

CHAMONIX-AT-WOODRUN ASSOCIATION
BOARD OF MANAGERS MEETING MINUTES
October 17, 2006

I. Call to Order

Betty Lebovitz, President of the Board, called the meeting to order by conference phone call at 3:05 P.M. Colorado time. Board members present by conference phone call were Betty Lebovitz, Grace de Quesada, Don Anthony, and Dick Brown. Nonmembers present in Snowmass were Mike George and Lee Wilson of Snowmass Lodging Company.

II. Approval of Minutes

Mr. Anthony made a motion to waive the reading of the minutes of the June 20, 2006, Board meeting, and Mrs. Lebovitz seconded. The motion was approved. Mr. Anthony made a motion to approve the Board minutes of the June 20, 2006, Board meetings. Mrs. Lebovitz 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:

- All remaining (interior of the courtyard was painted last year) exterior walls and trim were painted, including a change to a dark brown trim color.
- Stucco facing on an A Building chimney, at ground level near condo 21 and around condo 23's awning was repaired.
- Landscaping improvements were made at the front entry, including planting a large spruce tree, numerous smaller shrubs, and placing landscape boulders on either side of the driveway.
- Commercial washers and dryers were replaced (except for one dryer, expected replacement – fall 2006)
- Railing and a gate were installed on the south side of the pool deck.
- Gutters were cleaned above the pool deck on A Building.
- Chimneys were inspected/cleaned.
- Bird nesting deterrent netting was installed on most remaining eave areas.
- Shingles and sheet rock repairs were completed at the B Building entry
- Driveway drains were cleaned and videotaped.
- Pool chaise lounges were replaced
- New patio lights were purchased (installation waiting for exterior painting)

B. Rentals, Rates, and Unit Upgrades

Snowmass Lodging Company Rental Operations – Gross revenues from the rental program increased by \$361,953, or 13%, for the fiscal year of May 2005 through April 2006. Summer 2006 gross revenues were down by \$179,801, or 48%, as Woodrun Place was closed for

renovations. Advance bookings for winter 2006-2007 are pacing at about 3% more than last winter season.

C. Crestwood agreement

Paul Taddune will get the revised draft of this agreement to Lennie Oates this week. The Crestwood has cut the check and is awaiting final approval by the lawyers. Robert Sinko is working on getting a survey of the area, which will also be necessary, before the agreement is complete.

IV. Accounting and Budget

A. Current Financial Position

The Association has a 10% deficit, or \$7,161, as compared to the plan, after 11 months. Our forecast is that the Association will finish the fiscal 2005-2006 year approximately flat to plan. General & Administrative costs are forecasted to be over budget by about \$2,039 for an unbudgeted Audit increase and greater than expected telephone (internet) repair expenses. We may receive an unbooked salvage refund for Internet parts after the close of this fiscal year, but we have not posted any credit for this entry, as the salvage vendor has not proven to be reliable. Utility costs are expected to be under budget by \$13,095, as gas costs softened in the latter part of fiscal 2005-2006. Repairs & Maintenance expenses are forecast to be over budget by approximately \$12,990, excluding the special assessment for exterior painting. Line costs in maintenance for Custodial and Pool are over budget, primarily for additional cleaning work related to heavy construction throughout Snowmass Village.

B. Reserve Fund Status

We booked expenses to replace the elevator carpeting, install new patio lights, continue work on the pool gate, and the complete deck work outside the third floor of C building. We also booked the transfer of \$3,250 in funding to the Exterior Surfaces Fund. This leaves the Association with a projected Reserve Fund balance of \$418,421 at the end of the current fiscal year. As the outside auditors recommend that Chamonix carry no Miscellaneous line balance in the Reserve Fund, Management proposes reclassing the expected credit balance of \$9,013 to help increase funding for roof replacement and to zero the Pool Deck Replacement Line Item. We transferred a large portion of reserve funds to higher interest bearing accounts and short-term certificates of deposit at different institutions. We also identified a bank that participates in a CDARS program, which should help us consolidate reserve cash accounts without bearing unnecessary FDIC insurance limitation risks. Mr. Brown made a motion to approve the reclassification of the miscellaneous line item, as noted above, and as may be adjusted at year-end. Mrs. De Quesada seconded, and the motion passed.

