660, to offset the cost of Roof Replacement expenditures. Mrs. Lebovitz made a motion to approve this transfer, after the audit is completed, and Mr. Moir seconded. The motion passed.

C. 2010-2011 Budget Review

SLC, for the overall budget, proposes to maintain flat assessments, while increasing the Reserve Fund contribution and via transfer of any actual, cumulative Operating Fund surplus to this purpose, after the external audit is completed.

Major cost adjustments between the forecasted year-end totals for 2009-2010 proposed in the 2010-2011 operating budget are listed below:

Insurance- increased to allow for higher fidelity coverage limits, as the Association has amassed substantial cash balances.

Depreciation – returned to estimated actual \$24,317 as the Operating Fund surplus associated with the depreciation is proposed to be transferred to the Reserve Fund roof line item.

Gas – budgeted flat as recommended by our supplier.

Cable TV – Increased only slightly to reflect present Comcast billing with new converter boxes added to bedroom TVs.

Trash – Increased 10%, as TOSV almost always imposes a corresponding annual increase.

Supplies – inflation increase

Pool Maintenance – Increased slightly to cover pool deck seal coat in 2011

Window washing – anticipated increase from contractor

Chimney sweeping – anticipated increase from contractor

Snow removal – increased over last year - it will be a big snow year!

Equipment Service Contracts – Increased for some greater frequency of inspections for fire, life safety (elevator), and heating systems.

Special Projects - \$6,279 for pro-rated portion of phone switch replacement. The current switch is approaching the end of its useful life, and it is now obsolete, with parts no longer available. This line also includes partial funding for completion of the replacement of the rest of the roofs, using either reserve model 1 or 2 (removed by Board action later in the meeting, see below).

The inclusion of the lobby renovation purchases over the 2006-2007 and the 2007-2008 fiscal years increased depreciable personal property expenses. In prior years management recommended under-budgeting of this expense to reduce the cumulative, carry-forward surplus over time. However, this year management recommends formally transferring this Operating Fund surplus to the Reserve Fund Roof line item in whole, once reviewed by the external auditors. The roof work to date in fiscal 2009-2010 has revealed hidden damages that needed repair, so bolstering this line item to help fund faster replacement of the remaining roofs is a logical course of action. Mr. Anthony made a motion to approve this projected transfer of \$93,414.63, adjusted for the year-end actual amount available after external auditor review. Dr. Van Giesen seconded, and the motion passed.

Annual Reserve Fund review and adjustment

Management proposed adjusting the Reserve Fund useful life estimates and funding levels, as shown on the two reserve fund schedule(s). Management noted during the last two years that the roof replacement fund was insufficient to replace the entire roofs in the next few years. Model 1 projects completion of the current approved roof replacement work at budget, plus \$10,027 as an estimate for change orders to repair the hidden damage found below the shingles. Model 1 also includes a special assessment (\$517,300) for the estimated amount to finish replacement of the roofs on all other buildings in 2011 (\$606,900) minus the balance of the roof reserve line item (\$89,600.42) from 2010-2011 Reserve Fund calculations. Model 2, as proposed, uses existing Reserve funds to finish the roof project; essentially a loan from other Reserve lines, while still preserving cash for projected expenditures over the next five years. A smaller special assessment (\$258,894) would be necessary to keep the reserve fund balance at approximately \$197,500 (the reserves needed to cover the estimated costs for listed projects for the next five years).

After discussion the Board decided to defer on any special assessment at this time. The Board instructed management to continue a phased roof replacement plan under model 2 with some modifications.

Management initially proposed to increase the Reserve Fund assessment from \$62,333.06 to \$107,546.60 for the adjustments detailed in the budget documents and these minutes. Mr. Anthony recommended that the Reserve Fund assessment component be further increased by \$75,000 in fiscal 2010-2011, specifically attributable to the Roof replacement line item, and that the Roof replacement line item be set at \$91,697 for each of the subsequent two years, so that there should be adequate funding available to continue the phased roof replacement plan to be completed over a three-year time span, subject to amendment for actual future bids. Mr. Wilson will negotiate the best available prices between now and spring of 2011, via the open bid process that was used to award the contract to replace the roof for Building C, to continue with roof replacements in the spring of 2011.

