

CHAMONIX-AT-WOODRUN CONDOMINIUM ASSOCIATION
BOARD OF MANAGERS MEETING MINUTES

November 3, 2022

I. Call to Order

Dennis Thorley, President of the Board, called the meeting to order by conference phone call at 1:02 P.M. Colorado time on November 3, 2022. Board members present by conference phone call were **Denny Thorley, William Powers, and Mark Urban**. Non-members Mike George, Scott Hale, and Kevin Mize of Vacasa were present by phone.

HOA members

Rinker	15 & 25 owner rep
Coyne	21
Creixell	32
Hastings	36
Hastings	37
Smith	50

attended the meeting.

II. Approval of Minutes – March 4, 2022

Mr. Powers made a motion to waive the reading and approve the minutes of the March 4, 2022, Board meeting. Mr. Urban seconded, and the motion passed.

III. Old Business

A. State of the Property

The following repairs and replacements were completed since the November 2, 2021 Board meeting:

- Elevator pit sealing in all elevator shafts except B building. B building first seal attempt did not hold - vault pit continues to have water infiltration. Second injection caused more concrete to crumble around the injection site, accelerating water infiltration. Vendor work in progress to resolve
- Elevator carpet to hallway transitions were repaired
- Elevator picture glass was either replaced with safety rated glass or removed
- Fascia was painted
- Snowmelt boiler repairs were undertaken
- Failed snowmelt system controls were overridden

- Trane snowmelt controls system contract obtained and started fall 2022
- A building elevator was replaced
- A building elevator machine room was rebuilt
- A building waste line in elevator mechanical room was repaired
- A building dedicated elevator phone service was added
- A building elevator shaft electrical work was completed - GFCI outlets
- Rusted gas supply line was treated and wrapped to avoid future corrosion
- Permanent stairwell heaters were installed to replace plug in space heaters
- Lobby entry doors were refurbished and repaired
- Domestic hot water and heat system pinhole leaks were repaired
- Exhaust fan for pool mechanical room was repaired
- Exterior light above exercise room entrance was replaced
- Test patches and repairs were performed on small sections of exterior walls
- Fire extinguishers were checked and replaced or recharged as needed
- Minor epoxy rock repairs were done on stairs and landings
- Drywall patching and painting in common area lobbies from Internet upgrade was completed, with costs caused by the Internet provider fully reimbursed by same
- Chimney cleaning (completed 11 2021 - accumulated ash and soot from prior year)
- Heat system was repaired
- Clogged waste lines were rootered and cleared
- One of two annual window cleaning cycles was completed
- Heat boiler system was repaired
- Glycol was added to feeder to replace fluids lost during leaks
- Domestic hot water tank relief valve was replaced
- Various failed smoke detectors were replaced
- Laundry equipment was serviced and repaired
- Lobby blinds were repaired
- Garage and courtyard pressure washed
- Inspection, tests, and repairs on elevators were performed
- Main trash garage door controls were replaced
- Pool system backflow preventer was replaced
- Leak repairs to some interior ceiling/wall finishes were completed
- DORA and Secretary of State HOA renewals were processed
- Expansion of general ledger line items and more detailed income statement formatting was completed
- Incorporation of Notion database management software instituted
- Architectural review with general contractor assistance has begun - multiple site visits and site walks, multiple review of historical conditions and repairs undertaken

Major Projects that are in process/planned for this fall or in the budget year depending upon weather, vendor availability, and pricing

- 2nd of two annual window cleanings - interiors done as of mtg date, exteriors planned
- Chimneys inspections and cleanings- completed by mtg date

- Exterior siding repairs in spot locations
- Fire system device replacements
- Installation of some roof diverters
- Heat tape replacements
- Common area painting
- Downspout replacements
- Curb stop addition in garage in front of AA elevator mechanical room
- Exterior wall repairs to AA elevator mechanical room in garage
- Replacement ski locker room flooring
- Pool mechanical room floor curb addition
- Replacement elevator cab flooring
- Drive court sealing
- Architectural Study - continuation of analysis of capital replacement strategies
- Expand use and understanding of Notion database tool
- Replace failed snowmelt pump #4 - completed by mtg date
- Replace another elevator
- Complete B building elevator vault sealing against water intrusion
- Complete replacement of shared phone line between Chamonix and Enclave - completed by mtg date

Epoxy Rock Pool Deck, Walkways, Landings, and Stair Finishes

Spot repairs were performed in-house during 2021-2022. Schmueser Gordon Meyer, engineer, advised that choice of an appropriate finish and process was outside of its normal business scope. More extensive replacements were deferred until completion of the architectural review of how to address overall aging and deteriorating exterior conditions. Replacement process - new material and installation process, demolition process - has yet to be identified.

