

CHAMONIX-AT-WOODRUN ASSOCIATION

BOARD OF MANAGERS MEETING MINUTES –

October 30, 2014

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 30, 2014. 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

Mr. Moir made a motion to waive the reading and to approve the minutes of the February 18, 2014, Board meeting. Mr. 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:

- Fire Alarm Repairs were completed
- Exercise Room Equipment was serviced
- Garage door to trash bay was serviced
- AA Building drain was cleared and repaired
- Domestic Hot Water Pump was rebuilt
- Main heat pump was repaired
- Snowmelt boiler was repaired
- Domestic hot water system was repaired
- Electrical Panel from roof snow slide was repaired
- Stucco was patched on lower exterior walls
- Pool deck and stairs coated with epoxy
- C Building leak was repaired
- Lower parking drain replaced
- C Building elevator jack was replaced
- C Building elevator oil line was replaced
- C Building elevator control relays were replaced
- Fire Extinguishers were checked and replaced or recharged as needed
- Garage Leak was repaired
- Fire suppression leak was repaired
- Conference Room phone wiring was repaired
- Driveway heat boiler was repaired
- Chimneys were inspected/cleaned
- Gutters and hot edge added to eaves on B Building
- B and C entries and stairs coated with epoxy
- Driveways were repaired, color added, and sealed

- Windows replaced in 6 condominiums

B. Energy Assessment and programs

Management continues to monitor the heat system gas use and performance. Heat system settings were reduced in the spring and will be readjusted in late fall. Electric usage is also monitored. Fireplace dampers have been closed in each off-season.

C. Window replacements

Eleven windows were replaced this fall, including one in 31, two in 33, two in 36, two in 37, one in 44, and three in 46. The project invoicing is not yet complete, although costs are expected to be lower than the estimated \$6,000 per window.

D. Rentals, Rates, and Unit Upgrades

Snowmass Lodging Company Rental Operations – Summer 2014 gross rentals were up from those of the prior summer by \$91,580, or 50.5%. Winter pace is up from that of prior year by 73%. After an early surge in winter bookings, bookings in recent weeks have slowed, but we are still significantly ahead of our prior year pace. As of the meeting date, current booking totals for the months of Dec, Jan, Feb, and Apr exceed season end totals for the prior winter.

IV. Accounting and Budget

A. Current Financial Position

Management is pleased to report all condominium owners are current with assessment payments.

The Association has a \$14,609 surplus, as compared to the plan, after 11 months, excluding any carry-forward surplus. When including the cumulative, prior year surplus, we forecast Chamonix to have a \$24,332 surplus.

General & Administrative costs are forecasted to be under budget by \$782 for savings relative to budget of Insurance, Legal, Accounting, and Telephone Equipment. Utility costs are expected to be over budget by \$5,079, or about 3%, due to Higher Electric and Gas costs. Repairs & Maintenance expenses are forecast to be under budget by \$10,652, or 3%.

B. Reserve Fund Status

The Association has a projected Reserve Fund balance of \$224,918, at 2013-2014 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. Management recommends transfer of the year end miscellaneous credit to the Driveway Sealing reserve line. The amount at present is \$23.64, with October entries yet to post.

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

Mr. George also advised that the audit report from fiscal 2012-2013 year end noted no inter-fund loan of from the operating fund to the reserve fund.

C. 2014-2015 Budget Review

SLC, for the overall budget, proposes that assessments for 2014-2015 increase by 1.5% over those of the prior fiscal year.

Major cost adjustments between the forecasted year-end totals for 2013-2014 and those proposed in the 2014-2015 operating budget are listed below:

Management fees are budgeted to increase by 5% for a proposed increase in the Inducement Management Fee. Management advised that the current program of billing \$7,500 in inducement fees on average since approximately 2009 to owners at Chamonix, Woodrun Place, and The Enclave has largely been successful. However, costs have inflated since 2009, and management proposes increasing this per unit average fee to \$8,000 from \$7,500. For unit owners that hire SLC – 95% participation – SLC will issue new unit management contracts with larger average inducements of \$8,000, so that there is no economic impact to these owners.

