

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

October 22, 2018

I. Call to Order

Betty Lebovitz, President of the Board, called the meeting to order by conference phone call at 2:02 P.M. Colorado time on October 22, 2018. Board members present by conference phone call were Betty Lebovitz, Brian Moir, Peter Van Giesen, and William Powers. Scott Miller, owner of CX27, was present by phone. Nonmembers present by phone were Scott Hale, Mike George, and Joe Zuena of Snowmass Lodging Company by Wyndham Vacation Rentals.

II. Approval of Minutes – March 3, 2018

Dr. Van Giesen made a motion to waive the reading and approve the minutes of the March 3, 2018, Board meeting. Brian Moir seconded, and the motion passed.

III. Old Business

A. State of the Property

The following repairs and replacements were completed since the November 2, 2017, Board meeting:

- Domestic hot water system pin hole leaks were repaired
- Fire Extinguishers were checked and replaced or recharged as needed
- Chimneys were inspected/cleaned
- Laundry ducts were cleaned
- Domestic hot water pump was repaired
- Lobby glass doors were repaired
- Heat boiler system was repaired and two pressure relief valves replaced
- SGM Engineering conducted in depth-investigation into C-building structural condition and provided report
- Various failed smoke detectors were replaced
- Laundry equipment was serviced and repaired
- Courtyard drain near AA building was snaked
- Maintenance performed on exercise equipment
- Back-up heat pump was rebuilt and is now operational
- Hot tub repairs took place and new thermowell installed
- Pool was painted
- Interior and exterior windows washed
- Chimneys were individually assessed and cleaning was performed where needed
- Exterior window trim above #20 repaired

- Garage and courtyard pressure washed
- Inspection, tests, and repairs on elevators performed
- Repair to flashing near above #50 garage

Mr. Miller asked about the painting of external patio floors this fall. Mr. Hale noted that the painting of some patios is ongoing this fall. Phased painting of the other remaining patios will occur over time.

Mr. Miller asked about staining and refinishing of unit doors. Mr. Hale noted that this work is ongoing this fall. Phased work on the other remaining doors, as needed, will occur over time.

Accounting and Budget

a. Current Financial Position

While there were other delinquencies during quarter 3 of the HOA fiscal year, we are pleased to report that all but three outstanding owner balance(s) has been paid in full, with the exception of the owners of units 13, 27, and 32. These units are presently delinquent on assessment payments in the amount of \$19,234.62. Mr. Hale has contacted the owners to request payment of the outstanding balance.

The Association has a \$6,302 surplus, as compared to the plan, after 10 months, excluding any carry-forward surplus from prior years. Management projects that the Association will finish this fiscal year with a \$15,926 surplus to budget.

General & Administrative costs are forecasted to be under budget by \$962, primarily for savings relative to budget for Insurance expenses that are partially offset by other line item variances.

Utility costs are expected to be over budget by \$3,793, or about 2%, due to anticipated, higher than budgeted Gas expenses, as we have had three snowstorms in October.

Repairs & Maintenance expenses are forecasted to be under budget by \$6,247 or 2%. R&M SLC, Supplies, Pool, and Snow Removal costs are projected to be under budget and partially offset by higher R&M Contractor and Groundskeeping expenses. As management was under-staffed for maintenance personnel this summer, management more frequently used outside contractors for various repair tasks, while containing costs to be within the budget.

b. Reserve Fund Status

The Association has a projected Reserve Fund balance of \$402,090, at 2017-2018 fiscal year-end, excluding entries to this Fund made after the budget preparation documents were completed.

Mr. Hale noted that the external auditors recommend that any miscellaneous line item

credit in the Reserve Fund be allocated to a specific cost line item. Management recommends transfer of the fiscal 2017/2018 year end miscellaneous credit to the Roofs line Item of the reserve line. The amount at present is \$202, with other fiscal 2017-2018 year-end entries yet to post.

Mrs. Lebovitz made a motion to approve the transfer. Mr. Moir seconded, and the motion passed.

c. 2018-2019 Budget Review

SLC, for the overall budget, proposes that assessments for 2018-2019 raise to \$1,305,562.87 compared to those of the prior fiscal year. The budget is presented to the Board with the assumption that the cumulative carryforward surplus will discount next year's assessment.