B. Accounting and Budget

a. Current Financial Position

Five members owning units 17, 27, 35, 41, and 46 presently have outstanding delinquent assessment owner balances totaling \$33,561. Mr. Hale has contacted these owners to request payments of the outstanding balances and to offer assistance, should any of them desire to sign up for ACH payments of assessment balances through the Appfolio portal.

Excluding the carryforward, management projects that the Association will finish this fiscal year with a \$639 deficit to budget in the operating fund, as unplanned mechanical system repairs to the heat and snowmelt systems were needed in quarter 4 of this fiscal year.

The HOA used cash on hand to retire the employee unit loans totaling \$201,803 during fiscal 2020-2021 and applied its developer contribution of \$39,000 against the resulting net deficit.

The HOA employs the following non-GAAP policy to establish its carryforward surplus deficit basis for budgeting purposes:

5. OPERATING FUND BALANCE – DIFFERENT METHODS OF ACCOUNTING

The Association’s assessment for the employee units is calculated on a cash basis and includes only actual cash costs to the Association, thus, depreciation (a non-cash expense) is excluded from the assessment and principal payments on the notes are included. GAAP requires that the income statement exclude principal repayments and include depreciation expense. This does not affect the financial viability of the Association. The removal of depreciation and addition of principle payments would result in an adjusted fund balance of \$(169,572).

Reported Ending Fund Balance	\$ (167,454)
Plus Unassessed Depreciation	356,100
Less Principal Payments not Expensed	<u>(358,218)</u>
Adjusted Ending Fund Balance	
(Cash/Budget Basis of Accounting)	<u><u>\$ (169,572)</u></u>

Because of the decision to accelerate principal payoff of the loans, the fiscal 2022-2023 budget does not contemplate retiring this deficit amount by increasing owner assessments, pending board approval of this strategy during the course of this meeting.

Revenues – revenues are expected to have a surplus of \$2,335 for higher than planned late penalties charged to members who did not pay assessment accounts in a timely manner.

General & Administrative costs are forecasted in the aggregate to be over budget by 3%, or \$6,413, on higher than planned Legal expenses, Telephone system repairs, and Miscellaneous costs for line of credit closing fees that were partially offset by savings in Insurance and Depreciation expenses.

Utility costs are forecasted to be under budget by \$15,514 or 5%, on lower than planned Gas, Electric, and Trash expenses that were partially offset by higher than expected Telephone Service, Water, and Cable expenses.

Repairs & Maintenance expenses are forecasted to be over budget by \$17,194, or about 4%. R&M Contractor, Supplies, Firewood, Custodial and Equipment Service costs are expected to be over budget by \$36,450 and partially offset by savings to budget in Pool, Groundskeeping and Roof Repairs amounting to \$18,800, with other categorical line items essentially offsetting.

Contractor repairs for aging assets were higher than anticipated, as the new elevator inspector required repairs and replacements of picture glass, carpet thresholds and other unplanned items, and some exterior surface repairs were performed and billed to this line item. Supplies costs are over plan and are due to restocking of key cards for door locks, restocking of heat zone valves, and replacement bulbs for the property. The HOA also bought some back up garbage disposals, replacement fixture wall plates, and replacement GFCI stock. Staff have also purchased epoxy for surface rock repairs, replacement light shrouds for the ski locker room, and

other small tools and miscellaneous supplies. Firewood consumption and Custodial costs also increased, as more owners and rental guests are occupying the property during the traditionally quiet spring and fall periods. Fire extinguisher replacements and recharging costs under Equipment service contracts were higher than expected.

