

CHAMONIX-AT-WOODRUN ASSOCIATION

BOARD OF MANAGERS MEETING

September 20, 1996

I. Call to Order

The meeting was called to order in the meeting room of Chamonix Condominiums in Snowmass Village, CO at 1:52 P.M. by Hank Anderson, President of the Board. Other board members present were Anita Cole and Andy Cole. Unit #26 owners, Mr. and Mrs. Walker.

Nonmembers present were James Treadwell, Mike George, and Lee Wilson of Snowmass Lodging Company.

II. Approval of Minutes

Anita Cole made a motion to approve the minutes of the August 26, 1996, meeting. Andy Cole seconded, and the motion was unanimously approved. Andy Cole made a motion to approve the minutes of the February 9, 1996, meeting, and Anita Cole seconded. The motion was unanimously approved.

III. Old Business

A. State of the Property

Differential building settlement has slowed in all areas. Maintenance will continue to monitor displacements, but no repairs are needed at this time. The domestic hot water supply lines have continued to develop pinhole leaks. This is a common problem throughout Snowmass Village. As much of the pipe as possible is being replaced, as leaks occur and are repaired. Two TV dishes are installed, and connecting cable is being installed to the two condominiums that have requested it in A Building. Mr. Walker asked what the costs and benefits were, and Mr. Wilson replied that certain owners within the complex had requested the dishes and were paying for the service and installation directly. The lobby remodel is substantially complete, although a few owners have mentioned the need for additional accent items on the metal tables. Mrs. Walker mentioned that the lobby tables could use some additional items, and offered her services to the Association to obtain them. Mrs. Cole agreed that silk plants, or other such arrangements, could be added to the tables in the lobbies. After Mrs. Walker said that she had placed a lamp on the table in the common lobby by her front door, Mr. Anderson advised her that the Board discouraged owners from putting personal decorations into the common areas, as the lobbies then tended to lose uniformity. Mr. Anderson noted that owners may decorate the lobbies by their front doors, as long as they receive Board approval for the items chosen. Mr. Anderson noted that his wife, as an interior designer, has access to wholesale prices on these types of furnishings, and that he would ask her to look into purchasing accent pieces for the tables in the common area lobbies during her next visit.

The landscaping improvements have been completed as planned. Most comments related to the new landscaping and groundskeeping work this summer from Chamonix owners and guests have been very complimentary. The area with new grass at the lower end of the buildings, however, is not draining properly, and Mr. Wilson noted that maintenance plans to install a French drain to redirect the water away from the base of the stairs and

building foundations. Two Crestwood owners have contacted the Association regarding the placement of the new trees, and copies of their letters were reviewed. Both owners perceive the new trees as impacting their views adversely. After discussion about possible compromises, the Board decided to table the issue until the annual meeting, when more Chamonix owner opinions are available. Mr. Wilson will write a letter to the Crestwood owners advising them of this decision.

Two Chamonix owners also have asked the Board to consider moving or trimming trees, which they perceive as restricting their views. Chamonix 32 asked the Board to consider moving three trees last year, and the owners of condominium 34 asked about the trees downhill from the pool deck this summer. After a short recess to review the trees and units in question, general discussion of possible solutions followed. The Board agreed that relocating the trees might create similar problems for other owners, or that owners who liked the current placement of the trees might then complain. Andy Cole made a motion to have management contact the landscaper and request that the trees be trimmed to improve the view planes for the unit owners of 34 and 32. Anita Cole seconded, and the motion was passed unanimously. Mr. Wilson was instructed to write a letter to the two Chamonix owners advising them of the Board's decision.

The door and heat radiator painting, which was postponed because of elevator repairs last winter, has been completed in AA Building, and the new chimney installed during the CX 25 remodel has also been painted. Both interior and exterior entry mats have been installed to reduce wear and tear on the new lobby carpets.

Fall projects contracted for and underway (or weather-delayed) include application of new deck coatings at B 3rd and 4th, and C 3rd and 4th floor entries (including new drain grates), and around the upper driveway circle; replacing caulking and seal coating the driveways; painting the concrete walls and metal railing around the courtyard; installing emergency lights in the lower parking garage; replacing gutter- and heat-tape around the entry and back side of C Building; and installation of a drain way between B and C Buildings. Mr. Walker questioned whether the entire complex was under consideration for guttering, and Mr. Wilson replied that gutters were purchased and installed at the request of owners in specific locations, and that the requesting owners paid for the related costs.