As local construction costs have dramatically increased over the past couple of years, we propose increasing the replacement cost basis of many of the Reserve Fund line items by 20%. We also adjusted the anticipated asset lives and expected replacement years in the schedule.

We did not reinstitute funding the Driveways, Concrete Entry Surfaces, or Pool Deck Resurfacing line items prior to the budget meeting. The strategy for these future costs can be to either begin replenishing these line items now on an annual basis, or it can be to collect special assessments at the time of replacement. After discussion the Board decided not to include funding for these

line items in the budget for 2006-2007 and to adopt a strategy of funding for them on an as needed basis via special assessments in the future.

Mr. Brown made a motion to accept these proposed adjustments to the Reserve Fund. Mr. Anthony seconded, and the motion passed.

C. 2006-2007 Budget Review

Management proposes that the general assessments increase by approximately 7%.

SLC has requested an increase in Vehicle Rental cost reimbursements of \$1,483, or 20%, for the year to help offset the recent increases in gasoline prices. SLC has further requested an increase of \$18,833 in Management and Front Office fees to offset increases in wages and benefits over the past three years and to increase the wage rates for staff in the budget year. SLC will commit to passing the entire increase along to its staff in the form of wages, payroll taxes, and benefits expenses, if approved by the Chamonix Board and the Board for Woodrun Place, as the Enclave had its budget meeting earlier this month and approved these increases. The wage pressures are caused by a short supply of local labor. The labor market has weakened due to increased demand because of gas and oil development west along the I-70 corridor towards Grand Junction, lack of available rental housing, and stricter immigration laws in Colorado.

Mr. George also advised that the Enclave Association Board had recently met and approved its budget to include housekeeping and maintenance prices of \$35/hour. The Enclave Board also discussed the concept of purchasing unit checks at its meeting through either its assessment or through individual unit consumption. After some differences of opinions, the Enclave Board deferred its decision until the Boards of Woodrun Place and Chamonix hold their meetings. After discussion on this issue, the Chamonix Board advised management to advise their association members that they can purchase unit checks through housekeeping on a regular schedule, if the unit owners so decide. Mr. George will advise the Boards of Enclave and Woodrun Place of the decision of the Chamonix Board.

The major cost increases proposed in the 2006-2007 operating budget are listed below:

Insurance – anticipated premium increase of \$5,840, based on notice from insurance company to increase replacement costs by 20%. The insurance company also notified us of an increase in water damage deductible to \$25,000 because of recent loss history.

Depreciation – increased to fund 40% of the depreciated replacement cost of new laundry equipment to be purchased this fall, with The Enclave paying for 60% of both the capital outlay and the depreciation costs.

Vehicle Rental – increased by 20%, or \$1,483, to reflect increased fuel costs.

Electric – increased by 6.5%, or \$2,167, to reflect energy cost increases and annual cost of financing of a power line underground burial surcharge.

Repair & Maintenance line items – all SLC labor increased by 16.67% to account for a proposed increase in hourly billing rates of Housekeeping from \$28 and Maintenance from \$30 to both be \$35 per hour.

Special Projects - \$28,500 is added for the new key system and door locks

An additional increase will be necessary, if the Board decides to utilize funds for a game room, additional railing modifications, or lobby refurbishing.

The Board decided not to add a game room at this time, with Mrs. Lebovitz dissenting.