Insurance – Insurance is budgeted for a 3% replacement limit increase at a 2% cost increase over the prior year. 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. The aggregate coverage is proposed at \$94,488,181, with Chamonix allocated at 84,468 square feet and \$25,120,555 replacement limit, or \$297 per square foot for Chamonix individually. Under the master policy limit, the replacement cost per square foot can be as high as \$1,118.62 ($\$94,488,181/84,468$), 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. The insurance agent has also prepared two additional quotes – one with a 0% replacement limit increase, and one with a 5% replacement limit increase, at respective costs of \$50,824 and \$52,651, versus \$51,907 for a 3% replacement limit increase. After discussion Dr. Van Giesen made a motion to increase the replacement limit by 3%. Mr. Anthony seconded, and the motion passed.

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 WPCA agent at (970) 925-7285, and his individual private carrier.

Vehicle Rental, which includes the costs of fuel, repairs, and maintenance, is budgeted to remain flat, as the inflation rate for national fuel costs rose only 0.1% year over year. SLC has replaced two of its vans this year at an average acquisition cost of approximately \$54,000 each.

Electric and Telephone Service – budgeted each for a 3% increase.

Gas – budgeted for a 3.5% increase.

Water & Sewer – In past years we have expensed quarterly water bills, as they have been presented. They typically arrive in October, and they appeared to be based upon prior quarter consumption. However, the water district has a new billing system, and we have confirmed that the billings are actually two part – first, any excess water consumed in the prior quarter is charged, and second, advance payment of the next quarter's expected consumption is charged. As the costs are paid on a forward quarterly basis, for fiscal 2013-2014 we have expensed 1/3rd of the Oct-Dec bill and recorded the balance as a prepaid to be written off in the 2014-2015 fiscal year. This is a one-time correction that is posted in fiscal 2013-2014, and budget year costs will return to historical norms. Costs are therefore budgeted to increase by 23.6%, or \$4,949.

Trash and Cable Services – each budgeted for a 5% increase.

R&M SLC – budgeted to decrease by 5.2%, as SLC staff members were able to repair the pool and entry decks surfaces in house in fiscal 2013-2014 at a savings to what an outside vendor would charge. SLC staff also performed various stucco repairs in house, again at a savings to what outside contractors would charge. We plan for less of these types of repairs in the budget year.

Equipment Service Contracts are budgeted for a 3% increase.

Special Projects – budgeted at \$1,500 to obtain an civil engineering solution to a chronic drainage problem on the exterior grounds between buildings B & C.

Annual Reserve Fund review and adjustment:

Management proposes adjusting the Reserve Fund useful life estimates and funding levels, as shown on the reserve fund schedule, including the following Reserve Fund line balance adjustments:

Increase the Elevator line with the adjustments from other lines as outlined below

Decrease Stucco Repair funding to \$2,400 from \$12,400, leaving funding balance at \$41,200

Decrease window replacement funding from \$10,166 to \$7,166, anticipating only common window replacements

Suspend Backflow/meter funding, as meter was replaced this fall by SWSD (at no cost to Chamonix) and funding balance for backflow is at \$19,445.

Decrease Pool Deck Resurface as our staff has been sealing these surfaces, and the funding balance is at \$2,500.

Mr. Brown made a motion to accept the budget as presented with assessments set at \$1,107,172.02. Mrs. Lebovitz seconded, and the motion passed.

V. New Business

A. Deck furniture

Review of deck furniture throughout the property shows how the differing styles and quality affects the exterior building appearance. The Board discussed the idea of requiring specific deck furniture on all patios, and perhaps a quantity purchase. Larger ground floor patios may have case by case consideration of the furniture requirements. After discussion the Board asked Mr. Wilson to encourage the owners to consider replacement of aging personal property, such as chairs and barbeques, and to try to put together a bulk buy opportunity for those members who might like to upgrade their barbeques and patio furniture.

B. Internet service

Our wireless infrastructure and service provider (Resort Internet) is asking for input from the Association regarding a future plan for the system. The system is presently 7 years old. Their data indicates the present system is providing sufficient service even in the highest demand periods. The present system components can be replaced as needed to maintain the service as it is now, or the Association could pro-actively upgrade with new technology and increase capacity in anticipation of future internet demands. Resort Internet provided a proposal for board consideration.

VI. Adjournment

Mr. Anthony made a motion to adjourn. Mrs. Lebovitz seconded, and the motion passed. The meeting was adjourned at 3:24 P.M.

Respectfully submitted,



Brian Moir, Secretary