

CHAMONIX-AT-WOODRUN ASSOCIATION
BOARD OF MANAGERS MEETING SUMMARY
October 9, 2001

I Call to Order

Andy Cole, President of the Board, called the meeting to order by conference phone call at 9:00 A.M. Colorado time. Board members present by conference phone call were Anita Cole and Graciela de Quesada. Nonmembers present by conference call were James Treadwell, Mike George, and Lee Wilson of Snowmass Lodging Company.

II Approval of Minutes

Anita Cole made a motion to approve the Board minutes of the February 13, 2001, Board meeting, and Grace de Quesada seconded. The motion was approved.

III Old Business

A. State of the Property

The following repairs and replacements were completed since the last board meeting: Repairs to B Building gutters and downspouts were completed in May. We repaired leaks in domestic hot water supply lines and fire sprinkler lines in the underground parking. We replaced approximately 10 double pane windows, as seal failures between panes occurred. The columns supporting decks at the SE corner of AA Building were jacked back to their original position in June. All decks, windows and doors returned to within 1/8 " of their original positions. A few minor repairs were needed to door jambs and tile grout. The garage floor slab on the north side of the lower parking area was raised back close to original position by injecting a concrete grout through holes drilled in the floor. Two lawn sprinkler zones were reconfigured on the east side of A building to improve coverage and performance. The pool deck was recoated with epoxy to hold the deck pebbles. Although the awnings have reached the end of their useful lives, our maintenance staff has been able to repair the tears in the awnings this summer. One awning on the east side of A Building is not repairable at this time.

The following are repair or replacement projects anticipated in the near future: New entry mats will be installed at entries as needed. Additional protective mats will be added on the pool deck. The domestic hot water boilers will have end gaskets replaced and heat exchangers inspected and cleaned. Fire sprinkler lines with corrosion leaks will be replaced.

The natural gas transportation company, KN Energy, is requiring us to pay for real time metering equipment, which will be added to our gas meters this fall. The cost of natural gas on the market has dropped (our supplier estimates 25 to 30%). To be conservative, we are budgeting only a slight decrease in the cost for the next year, so a savings in gas costs is likely, even with the cost of the metering equipment.

Review of insurance coverage indicates the present building value is based on \$182 per square foot replacement cost, while construction replacement costs in our area are now estimated in the \$ 250 to \$300 per square foot range. The Board discussed the policy limits

and agreed to adjust them to \$250 per foot. Lee will contact our insurance agent regarding guaranteed replacement coverage.

C Rentals, Rates, and Unit Upgrades

Rental Program

Mike George reported on rental trends. At this time we are down about 7% on pace, compared to last year. Booking pace has slowed dramatically since the Sept 11th terrorist attacks, and we do not yet know how much business we will lose for the upcoming season. We are accepting lower prices and shorter stay lengths from clients in response to the soft demand. We are also increasing package offers that will include add-on services without increasing price. This strategy is an attempt to keep the published nightly rate constant, but increase the value a client will receive, so that we do not undercut prior sales at or close to rack price. We are also direct mailing our past guests with reduced rate offers to try to induce more sales.

Chamonix units achieved an average rate last winter of \$747, down by \$24 per night from the prior year, or 3%. Average rental nights per unit were up 7%, while rental owner use was up by 38%, resulting in an increase of 4%, or \$2,000, in average rental revenue per unit. SLC properties last winter achieved an increase in average rate per rental night of 1%, with rental nights per rental unit down 4%, and owner occupancy up 7%.

IV Accounting and Budget

A Current Financial Position

The Association has 11% surplus, or \$8,346, as compared to the plan, after 10 months. The savings are primarily in utility costs, with only nominal savings in the General and Administrative and Repair and Maintenance categories.

B Reserve Fund Status

The following items have been expensed to the reserve fund to date this fiscal year: Garage slab jacking (\$8,589), AA Building pier stabilization (\$14,700), heat boiler control replacement (\$2,205, partial).

C Assets purchased

The following Association assets were purchased so far this fiscal year: Exterior light replacements (\$6,862).

D 2001-2002 Budget Review

Management proposes that the general assessments increase by 6% for the 2001-2002 budget year.

The rental program can no longer support the administrative costs of the Association without larger payments for the services provided. Management has three proposals currently under review by the Associations –

1. Fee increases to maintain existing service levels.
2. Service cuts with fees held to last year's levels.
3. Combination of 1 and 2.

The Board agreed service levels should be maintained, so chose option one.

The four-bedroom Columbine town home that Jim Treadwell purchased in Basalt improved our ability to secure staff. Three to four staff members utilized the housing through the season last winter.

Management expects income next fiscal year, excluding assessments, to be down compared to 2000/2001, as interest rates are lower and we expect that fewer owners will be late with assessment payments.

General and Administrative costs are budgeted to increase, primarily because of an anticipated increase in insurance cost, and an increase in management costs.

Utility costs in the aggregate have been increased by 3% to reflect costs anticipated by our providers.

Management anticipates the need for increases in various Repairs & Maintenance line item costs in response to expense patterns this year.

Management has increased the Reserve fund assessment from \$22,779 to \$40,215, primarily to allow for recovery of the building slab jacking and restoration expenses, which are scheduled to be amortized over fifteen years.

Anita Cole made a motion to approve the budget as presented. Grace DeQuesada seconded, and the motion carried.

Andy Cole asked SLC staff to cost out the value of services, wherever possible, to be prepared for discussions concerning value versus cost.

V New Business

A. Employee relations

The Board discussed matters involving employee relations.

B. Electronic key system

Lee presented information regarding electronic keying systems. The systems could be installed property wide or on a unit-by-unit basis. Two of the primary advantages of the systems include: providing for lock-out of the previous key (rekeying the lock) when a new guest arrives, and an audit trail for all entries. The Board discussed alternatives and decided to defer on a decision at this time.

C. Woodrun V management forcing an arrival fee

Mike described the recent meeting with Woodrun Five management. Woodrun Five is imposing a check-in charge for all arriving guests. The process imposed by Woodrun Five

creates a conflict with the existing management contracts. There is presently only one Chamonix condominium with an outside management contract. The Board discussed the possibility of imposing a check –in charge for guests at Chamonix. No check-in fee was approved at this time.

D. High-speed access to the Internet

ATT Broadband is in the process of laying cable to support this service within the village. The cable provider expects to be ready to provide on-line movies, which management believes to be an improvement over trying to maintain a local library of actual DVDs or VCR tapes.

E. SVRA – reservation service merging with ACR

The SVRA reservations function is in the process of merging. However, refinancing of the rest of the SVRA financial problems is unknown at this time. It is difficult to see this entity as any more valuable now than before. We will have to wait and see how the refinancing affects the ability to cooperatively market the Village.

F. Courtyard repair/improvement

The Board discussed the plans submitted by Robert Trown and Associates for the improvement of the courtyard. Anita Cole recommended that the Association defer on consideration of this improvement because the world is in turmoil. Andy Cole requested that Jim Treadwell review the plan and give input back to the Board. Andy asked Lee to set up a conference call with the Board in November.

G. Date of Next Meeting

The Annual meeting will be held on the second Tuesday in February (February 12, 2002), at 4:00 P.M. in the Chamonix Conference Room. The Board will meet at 3:00 P.M.

VI Adjournment

Anita Cole made a motion to adjourn. Grace DeQuesada seconded, and the motion passed. The meeting was adjourned at 10:15 A.M.