The HOA obtained a \$500,000 line of credit at lower rates than the prior employee unit loans, and the HOA will not draw upon this LOC unless cash balances on hand in the balance sheet require supplementation.

b. Reserve Fund Status

The Association has a projected Reserve Fund balance of \$334,541 at 2021-2022 fiscal year-end. Net of forecasted, but yet to be completed work, and the \$169,572 cash deficit noted above, the adjusted available balance at fiscal 2021-2022 year end is projected to be \$164,969.

Expenditures during fiscal 2021-2022 are projected at \$361,300 for work performed or expected to be performed, as noted below:

Roof \$4,900 Diverter installation over the CX20 deck as rain and snowmelt runoff are damaging the exterior wall surface adjacent to the deck slider.

Elevators \$189,119 A building elevator replacement and related work was completed, pending the B building elevator pit sealing. This sealing project has not stopped water infiltration into the vault, as the concrete floor has crumbled around the sealant injection site. The vendor is working to complete this task.

Stucco Repairs,
Painting and Finishes \$57,708 Fascia boards were painted. Exterior wall over the garage entrance was repaired and painted. Window trims in this wall and at the dumpster wall across the tunnel were repaired or replaced. Some interior lobby finishes were painted.

Building Restoration \$15,816 Under stair closets were completed, and replacement of the main phone line between Chamonix and Enclave is planned for completion in October.

Lobby Entry Doors \$17,448 Failing stained glass sections were replaced, and door wood was repaired and stained. To the extent that minor material costs could be absorbed in the operating budget, those costs were charged to the R&M Contractor line item.

Snowmelt System \$30,461 Aging and/or failed pumps and system components were replaced.

Main Heat Circ Pump \$15,108 Major pump was replaced.

Boiler Repair \$1,240 When having Black Hills Energy (BHE), gas provider,

repair supply lines leaks, BHE staff advised that Chamonix needed to repair/replace its gas supply line. After much investigation, repairs to the line were made, and an anode system was installed to retard future metal line corrosion.

Fire alarm system \$7,000 The alarm monitoring company is being changed from Vyanet to Fire Engineering Services at a slightly lower rate. Older, out of code devices that were identified during the annual inspection are scheduled for replacement in October.

Capital Needs Study \$22,500 The board approved hiring an architect to help evaluate current asset replacement costs, establish a plan for renovations and possible improvements.

c. 2021-2022 Budget Review

After extended consultation with the Board, management proposes that overall assessments for 2022-2023 increase by \$432,333,826, or 32.48%. Excluding the inducement component, assessments are proposed to increase by 42.92%. The budget draft is presented to the Board with the assumption that a deficit of \$170,216 will be carried forward and not be funded by assessments at this time.

The primary drivers of these assessment increases are as noted below:

Reserve Fund	\$150,000	11.27%
Contingency Labor	\$91,520	6.87%
Contingency Projects	\$100,000	7.51%
Subtotal new concept funds	\$341,520	25.65%
Insurance	\$39,246	2.95%
Other general line item aggregate Inflation	\$51,568	3.87%

Large cost adjustments between the forecasted year-end totals for 2021-2022 general line items and those proposed in the 2022-2023 operating budget are listed below:

General and Administrative Section – Categorical costs are budgeted to increase by 8.01%, or \$42,735, from fiscal forecasted 2021-2022 amounts.

Management Fee – The HOA board successfully negotiated a reduction in base management fees of 90% from those of fiscal 2019-2020. The baseline fee is \$73,921.43, and the budgeted expense is therefore \$7,392.14.

Insurance – With the 2021-2022 insurance Building limit at \$26,650,398, the Association has average replacement coverage of roughly \$371.09 per sq. foot, based upon 71,817 square feet. The budget was prepared with an estimated increase in replacement limit/premium

inflation costs of 67%, or \$39,245. The Board must ultimately decide on whether or not to increase replacement limits and/or premium funding. The combined property limit for Enclave (EN), Chamonix (CX), and Owl Creek is presently \$132,844,139. Under the insurance Co-Op, coverage for any single covered incident that affects CX without affecting either EN or CX would result in \$1,849.76/sq. ft. maximum replacement cost coverage (\$132,844,139/71,817).

Mr. Urban made a motion to approve of the insurance line item budget, as described above. Mr. Thorley seconded, and the motion was approved.