If the phased roof replacement work reveals significant, additional hidden damages, then the Board will reconsider the necessity of whether or not to levy a Special Assessment at that time.

A fire alarm panel replacement using approximately \$7,500 of reserve funds is scheduled in 2011. The

previous reserve model for a complete fire alarm system replacement with a new system, including centralized carbon monoxide detection, has been replaced in the model with a less expensive plan. We anticipate that only common area devices will need replacement in a few years, and system integrated CO monitoring will not be available in a reasonably priced option for a number of years. The plug-in CO monitors we have now meet code, and should continue to do so for the foreseeable future.

Mr. Anthony made a motion to accept the proposed adjustments to the Reserve Fund in Model 2 to include the funding amendment for the phased roof replacement plan. Mrs. Lebovitz seconded, and the motion passed.

Mr. Anthony made a motion to approve the budget for 2010-2011, as amended for the increased funding to the Roof replacement line item. Mr. Moir seconded, and the motion carried. The fiscal 2010-2011 assessments are therefore approved at \$1,100,556.50.

Window replacement should be considered in the next few years, and a placeholder line item has been added to the schedule without any current funding. A trial window installation is in progress at the third floor AA Building lobby. If the exterior stucco repairs around the window are an acceptable match with existing finish, individual window replacements will be possible, rather than a wholesale replacement project. At this time, seven additional windows have been identified as needing replacement in the near future. Assuming the use of scaffolding and man lifts, each of these eight windows is likely to cost approximately \$5,500 to include restoration of interior finishes. There is at least one window (of these 8) in a bathroom that is likely to require replacement of the bathroom tile as a consequence of window replacement. Interior finishes adjacent to windows needing replacement vary, and may include owner upgrades. Mr. Wilson asked if the Board intends the interior finish repair costs associated with window replacement be the Association or individual condo owner responsibility. After discussion, the Board decided that these costs should be apportioned on a Unit by Unit basis.

V. New Business

A. Snowmass Village Resort Association dissolution shares

The members of the Snowmass Village Resort Association voted to suspend the levying of any assessments upon its members a number of years ago. However, the Association holds partial ownership in Stay Aspen Snowmass, which acts as a reservations and marketing entity for many Snowmass Village properties. The members of SVRA are being offered shares (pro-rated by the number/size of condominiums) in Stay Aspen Snowmass as part of the dissolution process. Each association that was previously a member of SVRA must accept the ownership shares in order to receive SAS ownership benefits. These shares are represented as not having any liability. Opting into share ownership will benefit properties by SAS charging a lower rental commission to members (20%, versus 22% for nonmembers) and giving the member rights to vote for representation on the SAS Board. The agreements are in three part form and were sent via separate email prior to this meeting. Mr. Wilson asked the Board to review these documents and advise him on how to proceed on behalf of the Association members. After discussion the Board authorized Mr. Wilson to execute these documents on behalf of Chamonix at Woodrun Association, Inc.

B. Responsible Governances Policies and Reserve Fund Policy Approval

Management drafted eight (8) Responsible Governance Policies and five (5) other specifications on behalf of Chamonix at Woodrun Condominium Association, Inc. in accordance its understanding of Colorado law and to provide updated information to members on general Chamonix policies and processes, per the Association Bylaws and Declaration.

Mr. Anthony motioned to approve these policies as presented (attachment 1) pending further Board member review. Mr. Moir seconded, and the policies were approved by the Board. Mr. Wilson will have the website vendor post them, as presented, after further Board review, assuming no further

amendments are needed or requested by Board members.

C. Date of Next Meeting

The Annual meeting will be held March 3, 2011, at 3:00 P.M. in the Chamonix Conference Room. The Board will meet immediately following.

VI. Adjournment

Mrs. Lebovitz made a motion to adjourn. Mr. Anthony seconded, and the motion passed. The meeting was adjourned at 2:30 P.M.