Cost adjustments between the forecasted year-end totals for 2017-2018 and those proposed in the 2018-2019 operating budget are listed below:

General and Administrative Section –

Overall category, net of the Inducement portion of the Management Fee (Net Mgmt. Fee), is proposed to increase by \$15,052, or 5%. Net Mgmt. Fees are proposed to increase by 11%, to support wage and benefit cost increases for management staff. This is the first proposed increase in the Net Mgmt. Fees since 2014.

Inducement portion of Management Fee – this portion of the fee is proposed to increase by 50%, or \$108,000, to further encourage non-participating renting members to join the rental program. For all owners, rental and nonrental, who hire the HOA management company to manage their units, the entire equivalent cost is rebated via the unit management contracts. As a reminder, the program allows owners to make a choice, as to whether any would like to try renting inside or outside of the Wyndham rental program.

Insurance – With the 2017-2018 insurance Building limit at \$29,800,479, the Association has average replacement coverage of roughly \$352.80 per sq. foot, based upon 84,468 square feet. The budget was prepared with an estimated increase in premium cost of 5%. The Board must ultimately decide on whether or not to increase replacement limits and/or premium funding. The combined property limit for Enclave, Woodrun Place, and Chamonix is \$96,109,774, and both Woodrun Place and The Enclave decided against increasing their respective estimated replacement costs. By continuing with a master policy program for insurance to Woodrun Place, Chamonix, and The Enclave, Chamonix secures access to higher combined maximum replacement cost coverage, while paying less in premiums. The properties are rated individually for risk exposure, based upon individual claims history and the unique characteristics of each physical plant, but the combined premiums will be less than what they would otherwise be individually. Under the master policy limit, the replacement cost per square foot can be as high as \$1,137.82 ($\$96,109,774/84,468$), in

the event that Chamonix suffers damages resulting in a full replacement claim, while at the same time, no claims are paid from damages occurring from the same cause at The Enclave and/or Woodrun Place. After discussion the Board decided to approve the insurance line item expense as shown in the draft budget.

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 \$25 million umbrella. Increased costs of construction are separate from the property limits at \$2,000,000 under the building and ordinance section of the Package coverage. Demolition has a limit of \$500,000, 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, the Chamonix HOA agent, at (970) 925-7285, and his individual private carrier.

Depreciation –

Depreciation expenses are increased by 64%, or \$1,385, to allow for cost recovery to replace a failed (original to the property in 1984) dryer. The acquisition (and repair costs over time) costs are split 59% Enclave, 41% Chamonix, as The Enclave shares in these expenses with Chamonix.

Vehicle Rental is proposed to increase by \$4,561, which is the estimated allocated cost of adding a 4th transportation vehicle to the fleet at the recommendation of the Woodrun Place Board and with the support of Wyndham. Approval of this additional expense is dependent upon Chamonix at Woodrun Association approving its allocated shares of the estimated cost of adding a 4th transportation vehicle to the fleet, as the Woodrun Place and The Enclave board of directors have already given their approval. The Woodrun Place Board has asked that the co-op also consider expanding the guest service staffing head count by up to 6 additional members to support expanded services, such as waiting at the airport to meet arriving people and extending services to include transportation to and from Aspen (perhaps even adding a 5th vehicle). The Chamonix Board approves of the acquisition of a 4th transportation vehicle, but does not approve of increasing the Guest Services head count.

Utilities Section -

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 for a 5% increase.
- Telephone – budgeted for a 3% increase.
- Gas – budgeted for a 10% increase.
- Water & Sewer – budgeted for a 10% increase.
- Cable Services – budgeted for a 5% increase.
- Trash – budgeted for a 10% increase.

Repairs and Maintenance Section -

The Repairs & Maintenance Category is proposed to increase by \$35,750, or 10%, over the prior year's category budget.

