

CHAMONIX-AT-WOODRUN ASSOCIATION
BOARD OF MANAGERS MEETING MINUTES
October 23, 2012

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 23, 2012. Board members present by conference phone call were Betty Lebovitz, Peter Van Giesen, Don Anthony, Dick Brown, and Brian Moir. Nonmembers present in Snowmass were Mike George and Lee Wilson of Snowmass Lodging Company.

II. Approval of Minutes

Mrs. Lebovitz made a motion to waive the reading and to approve the minutes of the March 8, 2012, 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 including laundry heater element
- Office Building and garage roof replacement is completed with repairs to the underlayment, weatherproofing, snow-clips. Hot-Edge, heat tape system, and shingles installed.
- All chimney caps were inspected and two caps (1 each B, C Buildings) were replaced, including rebuilding wooden support structures.
- Condominiums 20 and 25 were weatherized to increase energy efficiency
- Pool deck was sealed with epoxy coating
- Pin hole leaks were repaired in the boiler room
- Pool and spa pumps were repaired and spa light replaced

B. Energy Assessment and programs

Two condominiums were weatherized as a test, resulting in 30% and 13% reduction in air infiltration. Although it is difficult to directly measure the savings in heat, we have one proposal to complete similar weatherization for the rest of the property for approximately \$25,525. The CORE rebates for these projects are typically \$400 per condo, or \$11,200. We are awaiting other bids, but at this point weatherization completion would cost about \$14,300. Mr. Moir asked about the bulk of the work that could be expected from the process. Mr. Wilson replied that the work would vary per unit, based upon where the air infiltration tests show air passing back and forth from inside to outside of each unit. For the two units that have gone through this process, much of the work was around doors, windows, and outlets. The Board asked Management to start a program to close the fireplace dampers in each off-season and start installing gaskets at the electrical outlets that are on the exterior walls of the units.

Management at Mr. Anthony's recommendation will also ask Energy Efficiency Solutions to compute potential annualized savings in Gas costs, based upon the actual reductions in air loss in units 20 and 25 after the weatherization efforts were completed. Once this information becomes available, the Board may authorize additional unit weatherization efforts.

Investigations regarding heat system replacement continue. Mr. Wilson presented a review of bids submitted in the last couple years and a proposal by Young Services provided via scan at the start of the meeting. A proposal for approximately \$8,300 to create specifications for the system replacement as well as assistance with commissioning and energy rebates was discussed. The Board decided to defer on investing in a replacement study at this time, as the initial boiler and infrastructure replacement costs from Young Services came in at \$569,000. When compared to potential energy

savings of roughly \$20,000 per year, the capital outlay is too great to provide any reasonable return on investment, considering the current low cost of natural gas.

C. Pool lift requirements

Government regulations, currently scheduled to go into effect January 31, 2013, require a handicap lift be installed at each pool and hot tub. Each device is estimated to cost approximately \$5,000, plus installation, deck repairs, and possibly repairs to snowmelt piping that could be damaged by the installation.

Mr. Moir noted that enforcement of the regulations has been delayed twice, previously. It is difficult to know if there will be further changes in the requirements prior to January 2013, or if the deadline will again be changed, or if one lift would ultimately be deemed sufficient at Chamonix. Management's interpretation of the regulations, as currently written, is that they specify one lift for each spa or pool, and they also specifically deny sharing lifts between properties. The Board decided to have management reallocate \$13,500 from the Boiler replacement line item in the Reserve Fund to a new line for Pool Lifts. Management will continue to monitor the status of implementation of these regulations and advise the Board, if enforcement of these regulations commences in January 2013.

D. Window replacements

Eight windows have been identified for replacement, based on the either inadequate window operation or condition of the frame components. The list includes two in 33, two in 40, one in 46, one in 50, one in 54, and one office window. Because management deems that only eight windows are currently in need of complete replacement, \$20,166 is proposed as current funding for small scale repairs and complete replacements, only. A common area window was replaced last year to see if the existing stucco could be matched and to gauge the overall costs of replacement. The stucco work matched well. Each window, when replaced on a case by case basis, will cost approximately \$6,000. The relatively high average cost per window includes demolition and trash removal; lift rental; material costs for a new window, new flashing, trim and stucco; and labor costs for all work.

Twelve other windows (one in 20, one in 25, two in 26, three in 31, one in 34, one in 46, one in 50, and two in 54) will have the glass replaced this fall because of broken seals (visible moisture between the panes). This list includes the six windows scheduled last year. That replacement was not completed last season because of contractor scheduling problems. The broken seal replacement is usually funded through the operating budget, and those costs are planned to be accrued into the 2011/2012 operating costs.

E. Rentals, Rates, and Unit Upgrades

Snowmass Lodging Company Rental Operations – Summer 2012 gross rental pace is up from that of the prior summer by \$26,030, or 16%. Winter pace is down from that of prior year by 16%, but even with the year prior to that, so it is too early to draw any conclusions about the upcoming winter season.

IV. Accounting and Budget

A. Current Financial Position

The owner of condominium 17 is delinquent on payment of assessments and interest per the schedule below:

CX17	\$8,002.62
Total	\$8,002.62

Mr. Wilson and Mr. George will continue to try to elicit payment of this delinquent balance.

