

CHAMONIX-AT-WOODRUN ASSOCIATION  
BOARD OF MANAGERS MEETING MINUTES  
October 26, 2011

I. Call to Order

Betty Lebovitz, President of the Board, called the meeting to order by conference phone call at 2:05 P.M. Colorado time on October 26, 2011. Board members present by conference phone call were Betty Lebovitz, 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. Moir made a motion to waive the reading and to approve the minutes of the March 3, 2011, Board meeting. Dr. Van Giesen seconded, and 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
- C Building drain leak was repaired
- Fire alarm panel replaced
- Phone switch was upgraded
- A protective cap was installed on the wall adjacent to condominium 20
- Spa leak and tile repairs completed
- Beveled glass entry door repaired
- AA, A and B Building roof replacement is completed with repairs to the underlayment, weatherproofing, snow-clips, Hot-Edge heat tape system and shingles installed.
- Water damage to a section of stucco on C Building chimney wall was found to be the result of leakage at the chimney cap. Stucco has been repaired and the chimney cap is being rebuilt.

B. Rentals, Rates, and Unit Upgrades

Snowmass Lodging Company Rental Operations – Summer 2011 Chamonix gross rental revenues were up by 10%, over those of the prior year. Both the economic recession and local construction issues continue to hamper rentals. Advance bookings for winter 2011-2012 are currently up 11% over those of the prior year, but it is too early to draw any real conclusions about what might occur in this upcoming winter.

IV. Accounting and Budget

A. Current Financial Position

The owners of condominiums 17, 27, and 35 are delinquent on payment of assessments and interest per the schedule below:

CX17	\$1,060.00	CX27	\$6,303.85	CX35	\$7,704.71
Total	\$15,068.56				

Mr. Wilson will continue to try to elicit the balance owed from the unit owners.

The Association has a 27% surplus, or \$6,643, as compared to the plan, after 11 months, excluding any carry-forward surplus. The Association expects to finish the fiscal 2010-2011 year approximately \$3,962 under the budget, excluding the transfer of the prior year's operating surplus to the reserve fund.

General & Administrative costs are forecasted to be under budget by \$2,040 for savings relative to budget of insurance premiums, legal, accounting, and telephone equipment costs. Utility costs are expected to be under budget by \$18,606, or about 9%, primarily due to savings in gas costs. Repairs & Maintenance expenses are forecast to be over budget by \$12,977. Roof repairs were over budget by \$18,663 in this category, with other line item variances partially offsetting. Details for most of these variances were discussed in the recently issued quarter 3 report to the Board.

#### B. Reserve Fund Status

Mr. George noted that he had made a calculation error for the 2010-2011 fiscal year regarding transfers between the Reserve and Operating Funds. During last year's budget meeting, he recommended that the Board approve a transfer of the **entire** Operating Fund surplus, as adjusted for the net difference between employee unit loan payments and depreciation on the employee units, to the Reserve Fund. He subsequently transferred \$123,339.56 from the Operating Fund to the Reserve Fund. The amount he should have recommended was the difference between this Operating Fund surplus of \$123,339.56 at year end 2009-2010 and the proposed carry-forward operating fund surplus of \$93,414.63 in the Operating Fund budget spreadsheet, or \$29,924.93. The 2010-2011 budget that management presented and the Board subsequently amended and approved shows this carry-forward amount of \$93,414.63 remaining in the Operating Fund. He apologized for the error and recommended that the Board approve a correcting transfer of \$93,414.63 **back** to the Operating Fund from the Reserve Fund. Mrs. Lebovitz made a motion to approve of a transfer of \$93,414.63 from the Reserve Fund to the Operating Fund. Dr. Van Giesen seconded, and the motion passed. The Association has a projected Reserve Fund balance of \$207,334, at 2010-2011 fiscal year-end.

Mr. Wilson reported that he received a proposal from Energy Smart Colorado for a study of possible energy conservation/efficiency measures that could reduce energy costs, and include rebates for both the study and building improvements. Possible boiler replacements will be included in the studies. The proposed study cost is \$6,140 with approximately half reimbursed through the Energy Smart program. Mr. Moir made a motion to proceed, contingent upon the company finishing by end of calendar year 2011. Dr. Van Giesen seconded, and the motion passed.

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. The amount at present is \$1,818.85, with October entries yet to post. Dr. Van Giesen made a motion to approve of the transfer any miscellaneous line item credit remaining at fiscal year-end 2010-2011 to the Domestic Boiler replacement line item. Mr. Moir seconded, and the motion passed.

#### C. 2011-2012 Budget Review

SLC, for the overall budget, proposes to maintain the same assessments for 2011-2012, as were levied in 2010-2011.

Major cost adjustments between the forecasted year-end totals for 2010-2011 proposed in the 2011-2012 operating budget are listed below:

Insurance – increased by \$2,195 for an expected 5% premium inflation increase, with no anticipated replacement value changes.

Depreciation – increased for the purchase of a replacement new commercial washing machine by \$1,600.

Vehicle rental – increased by 35%, or \$4,961.86, which is the year over year average increase in gasoline prices.

Electric – budgeted for a 4.5% increase.