Respectfully submitted,

Brian Moir, Secretary

Attachment 1

Chamonix at Woodrun Condominium Association

Responsible Governance Policies

Re: The Law Under the Senate Bills: Colorado owner associations are required to have eight written responsible governance policies and procedures on the following topics, as of the dates indicated:

- i) Collections (1-1-06) [Source: SB 05-100]
- ii) Conflicts of Interest (1-1-06) [Source: SB 05-100]
- iii) Conduct of Meetings (1-1-06) [Source: SB 05-100]
- iv) Enforcement of Covenants and Rules (1-1-06) [Source: SB 05-100]
- v) Records, Inspection and Copying (1-1-06) [Source: SB 05-100]
- vi) Investment of Reserves (1-1-06) [Source: SB 05-100]
- vii) Adoption of Policies (1-1-06) [Source: SB 05-100]
- viii) Disputes Between the Association and Unit Owners. A copy of this policy must be made available to an owner on request. (1-1-07) [Source: SB 06-89]

Proposed policies

- i) Collections (1-1-06) [Source: SB 05-100]

The processes for the levy and collection of assessments are described throughout the Bylaws and Declaration, and more particularly in Declaration section 23 (pp 16-17); Bylaws Article IV, Section 3, f (p 12)

- ii) Conflicts of Interest (1-1-06) [Source: SB 05-100]

(New) Any Association member may allege that any other Association member has a Conflict of Interest on any point of order raised at any duly noticed Regular or Special meeting of the general membership. The alleging member may make a motion that the member accused of having a Conflict of Interest be asked by the Board of Directors to voluntarily recuse himself or abstain from voting on the matter at hand without comment as to the validity or lack thereof regarding the accusation. If the motion passes, the Board will then make the request. If the member accused of having the Conflict of Interest voluntarily recuses himself or abstains from voting on the matter at hand, the minutes will so reflect this choice. However, if the member accused of having the Conflict of Interest does not voluntarily recuse himself or abstain from voting, the Board President may request that any motion on that point of order be continued, until the dispute may be resolved, using the processes described in the Bylaws for voting at a meeting of the members. The Board President may also, at his discretion, call for a vote of the membership on that point of order upon which the accusing member has alleged that any other member has a Conflict of Interest to include the votes of all members present.

Handling of conflicts of interest involving board members - Bylaws Article IV, Section 7 (pp16-17); and added - Any Board member may allege that any other Board member has a Conflict of Interest on any point of order raised at any duly noticed Regular or Special meeting of the Board of Directors. The alleging member may make a motion that the member accused of having a Conflict of Interest be asked by the rest of the Board of Directors to voluntarily recuse himself or abstain from voting on the matter at hand without comment as to the validity or lack thereof regarding the accusation. If the motion passes, the Board will then make the request. If the member accused of having the Conflict of Interest voluntarily recuses himself or abstains from voting on the matter at hand, the Board minutes will so reflect this choice. However, if the member accused of having the Conflict of Interest does not voluntarily recuse himself or abstain from voting, the Board President (or Vice President, if the accused person is the President) may request that any motion on that point of order be continued, until the dispute may be resolved, using the processes described in the Bylaws for voting at a Board meeting. The Board President may also, at his discretion, call for a vote of the membership on that point of order upon which the accusing Board member has alleged that any other Board member has a Conflict of Interest to include the votes of all Board members present;

iii) Conduct of Meetings (1-1-06) [Source: SB 05-100]

The rules for Conduct of Meetings are described throughout the Bylaws and Declaration and more particularly in Bylaws Article IV, Sections 8 – 12 (pp 17-19)

iv) Enforcement of Covenants and Rules (1-1-06) [Source: SB 05-100]

The Enforcement of Covenants and Rules is described throughout the Declaration and Bylaws, and more particularly in Bylaws Article IV, Section 3, a – b (p 9); Declaration, Item 18 (p11)

v) Records, Inspection and Copying (1-1-06) [Source: SB 05-100]

The Members rights to inspect, examine, and copy the Records of the Association are described throughout the Bylaws and Declaration and more particularly in Bylaws Article IV, Section 3, 1 (p14)

vi) Investment of Reserves (1-1-06) [Source: SB 05-100]