If a unit owner has renovated kitchen or bath areas, performed other interior modifications, or purchased a unit that had interior modifications performed subsequent to initial construction, the Board strongly recommends that those unit owners have their units appraised on a replacement cost basis. The Board strongly encourages the affected owner to purchase coverage to supplement the policy obtained by the Association. The Board advises each and every owner to have his insurance agent review existing association policies and that owner's policies to make sure that each and every owner has appropriate coverage for his personal property and unit improvements. The Board has decided to maintain liability insurance coverage on a blanket basis for \$1 million per occurrence and \$2 million aggregate, with a \$55 million umbrella. Increased costs of construction are separate from the property limits at \$1,000,000 under the building and ordinance section of the Package coverage. Demolition has a limit of \$1,000,000, separate also from the property limits. For each fiscal year, the Association purchases a minimum worker's compensation policy, primarily to protect against potentially uninsured subcontractors working on site who might become injured. Each Unit owner is strongly encouraged to review his insurance policies and coverages with both John Wilkinson of Mountain West Insurance, the Chamonix HOA agent, at (970) 945-9111, and his individual private carrier. The board requested that management highlight this issue and make a strong recommendation to the members that each member consider the insurance information contained in these minutes and to encourage that each owner review their private insurance policy coverages at Chamonix.

Legal - the budget is increased to \$10,000, or by 316.15%, to fund modernizing both the declaration and bylaws to address the incorporation of new statutes that have been passed into law since the property was turned over to the HOA members to manage in 1985.

One major goal of the board under proposed amendments to the governing documents is to codify changes such that the HOA becomes the party that decides if and when windows, doors, and any other elements that are both part of a Unit and simultaneously part of common elements are to be replaced. Because certain changes to the governing documents must be approved by the members, an attorney will be hired to guide the HOA through this process.

Audit - a provision for a 10% increase, or \$1,170, is recommended, as labor costs throughout the Roaring Fork Valley have increased.

Interest – the employee unit loans have been paid off, and the HOA at present is not

establishing a budget amount for any use of its new line of credit.

Employee unit depreciation - down by \$2,119, or 100%, as the existing employee units have been fully depreciated.

Telephone repair costs - the budget has been reduced by \$1,953, or 80%, as the HOA replaced a major line in its shared system with Enclave this fall.

Utilities Section – Categorical costs are expected to increase by 6.39%, or \$17,757.

Volatility in the costs of Utilities continues to make these expenses difficult to predict. Management has made provisions for the possibility of inflation to each of these line item categories, as noted below:

Electric – budgeted to allow for a 6% increase.

Telephone – budgeted to allow for a 3% increase.

Gas - budgeted to allow for 6% increase.

Water & Sewer – budgeted to allow for a 10% increase.

Cable Services – budgeted to allow for a 5% increase.

Trash – budgeted to allow for a 10% increase.

Repairs and Maintenance Section – Categorical costs are expected to increase by 54.65%, or \$216,367.

The Repairs & Maintenance Category had projected actual costs of 2.87 FTEs of resold labor in fiscal 2021-2022. The target consumption for fiscal 2022-2023 is approximately 2.95 FTEs, with the increase in hours to allow for more HOA consumption of time by the 5th shared mnt employee between Chamonix and Enclave, as each HOA has increased needs. Enclave has an expanded and renovated common area, and Chamonix is now 38-39 years old. The staffing headcount is to remain the same as in fiscal 2021-2022, but the expectation of use of time of the 5th employee is now shifted to have fewer hours worked in units and more in the two HOAs.

The line item for Contractor repairs is proposed to be flat to those of 2021-2022 budget, as actual costs are unpredictable.

Firewood costs are proposed to follow the trend of increased consumption, as occupancies are extending into spring and fall quarters.

Window Cleaning is generally planned for twice each fiscal year, and the budget reflects that strategy. Two cleanings are scheduled during the budget year, while costs of the second cleaning in fiscal 2021-2022 were split between fiscal 2021-2022 and 2022-2023.

Painting and Staining is proposed to be budgeted at \$19,270, which is an increase of \$10,270 over prior year costs. If the above described Contingency is approved, proposed discretionary

painting projects will be presented to the Board for review and approval, and those necessitated by any leaks will be undertaken in due course.