Gas – budgeted for 5% increase.

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

Repair and Maintenance line items with a SLC labor component have been increased to allow for a 7% labor cost increase. The billing rates are proposed to increase to \$37.50 per hour from \$35/hour to help pay for health insurance cost increases of 67%, since the last change in labor prices in 2006. Both The Enclave and Woodrun Place Associations have already approved this pricing change for both housekeeping and maintenance to start in fiscal 2011-2012m as their budget meetings preceded this one for Chamonix.

R&M contractor cost are reduced in anticipation that no pipes will freeze this year, and repairs will be less expensive in aggregate than they were in 2010-2011 by \$2,936.

Equipment Service Contracts are budgeted for a 3% increase.

Roof repairs are expected to drop sharply from \$19,263 to \$600, as most roof sections are either under warranty or still within three years of installation.

Annual Reserve Fund review and adjustment

Management proposed adjusting the Reserve Fund useful life estimates and funding levels, as shown on the reserve fund schedule.

Reserve Fund assessment is set at \$91,697, as the Board directed in October 2010, for each of the subsequent two years, so that there should be adequate funding available to continue the phased roof replacement plan. Other line item funding is suspended pending the completion of the roof project.

The bid to replace the Office/garage roof in spring 2012 (plus 20% to cover discovered problems, SLC service fee, and contingencies) is \$115,540. That is \$1,500 less than estimated in March 2011. Purchase of the shingles, waterproofing, and copper supplies this fall would lock in the volatile material costs and shingle color. Storage of the materials until next spring would cost an additional \$1,000. After discussion, the Board decided to replace the roof with reserve funds in 2012.

One of the three commercial washing machines broke down this spring. It should be replaced rather than repaired. The Enclave contributes to capital laundry costs, so the replacement cost for Chamonix is estimated at \$5,680. As a Personal Property acquisition, the costs will be recovered via the Depreciation line item in the operating budget. The Enclave Board approved this expenditure for their obligation at their most recent budget meeting, which preceded this Chamonix meeting. Mr. Moir asked staff to provide the energy calculations for the replacement machine.

One of the two main heat circulation pumps broke down this spring. No replacement parts are available, so it must be replaced. A variable speed replacement has been ordered and is expected to be charged in the 2010-2011 books. The variable speed pump will adjust to a specific pressure, which should save on electrical costs. Between the "heat circ pump" and "Other pumps" line items in the reserve fund there is a projected balance of \$8,000 available at the end of fiscal 2011-2012.

Mrs. Lebovitz made a motion to accept the proposed adjustments to the Reserve Fund to include the funding for the phased roof replacement plan and other line item details. Mr. Moir seconded, and the motion passed.

Dr. Van Giesen made a motion to approve the budget as presented for 2011-2012. Mr. Moir seconded, and the motion carried. The fiscal 2011-2012 assessments are therefore approved at \$1,100,556.50.

Nine windows have been identified for replacement based on the window operation and condition of the frame components. The list includes two in 55, two in 40, one in 46, one in 50, one in 54, one in AA third floor lobby and one office window. Window replacement should be considered in the next few years, and a placeholder line item has been added to the reserve fund schedule without any current funding.

Six other windows (one in 25, one in 26, two in 31, one in 34, and one in 46) will have the glass replaced this fall because of broken seals (visible moisture between the panes). Only one of the windows on the complete window replacement list (condo 50) also has a broken seal. It is not included in the pane replacement list at present. The broken seal replacement is usually funded through the operating budget.

V. New Business

A. Balcony railing code issue

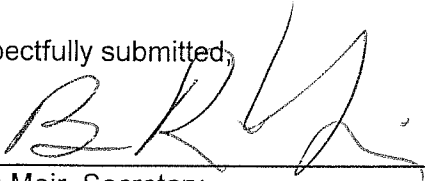
Our insurance company has asked that a plan to bring balcony rails to present code be implemented by the Association. The code specifies that a 4 inch sphere will not pass through the rails. The original railing met the codes at the time of construction. An example net installation was set up for the Board review, and photos included in the meeting information. A program to install the netting on an as-needed basis is proposed, until future funding for railing modification is available. Our present insurance carrier is insisting on netting installation on all balconies as a condition of continued coverage. Installation of new rails or adding rails between the existing ones will require in excess of \$175,000. Our agent is researching alternate carriers with varying railing upgrade requirements, as well as possible premium savings. An option for the Board to consider is to maintain the \$91,697 Reserve Fund contribution in the third assessment year, or 2012-2013, subject to the review of the other capital needs that may arise between now and the next budget meeting, and to direct Reserve Fund collections towards both the railing and the window replacement line items, once the final costs for the last of the roof replacements is paid. After discussion the Board decided to defer any Reserve Fund decisions for 2012-2013 or the out years in the model. Staff will install the approved netting on all decks for fiscal 2011-2012 and investigate both the ongoing insurance requirements and options to resolve the railing issues.

B. Other items

VI. Adjournment

Dr. Van Giesen made a motion to adjourn. Mr. Moir seconded, and the motion passed. The meeting was adjourned at 3:06 P.M.

Respectfully submitted,



Brian Moir, Secretary