Bird nests with the associated mess on windows, walls, and decks continue to be a problem. Efforts to remove the nests have failed to discourage the birds. The Hyatt in Beaver Creek has found netting installed from the eave to the stucco walls to be an effective deterrent to the nests. The visual impact of netting on the building exterior may be a concern, and purchase/installation is estimated to cost \$6,000. Raptor silhouettes, slippery or sticky surfaces, spikes, and fine wires were other possible treatments which we investigated, and none of these possibilities appeared to offer effective solutions. After discussion, the Board decided to include a provision for the netting in next year's budget. Mr. Wilson will select a lower eave to install a sample of the netting, so that owners and Board members may review the installation with regard to visual impact. The Association at large may then decide at the annual meeting whether to proceed with

netting installation throughout the complex. Mr. Wilson will visit the Hyatt at Beaver Creek or request photos of the netting locations from management for Board review at the next meeting.

The pool deck was scheduled for an epoxy maintenance coating this fall. However, the marble is not holding up well, and we reviewed samples of other, Epoxy-rock applications. After review of samples of other topical surfaces, the Board chose an ivory-colored silica material for its reputed durability to be installed next spring. This same material could also be applied to the Office, AA, and A Building entries, with a contrasting "C" inlaid at the office entry in later years, if it proves to be long-lasting.

The spa is scheduled for tile installation this fall, weather permitting, and the replacement tile has been selected. Management may recommend that the Association consider tiling the pool sometime during the next couple of years, also. However, the pool steps recently developed a crack. If the crack represents a major structural problem, tiling may be postponed, and other options may then be investigated. Management recommends delaying replacement of the coping stones around the spa and pool until the cause of the crack in the steps is determined. Management further recommends that the Association replace the pool tile and coping stones at the same time to minimize the costs. Mr. Wilson showed the Board samples of the tiles chosen for the spa. Mrs. Cole requested that management investigate and try to determine the cause of the cracks in the coping stones before any decisions for replacement are made.

Rentals, Rates and Unit Upgrades

We ended the winter season with 74 units in the rental pool, and we enter the next winter season with 75 units, which greatly helps SLC to maintain financial stability. Chamonix units achieved an average rate last winter of \$578, up by \$55 per night from the prior year, or 10%. Average rental nights per unit are down 7%, while owner use is up by 12%, resulting in an increase of just under 3%, or \$1,213, in average rental revenue per unit. SLC properties last winter achieved an increase in Rental Revenue per Rental Unit of 3%, or \$1,262 company-wide, with rental occupancy down 1%, owner occupancy up 4%, and average rate growth of 4%. Mrs. Walker questioned whether air/lodging packages could be used to improve revenues, and Mr. George replied that management would consider a direct mail piece to past guests that offered such a product. General discussion about marketing strategies and Chamonix market share versus Village demand followed, including a specific description of our existing marketing presence on the INTERNET with a page through both Snowmass Lodging and Snowmass Resort Association.

The current booking pace is fluctuating between the pace achieved during the last two years. SLC gross revenue for last year was up moderately, despite lower rental occupancy in early season caused by the late winter snows and growth in owner occupancy. We are optimistic that improved snow making capacity at Snowmass will lead to improved early season occupancy, but we expect the growth to be slow over the next few years. We expect that the trends of flat occupancy with a moderate increase in

average rates will continue during next season. General discussion of the change in SRA marketing policies followed, concerning the focus in the budget year on establishing an independent identity for Snowmass Village, as opposed to the past general strategies of marketing Aspen as the lead resort and the four resorts collectively. Mr. George advised the Board that SLC had entered into a cooperative marketing agreement with Premier Resorts/Village Resorts in order to broaden market exposure through additional collateral pieces. The other primary advantages of the co-op agreement include greatly increased exposure of SLC properties at domestic trade shows and potential bookings through a centralized reservation operation.

IV. Accounting and Budget

A. Current Financial Position

After ten months the Association is \$18,195 ahead of the plan, despite YTD Special Projects unbudgeted costs of \$30,586. Revenues are up for the Lebovitz lease and high employee unit tenancy, partially offset by reduced Interest Income. Interest Income is down because we have transferred interest income from Association investments into the Reserve Fund.

Total General and Administrative (G&A) costs are down 10% from the plan, or \$10,453. While Insurance costs are again higher than the plan because of an increase in the physical plant replacement valuation, other line costs in G&A are down substantially. Legal expenses are down \$1,224 from the plan, and Director's Expenses are under budget YTD by \$2,000. Taxes and Assessments are down \$1,700, and Telephone Equipment repair costs are down \$1,627 against the YTD plan. Depreciation is down \$6,195 against the plan and \$6,327 against the prior year, as capital costs for items on the Association personal property schedule have been fully amortized.