Mr. George discussed the concept of replacing the unit railings with ones that meet current codes at the request of an owner. Mr. Wilson advised the Board that the project engineers received a verbal opinion on this issue from Mark Kittle, Town of Snowmass Village Building Permit Director, at the time that the courtyard entry railings were changed. Mr. Kittle advised the engineers that, since the units were not being modified at the time of the entry rail project, the Town of Snowmass Village would not compel the Association to replace its unit railings at that time. Mr. Anthony requested that management document that conversation in these minutes. The Board decided not to act upon this request to modify the condominium railings at this time.

The Board discussed the Farmhouse proposal for lobby refurbishing, which includes:

- Lobbies, ski locker room, exercise room and office carpet replacement
- Office bath flooring, vanity, countertop, sink and toilet replacement
- Lobbies baseboard replacement, chair rail removal
- Ski locker bath tile, vanity, countertop, sink and toilet replacement
- Ski locker room bench replacement
- Ski locker room appropriate furniture for towel/trash collection
- Exercise room bath tile, vanity, countertop, sink and toilet replacement
- Additional mirrors installed in lobbies
- Rearrange present lobby art work
- Paint lobbies
- Stain new baseboard, refinish/replace existing lobby doors
- Replace door hardware to match finish of card reader door locks
- Cover the heat registers with wood covers
- Treat metal doors for a more attractive appearance

The following reserve funds might reasonably be utilized for the project elements listed above:

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|--|-----------------|
| • Carpet – conference lobbies | \$16,800 |
| • Carpet – Halls | \$40,000 |
| • Kitchen equipment (rarely used) | \$12,000 |
| • Awnings (borrow ½) | \$ 5,000 |
| • Conference furniture (exercise room now) | <u>\$ 5,000</u> |
| Total | <u>\$78,800</u> |

The Board discussed various aspects of the project, with Mrs. de Quesada explaining the Farmhouse owners' background in the decorating business and the consulting relationship with Chamonix. The Board asked Mrs. de Quesada and Mr. Wilson to proceed with the plans and enhancements outlined above, particularly related to the office and ski locker room redecoration, utilizing the reserve funds as proposed above. These areas will serve as a showcase for the project. Details of the decoration package and costs will be refined and presented to the Board in anticipation that the complete decoration project will proceed next spring. A special assessment based on the refined cost estimates will be discussed at future meetings. The new door lock system installation will be scheduled in the spring when the

installation is also expected at Woodrun Place and Enclave.

Management proposes to increase the Reserve Fund assessment from \$34,828 to \$38,415 for the adjustments detailed in the budget documents and above under the Accounting and Budget section.

Stucco repair and replacement line balances collected in the budget year will be moved to the Exterior Surfaces Fund, as the outside auditor advises that these items cannot remain in the Reserve Fund by IRS regulation.

Reserve Fund projects proposed for 2006-2007 are to purchase a replacement dryer for the laundry room and expenditures for common area decorations, as described above.

Mrs. Lebovitz made a motion to approve/amend the budget for 2006-2007, as distributed in preparation for this meeting. Mrs. De Quesada seconded, and the motion carried. The regular assessment is therefore set at \$869,834.79, and the special assessment is set at \$28,500.

V. New Business

A. Base Village

Base Village construction has caused considerable traffic disruption and increased custodial costs through out the summer. Although Intrawest insists this was the worst summer of disruptions, next year will likely bring construction of the new round-a-bout at Brush Creek Road and a new bridge across Brush Creek for Wood Road. Our sales department received some complaints about the construction this summer. We should continue to expect similar difficulties next year.

B. Date of Next Meeting

The Annual meeting will be held on the fourth Tuesday in February, Tuesday, February 27, 2007, at 4:00 P.M. in the Chamonix Conference Room. The Board will meet at 3:00 P.M.

VI. Adjournment

Mr. Anthony made a motion to adjourn. Mr. Brown seconded, and the motion passed. The meeting was adjourned at 4:48 P.M.

Respectfully submitted,



Graciela de Quesada, Secretary

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