Management staff presented a usage model for the shared maintenance staff. In the budget year, management will more accurately record the expenses in the line items for individual maintenance tasks, to more accurately reflect where maintenance hours are spent. In practice, staff primarily work at specific properties or provide services for specific skills at multiple properties. The model includes actual results to date and forecasted through the current fiscal year end 2017/2018, as well as projected hours of use by line item for the fiscal budget year 2018/2019. Staff per day for Chamonix for fiscal 2017/2018 are forecast to equate to about 2.07 shifts per day, and management proposes that the budget year be at 2.12 shifts per day.

As noted above, hourly pricing is proposed to increase to \$43.00 per hour from \$38.63 per hour, or 11.31%. Woodrun Place and The Enclave have already approved of these changes, pending subsequent approval by Chamonix. The last time that prices were increased was October of 2013. Snowmass Village labor rates for maintenance range from \$40.00-\$45.00 per hour, and companies are inflating labor rates in response to very limited supply. This price increase would help fund health insurance and wage inflation, which have occurred over this time frame.

Supplies costs are budgeted to allow for 5% inflation, and contractor costs are budgeted to allow for 3.5% inflation and those proposed expenses flow through these departmental line items.

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), actual time, materials, fees, and expenses, as noted in the services addendum.

Annual Reserve Fund review and adjustment:

The Reserve Fund line items, as currently proposed, have updated entries for amounts and years of expected replacement, per the schedule. The Reserve Fund, prior to charges for the tasks, is budgeted to amount to \$500,171.

Dr. Van Giesen made a motion to accept the budget as presented. The assessments, therefore, are set at \$1,305,562.87. Mrs. Lebovitz seconded, and the motion passed.

IV. New Business

a. Building Entry Study

The HOA commissioned a study of the entry and stairs for C building. Mr. Hale has circulated the work product for this study, which was performed by John Parch of Schmueser, Gordon, and Meyer (SGM) to the board. In summary, there is mild to significant corrosion that has developed in areas under the floor drain and decking in the upper entry near the junction of the courtyard level stairs meet the entry landing. SGM recommends repair to the deck, stairs, and walls in the entrance area consisting of removal and replacement of non-structural elements and repair, cleaning, and repainting of structural elements as noted in the survey. Mr. Hale will forward the engineering report to Mr. Miller and make it available to the membership at large, once the action plan becomes available. The board authorized management to proceed with hiring SGM to proceed with the actions recommended in the referenced study. The goal will be for work scope to be bid, contractors recommended, and pricing forwarded to the board during this upcoming winter season, so that work can begin as soon as is practical – either during the winter season or soon thereafter.

b. CX20 Awning

Mr. & Mrs. Shaefer, unit CX20 owners, would like to install an awning at their expense. Maintenance, repair, and snow removal will be at owner's expense. Décor will be in keeping with existing Chamonix façade and all sightlines from other AA building units will be undisturbed. Mr. Moir made a motion to approve of the awning installation, subject to certain conditions that will be incorporated into a separate document that will delineate the responsibilities of the owner of unit 20 regarding the costs of installation, maintenance, and replacement of the awning; responsibility to pay for any damages that may result to other common elements, units, or persons, as those costs may be related to this awning project; and the necessity to perform the work under and permits required by the TOSV; etc.

Precedent file for specialty LCE. Permits.

c. CX47 Electric Vehicle Charging Station Request

Mr. & Mrs. Rosenbaum have raised the question, as to whether or not the HOA would like to consider installing an electric charging station on property. There are various options available that can both charge the individual user for any purchased electricity and offer different levels of charge speeds. After discussion, the board decided to table the issue until more owners express an

interest in such an improvement.

d. Owner Survey – Possible Improvements

Mr. Hale circulated a draft owner survey for consideration of use by the board regarding possible physical plant projects that the HOA may decide to undertake. After discussion the board decided to have management circulate the survey this fall and provide the results of the survey upon its completion to the board.

The annual member's meeting will be on March 11, 2019, at 4:00 pm in the Chamonix meeting room.

V. Adjournment

Mrs. Lebovitz made a motion to adjourn. Mr. Moir seconded, and the motion passed. The meeting was adjourned at 3:19 P.M.

Respectfully submitted,

Brian Moir, Secretary