Utilities are down 13% against the plan, or \$9,861, wholly attributed to savings in gas cost. Repairs and Maintenance, excluding the Special Project costs related to the Special Assessment, are \$17,399 under the plan, primarily for savings in SLC labor, Snow Removal, and delayed Painting costs, partially offset by increased Custodial expenses. We expect the Association to end the current fiscal year over budget by approximately \$4,600, despite the overrun of \$30,586 for the Lobby/Landscaping Special Projects.

The owner of CX37 has not paid the last assessment billing. The owners of CX33, however, who have been consistently late in paying assessments, are now current. The owner of CX37 historically has transferred income from the rental program to pay his unit assessments, and we expect that he will pay the outstanding balance in October 1996.

B. Reserve Fund Status

The auditors allowed management to retain a line item for Painting & Staining in the Reserve Fund at the close of the last fiscal year. The Association will likely be required

to transfer the balance to a separate Deferred Revenue account at the end of the fiscal year. All future Painting and Staining costs will be expensed in the year the work is performed, once this new Deferred Revenue account is exhausted.

The Reserve Bank Accounts have cash in excess of the projected year end Reserve Fund liability, primarily because of the adjusted Operating Fund surplus of \$47,431 at the end of fiscal 1994-5. After general discussion concerning cash flow in the Operating and Reserve Funds, Mr. Cole made a motion to transfer the operating surplus at year end to the Reserve Fund to help offset the costs of past elevator repairs. Mrs. Cole seconded, and the motion was unanimously approved. The Reserve Fund will reduce the receivable from the elevator replacement from \$71,000 to approximately \$29,000 after the transfer. While the Association has made progress on its attempts to convert the common area sale of a portion of the meeting room to Mr. Lebovitz, two owners have yet to approve the sale by executing Quit Claim Deeds. Should the sale be completed, the Association can use a portion of the funds to retire the elevator receivable from the Reserve Fund. In the event the lease remains in place, the Association should generate modest surplus funds annually, as we have not budgeted this year for any lease payments from Mr. Lebovitz, and these revenues can then be used to retire the elevator receivable over an extended period of time.

C. 1996-97 Budget Review

The general assessments for the budget year are scheduled to increase by 4.2%, primarily for budgeted reductions in revenue other than assessments. Management recommends an increase in the Insurance line item by 5%, as recommended by the broker. Mr. Cole requested that management confirm the presence of a full replacement cost amendment in the insurance policy. Mr. George will review the policy with the broker and respond to the Board. Mr. Treadwell questioned Mr. Cole as to whether the three Associations under contract to SLC could consolidate their purchasing power to achieve savings under a common insurance policy. Mr. Cole responded, that based upon his experience, the properties should be able to achieve a savings by combining their purchasing power. Upon review of the Association legal documents, management discovered a clause that requires that Association to have the property assessed annually for the purposes of determining Insurance replacement cost value, and management proposes increasing the Miscellaneous cost line item, accordingly. Management further recommends that the Association continue to budget conservatively for Utilities and Snow Removal, as weather variations can cause corresponding fluctuations in these costs. Grounds costs have been increased for maintenance of the expansion in landscaped areas and to provide funding for improved drainage away from the buildings. Custodial has been increased to allow for more frequent cleaning of the common areas, as we may have increased occupancy during the early winter because of the improved snow making capabilities at Snowmass. While management recommends that the Association increase the provisions for these Repairs and Maintenance line items, we also recommend offsetting reductions in other departmental expenses, and we expect budget year costs to be relatively flat, as compared to the current fiscal year. The Reserve Fund allowance is relatively flat, compared to the prior year's budget. Mr. Cole made a motion to approve the budget as presented, after

modification to include funding for the eave netting and a transfer of the year end Operating Fund surplus to the Reserve Fund. Mrs. Cole seconded, and the motion was unanimously approved.

V. New Business

A. Conference Room Conversion

Most Quit Claim Deeds and ballots required to transfer ownership of the conference room space have been obtained from both condominium owners and mortgage holders. However, one owner has indicated he will not sign the Quit Claim deed, which puts the transfer in question. If he becomes the last holdout, this owner may reconsider his position, and the Association may then realize a lump sum cash payment of \$150,000, less principal installments to date on the lease.

Mr. Lebovitz, the owner of condominium 25, would like to purchase the remainder of the conference room, lobby, and common areas on B Building second floor. If the Board would consider the purchase, a new conference room of comparable size could be constructed in the present storage space on second floor. Some replacement storage space could be located above the trash dumpster area and under the stairs which would be closed off, as in the plan for condominium 21.