Bylaws Article IV, Section 3, j (p 13); and, (New) The Association invests its cash reserve balances in FDIC insured bank accounts, money market instruments, or short-term Certificates of Deposit;

vii) Adoption of Policies (1-1-06) [Source: SB 05-100]

The Adoption of Policies is described throughout the Bylaws and Declaration and more particularly in Bylaws Article VIII, Sections 1 – 2 (pp28-29) and; Declaration Item 19 (pp11-12)

viii) Disputes Between the Association and Unit Owners. A copy of this policy must be made available to an owner on request. (1-1-07) [Source: SB 06-89]

(New) Unit Owners, or members, may only submit written correspondence to the Board of Directors formally describing any Dispute Between the Association and Unit Owners. If the Board determines that the Dispute has merit or lack thereof, the Board will so respond in writing to the member who has brought the issue before the Board.

The Board will attempt to resolve the Dispute to the satisfaction of the reporting member via oral and written discussion. If the Dispute remains unresolved after these mutual efforts within a 60-day period, the Board will end oral and written discussions on the matter with the member. At all times the Board will follow the processes described in the Bylaws and the Declaration regarding its conduct in the matter, including, but not limited to, obtaining the advice of counsel on how best to proceed in order to protect the interests of all of the members and the Association.

Other specifications contained in Colorado State laws are noted below:

“All members of the executive Board shall have available all information related to the responsibilities and operation of the Association obtained by any other member of the Board.” This requirement is met by language throughout the Declaration and the Bylaws, and more particularly in Bylaws Article IV, Section 3, 1 (p14)

- ix) “The Board may not act on behalf of the Association to amend the Declaration, to terminate the common interest community, or to elect members of the executive Board or determine the qualifications, powers and duties, or terms of office of Board members, but the Board may fill vacancies in its membership for the unexpired portion of any term.” Filling of vacancies is described throughout the Bylaws, and more particularly in Bylaws Article IV, Sections 8 – 12 (pp 17-19)
- x) “Committees of the Association shall be appointed pursuant to the governing documents of the Association. Or, if the governing documents contain no applicable provisions...The person appointed after August 15, 2009, to preside over any such committee shall meet the same qualifications as are required by the governing documents of the association for election or appointment to the executive board of the association.” The processes describing Committees of the Association are found throughout the Bylaws, and more particularly in the Bylaws Article XII, 1-4, (pp 39-39)
- xi) “An association may not prohibit display of an American flag, but may adopt rules regarding placement and manner. (b) An association may not prohibit display of a military service flag, but may adopt rules regarding size and manner. (c) An association may not prohibit display of political signs from 45 days before to 7 days after an election. An association may regulate the size and number of signs, but must permit at least one sign 36”x48” or as allowed by ordinance, whichever is smaller. (d) An association must permit the parking of a vehicle used for firefighting, law enforcement or ambulance or emergency medical services if the vehicle is necessary for employment. (e) An association must permit an owner to remove landscaping around a unit for fire mitigation. (f) An association may not require the use of cedar shakes or other flammable roofing materials. C.R.S. § 38-33.3-106.5.”

xii) The Association must register annually with the HOA Information and Resource Center.

xiii) **REPLACEMENT RESERVE STUDY AND FUNDING POLICIES**

- a. Reserve study was performed by a third party provider.
- b. The association has performed a reserve study on October 22, 2009.
- c. The association has performed a reserve study based on:
Both a Physical analysis – condition of existing common elements and future needs; and a Financial analysis – ability to raise and maintain funds for reserve needs.
- d. The association will update the **financial analysis** of the reserve study every year. The updates will be performed by a third party provider, and will be approved by the Association Board at each annual budget meeting.
- e. The association will update the **physical analysis** (if applicable) of the reserve study every year. The updates will be performed by a third party provider, and will be approved by the Association Board at each annual budget meeting.
- f. Reserve funding goals are based on:

Baseline Funding – Funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balances does not drop below zero during the projected period.
- g. The association has a plan for funding the work recommended in the study: Yes – reserve funds will be provided through Regular assessments; Special Assessments, if needed; and/or Borrowing/Debt, if needed.