The Association has a \$17,841 surplus, as compared to the plan, after 11 months, excluding any carry-forward surplus, primarily for the timing of when expenditures will occur and be recorded. The Association expects to finish the fiscal 2011-2012 year approximately on budget.

General & Administrative costs are forecasted to be under budget by \$2,519 for savings relative to budget of Insurance premiums, Depreciation, and Accounting. Utility costs are expected to be under budget by \$13,270, or about 7%, primarily due to savings in gas costs. Repairs & Maintenance expenses are forecast to be over budget by \$16,240. R&M Contractors, Pool repairs, and Equipment Service Contracts are over budget. We plan to expense large repair costs for window pane replacements, fire alarm, and fire suppression system repairs to R&M Contractors in October. We just completed epoxy repairs and coating of the pool deck, and we expect additional inspection costs for the elevators and fire suppression equipment to also be expensed in October.

B. Reserve Fund Status

The Association has a projected Reserve Fund balance of \$174,634, at 2011-2012 fiscal year-end.

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 \$95.47, with October entries yet to post. In addition, management recommends the other following re-allocations of line balances in the Reserve Fund:

- Transfer \$450 from Fire Alarm System to Roof Repairs
- Transfer \$2,911 from Pumps – Other to Pumps – Main Heat Circ
- Transfer \$250 from Fire Alarm System to Fire Sprinkler System
- Transfer \$5,000 from Kitchen Equipment to Fire Sprinkler System
- Transfer \$96 from the Miscellaneous Line Item to Roof Repairs (to be adjusted to year-end actual)

These changes will better align past funding to actual line item costs to date in the Reserve Fund.

Mr. Moir made a motion to approve of these transfers. Dr. Van Giesen seconded, and the motion passed.

C. 2012-2013 Budget Review

SLC, for the overall budget, proposes to reduce assessments for 2012-2013 by \$10,000 from those for 2011-2012.

Major cost adjustments between the forecasted year-end totals for 2011-2012 and those proposed in the 2012-2013 operating budget are listed below:

Insurance – increased by \$3,154 for an expected 7% premium inflation increase, with no anticipated replacement value changes.

Vehicle rental – increased by 10%, or \$1,877, which is the year over year average increase in gasoline prices.

Electric – budgeted for a 5% increase.

Telephone Service – increased by 8% to double the internet access speed.

Gas – budgeted for 3% increase.

Water & Sewer – budgeted for 10% increase.

Cable TV – budgeted for 5% increase.

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

Repairs and Maintenance, SLC - kept at last year's budget amount.

Repairs & Maintenance, Contractors – reduced by \$18,912, or 39%, as fiscal 2011/2012 had extraordinary window and fire system repairs costs.

Pool Maintenance – reduced by \$2,000, or about 6%, as in fiscal 2011/2012 we repainted the pool and resealed the epoxy deck.

Pest Control – increased \$106 to new annual cost

Snow Removal - kept at last year's budget amount in the hope that we have a better snow year.

Equipment Service Contracts are budgeted for a 3% increase.

Annual Reserve Fund review and adjustment

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

During the October 2010 budget meeting, the Board approved the Reserve Fund assessment to be set at \$91,697 for each of the subsequent two years, so that there should be adequate funding available to continue both the phased roof replacement plan and to provide funding for other reserve fund line items that might need to be spent over the following five years. Other line item funding was suspended or re-allocated to projected expenditure needs within that five year time frame, pending the completion of the roof project. During the last budget meeting, the Board also discussed the merits and costs of both complete rail and window replacements. However, the netting installed last fall on the decks has served the property well, and the urgency for considering rail replacements has diminished. Because only a few windows currently need complete replacement, the significant costs of replacing all of the windows in a single process were determined to be prohibitive. The Board directed management to revise the Reserve Fund model to return to funding of more individual line items and to also set aside funding for ADA Pool lifts at the pool area. The overall Reserve Fund assessment is therefore proposed after revisions during the budget meeting to be \$81,697, or \$10,000 less than the amount of the prior fiscal year, with line items funding allocations per the revised Reserve Fund model. The options were circulated by email following the meeting and a majority of the Board approved the model with revised line item funding, inclusion of a pool lift item, and the reserve funding at \$81,697 or \$10,000 less than the previous year.

A majority of the Board approved the consolidated budget by email, as amended, to set assessments at \$1,090,556.60 for 2012-2013.

V. New Business

A. Fire sprinkler coverage in condominium 47

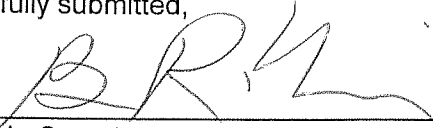
The fire alarm test an inspection report noted a sprinkler head needed in a closet in condominium 47. However, when the installer investigated this particular item, he found a more complicated situation. A number of sprinkler heads will be necessary to bring the condominium up to code. After discussion the Board decided that the unit owner would need to perform the repairs.

B. Other items

VI. Adjournment

Mr. Moir made a motion to adjourn. Dr. Van Giesen seconded, and the motion passed. The meeting was adjourned at 3:47 P.M.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. Moir', written over a horizontal line.

Brian Moir, Secretary