Groundskeeping is proposed to increase from \$91,000 to \$93,730 on anticipated inflation of contractor expenses.

Special Projects - Contingency - creation of a new budget category in the amount of \$191,520.

The Board has requested that management perform more common area work to address both common area repairs and aesthetics in a more timely fashion than in past years. In response, management has requested that an additional full-time staff member be budgeted at its standard \$44 hourly rate, which is \$21 per hour less than Vacasa's standard billable rate nationwide of \$65 per hour. The intent of this position is that this employee will not perform any unit, Vacasa, or Enclave shared work: this employee will focus only upon dedicated common area tasks 5 days a week, and only for Chamonix.

Management has further requested an additional \$100,000 of funding to expand common area work scope beyond historical norms to increase the frequency of repairs and to improve aesthetics throughout the common elements. Projects under consideration are increased exterior wall repairs and painting; increased frequency of custodial work in stairwells, lobbies, garages, and common closets; increased common area interior hallway painting; common door and window replacements; a staff incentive program; and Board directed projects that may arise during the budget year. The insurance deductible will be raised from \$5,000 to \$25,000 per occurrence, so the costs related to mitigation of one or two major leaks would consume 25 to 50% of this new line item budget. Should any funds remain unused at fiscal year end, the Board could direct management to transfer the remaining credit to the Reserve Fund or to partially offset the above described deficit.

As with all other HOA costs, the HOA will only be billed for allocated expense items (Mgmt. Fees, Front Office, Vehicles, and Direct Office Expense), and actual time, materials, fees, and expenses, as noted in the services addendum.

Annual Reserve Fund review and adjustments:

The Reserve Fund line items, as currently proposed, have updated entries for amounts and years of expected replacement, per the budget schedules. The board stresses that one of its goals is to update replacement costs and timelines based upon input from the architect and the general contractor that is assisting the architect in its capital planning update. The Reserve Fund, prior to charges for future tasks, is budgeted to amount to \$219,906 under the assumptions for expenditures of \$413,893 in the budget year. Net of the loan payoffs described above, the projected budget year ending balance is \$50,334.

Near term tasks under consideration are roof/gutter/downspout repairs and replacements, replacement of the second of four elevators, continued exterior wall surface painting/repairs/replacements in selected locations, replacement of ski locker flooring surfaces,

car court sealing (planned for prior year, but early October 2022 snows and difficulty sourcing a vendor has delayed this project to spring of 2023), and continued investment in architectural/engineering major renovation planning. The board may decide to accelerate further spending and trigger use of the line of credit, as may be warranted.

Mr. Powers made a motion to accept the budget as presented and/or amended during the budget meeting. The assessments, therefore, are set at \$1,442,081.24 (to include an inducement component of \$324,000). Mr. Urban seconded, and the motion passed.

C. Z-group Architectural Study

The Board engaged Z-group Architects in April 2022 to begin a comprehensive review of the Chamonix facility to provide conceptual plans that would update the property for the future. After many on-site walk-throughs and one in-person presentation at the Z-Group Architect's Basalt office, two preliminary plans have emerged. The first plan considers replacements and updates to critical property components, including boiler and mechanical systems, elevators, as well as other aging exterior and interior common elements with a focus on potential mitigation of moisture infiltration and resolution of energy inefficiencies. The second plan is a much more comprehensive asset update to position Chamonix as potentially comparable in value to the highest priced multi-family real estate assets within the market.

Mr. Thorley noted that the board intends to engage an engineer to provide advice to the board about options for boiler and mechanical systems replacements for the unit and common area heat, domestic hot water, pool & hot tub heat, and snowmelt systems. He also summarized ideas about potential expansion of real estate on the property.

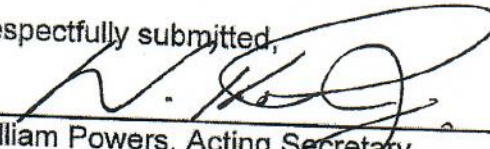
IV. New Business

The annual member's meeting will be held during March 2023 at a date to be set at a later board meeting.

V. Adjournment

Mr. Thorley made a motion to adjourn. Mr. Urban seconded, and the motion passed. The meeting was adjourned at 2 P.M.

Respectfully submitted,


William Powers, Acting Secretary