There are a number of obstacles to the plan, as it is envisioned at this time:

The Snowmass town planner points out that common area lease arrangements are opposed by town staff, and the direct sale process is belabored with the requirement of 100% Quit Claim Deeds, as outlined above. The Town agreed to the last conversion at Chamonix based on the need of the Association to pay for employee units, and the associated financial need. Presumably, a new application would no longer have that financial need available. The owner of condominium 21 would have to agree to relinquish his approved modification to allow the new conference room to use the space over the stairway through AA Building. Converting more square footage to condominium space and creating a new bedroom may exceed the allowed floor area and number of bedrooms of the original PUD. Another bedroom would require the creation of another parking space by town rules. Chris Conrad, TOSV employee, said the space would be considered a bedroom, if there is a bath nearby. The building department would need to be consulted about requirements related to convert the storage space to a meeting room. The storage space is likely to be acceptable for conversion, as long as the new entry is opened to the east side. The application fee for a PUD amendment is now \$1,200, with additional charges, if the town staff expend more than that amount on the review. Management recommends asking Mr. Lebovitz to provide for and perform all aspects of the application, including, but not limited to, legal, construction, and design costs for both the unit and storage space conversions, if the Board is agreeable to the concept of the space conversion.

After discussion Mr. Cole made a motion to allow Mr. Lebovitz to pursue the purchase of the remaining common area meeting room space, subject to both Board and town of Snowmass Village approval. Mr. Cole included the provision that Mr. Lebovitz would have to fund the conversion of an existing storage area into a new meeting room, and that the design of the new meeting room must be comparable to the existing meeting room. Replacement storage space would also have to be created within the Association property at Mr. Lebovitz's sole expense. Mr. Lebovitz must also bear all of the costs related to his purchase request, including those of soliciting and obtaining town and Association member approval. Mrs. Cole seconded the motion, and the motion was unanimously passed. Mr. Cole noted that the potential to convert the storage space in question into a meeting room was clouded by the previous approval granted by both the town and the Association to the owner of unit #21 to encroach upon this space. The Board felt the approval to modify unit # 21 was granted to Mr. Spanos, not any owner of unit 21. Mr. Anderson instructed Mr. George to write a letter to Mr. Spanos, unit #21 owner, requesting that he exercise his purchase option regarding the space in question or relinquish it within a reasonable, proscribed time period, so that the Association may then consider the requests of Mr. Lebovitz. On behalf of the Association Mr. Wilson will advise Mr. Lebovitz of his responsibilities regarding pursuit of the purchase of this space, along with the Association's desire to determine the intents of Mr. Spanos regarding his option to encroach into the Common Elements of the Association. If Mr. Spanos decides to relinquish his purchase option, Mr. Wilson will so advise Mr. Lebovitz and the Board. The Board will then determine a sales/lease price for Mr. Lebovitz regarding the Association space in question.

B. Declaration Provision for Insurance Appraisal

Section 22.3 (page 15) of the Declaration requires "Determination of maximum replacement value shall be made annually..." A real estate appraiser in Gunnison has quoted \$750 plus expenses to provide this appraisal. A local appraiser has agreed to have local builders estimate the replacement value, then review and provide written approval of these estimates at a time and supplies basis of \$100/hour. He estimates the review would cost no more than \$1,000. He also indicated the complete process might not be necessary every year. In view of the difficulty in amending the Declaration, funds for the annual appraisal were included in the budget.

C. Rules Regarding Pets

An owner has questioned the presence of dogs in Chamonix condominiums, when pets are prohibited in the Bylaws of the Association. Item 12 from page 49 in the Rules and Regulations section of the Bylaws is attached. The Bylaws may be amended at the Association Annual Meeting. Management has provided a copy of the Woodrun Place Declaration language regarding pets as a reference, should the Board wish to consider proposing an amendment at the next annual meeting. The Board requested no Bylaw change at this time. It was pointed out that it is useful to have the present wording in the Bylaws. Mr. Anderson requested that management address to the best of its abilities any complaints regarding the presence of owner pets on Association property.

D. Condominium 22 Valence and Shade

The owner of CX22 wishes to install a shade and valence which will match and complement the appearance of the awnings around the deck. The shade could be pulled down from beneath the valence to keep water and snow from blowing on the deck. Mrs. Cole made a motion to approve the request, and Mr. Cole seconded. The motion was passed unanimously.

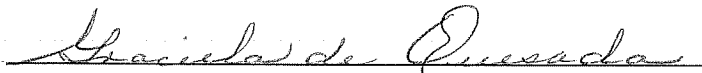
E. Date of Next Meeting

As discussed at the Annual meeting February 1996, the Annual meeting will be held on the second Friday in February; February 14, 1997, at 4:00 P.M. in the Chamonix Conference Room. The Board will meet briefly at 3:30 P.M..

VI. Adjournment

The meeting was adjourned at 4:02 P.M.

Respectfully submitted,


Graciela de Quesada, Secretary