

CHAMONIX-AT-WOODRUN ASSOCIATION
BOARD OF MANAGERS MEETING MINUTES
October 18, 2007

I. Call to Order

Betty Lebovitz, President of the Board, called the meeting to order by conference phone call at 1:07 P.M. Colorado time. Board members present by conference phone call were Betty Lebovitz, Grace de Quesada, Don Anthony, Peter Van Giesen, and Dick Brown. Nonmembers present in Snowmass were Mike George and Lee Wilson of Snowmass Lodging Company.

II. Approval of Minutes

Dr. Van Giesen made a motion to waive the reading of the minutes of the February 27, 2007, Board meeting, and Mrs. Lebovitz seconded. The motion was approved. Dr. Van Giesen made a motion to approve the Board minutes of the February 27, 2007 Board meeting. Mr. Anthony 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:

- Card system locks were installed on all condominiums and ski lockers
- Common lobbies painted, new carpet installed, and trim replaced
- Common lobby door hardware was changed
- Building entry doors were stained and new weather strip installed
- Exercise room carpeted and closet remodeled (in progress)
- Ski locker room redecorated with built-in accent shelves (in progress)
- Ski locker and exercise baths retiled and redecorated (in progress)
- Wireless internet installed throughout the property
- Chimneys were inspected/cleaned
- All charcoal grills were removed, gas grills installed on most decks
- Wall cap was replaced around 20 deck and rail added
- Fire sprinkler tests were instituted to meet insurance company requirements
- Fire sprinkler system repair/replacements were done per inspection list
- New patio lights were installed at ground floor decks
- Sinking lawn areas were filled and new sod installed
- Epoxy rock was repaired on C Building entry stairs
- New water main installed into the boiler room (in progress)
- Replaced broken drain under boiler room floor

B. Rentals, Rates, and Unit Upgrades

Snowmass Lodging Company Rental Operations – Summer 2007 gross revenues were up by \$127,223, or 64%, over those of the prior year, as Woodrun Place was open for business.

Advance bookings for winter 2007-2008 are pacing at about 15% more than last winter season.

C. Ski locker bidding process

The Board discussed the bidding on ski locker 8. As a result of bidding difficulties with that ski locker, the Board established guidelines related to locker bidding. Mr. Wilson will advise the lower of the two bidders that the Board is willing to accept the higher bid of \$7,500. If the lower bidder finds this unacceptable, then the Board will invalidate the first bidding process. The two competing bidders will then each submit a single sealed bid, with a single amount noted on that bid, as their highest and final bid for use of the closet.

IV. Accounting and Budget

A. Current Financial Position

The Association has a 61% surplus, or \$44,730, as compared to the plan, after 11 months. Our forecast is that the Association will finish the fiscal 2006-2007 year approximately \$48,216 ahead of plan. General & Administrative costs are forecasted to be under budget by about \$1,740 for a savings on Legal expenses at this time. Chamonix received its rebate of legal costs from Crestwood. The Association will have a reclass entry to move furniture acquisitions from the lobby project to depreciable assets shortly after the end of the current fiscal year. This transaction will increase depreciation costs and reduce overall Special Projects costs. Utility costs are expected to be under budget by \$30,735, as gas costs are much lower than anticipated. Repairs & Maintenance expenses are forecast to be under budget by approximately \$28,913, excluding special assessments for lobbies, door locks, and wireless Internet. Savings in R&M Contractor, Pool Maintenance, Window Washing, Painting and Staining, Snow Removal, and Custodial Services have offset overruns in some other lines. Cleaning work is much lower this year with lobby decoration in progress and less dust and dirt from the construction throughout Snowmass Village.

Final invoices for the lobby refurbishing have not yet been received. The decorator and Mrs. De Quesada are still fine-tuning furniture selections and placement. At present the expenses appear to be close to the overall budget. Management proposes the Board transfer the operating budget surplus for fiscal 2006-2007, after audit and net of the effects of the furniture asset reclass transaction, to the lobby project, until that project is completed. Management further proposes that any residual surplus remaining from the lobby project be transferred to the Reserve Fund to be attributed to the Pool Deck Replacement line item. Mr. Brown made a motion to authorize these transfers, after the audit and the reclass transaction are completed. Mr. Anthony seconded, and the motion passed.

B. Reserve Fund Status

We booked expenses from the following lines to be put toward the office lobby restoration:

• 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	\$78,800

This leaves the Association with a projected Reserve Fund balance of \$244,001, 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 \$12,216 to Roofs (\$6,000) and Concrete Entry Surfaces (\$6,216) line items.

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. Dr. Van Giesen seconded, and the motion passed.

Annual Reserve Fund review and adjustment

The reserve fund was adjusted for useful life estimate changes and funding levels as shown on the reserve fund schedule.

Water Line replacement-special assessment

The water line replacement plus damage repairs minus insurance reimbursements (accounting for \$25,000 deductible) is expected to total approximately \$144,000. Not all invoices have been received at this time. This spring the Board approved utilizing reserve funds for the water line project, with the expectation of a special assessment to replenish the reserve fund in the fall. Management recommends levying a special assessment of the final costs of the repairs in November 2007, as the project should be completed by then. Mr. Anthony made a motion to levy a special assessment to retire the costs of the water line replacement. Mrs. Lebovitz seconded, and the motion passed. The special assessment will be levied in March of 2008.

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

C. 2007-2008 Budget Review

Management proposes that the general assessments increase by approximately 2.49%.

SLC has requested an increase in Vehicle Rental cost reimbursements of \$3,114, or 35%, for the year to help offset the recent increases in gasoline prices and the high costs of vehicle maintenance. SLC has further requested an increase of 2.1% in Management Fees of \$2,980 and Front Office fees by 15%, to offset proposed increases in benefits costs. Health insurance costs are increasing another 18-20% this year – the base policy cost for currently participating employees will increase by \$36,391, with an unknown additional amount needed for shared claims costs. Management intends to use the increase in Front Office expenses primarily to attempt to secure more summer staff in 2008. This summer SLC was short 3 employees and had to bear the costs of 937.25 hours of overtime for the season at the front desk. SLC received almost no applications for the available desk jobs this past summer. Rather than increase year round wages substantially again this year, the strategy under consideration is to use the increased subsidies to offer larger season long bonuses in the summer, since that is the time period during which SLC is having the hardest time finding staff. Winter season continues to produce J1 visa potential for non-US employees.

In addition to the increases by Snowmass Lodging Company mentioned above, major cost adjustments proposed in the 2007-2008 operating budget are listed below:

Insurance – anticipated premium increase of \$2,007, based on notice from insurance company to increase premium costs by 6%. The insurance company is only willing to renew our policy because the water line is being replaced.

Legal – return to the previous year's amount. The Crestwood reimbursement made this year a negative entry.

Depreciation – Reese Henry, our auditors, will reclassify the newly purchased lobby furniture from Special Assessment/Projects to depreciable balance sheet assets, which will cause some adjustments to the financial statements for both the current and the budget year shortly after fiscal year end.

Telephone System – increased to add the service fee for the new wireless system support.

Gas – increased by 20%, or \$18,320, to reflect energy cost increases forecast by our provider.

R&M Contractors – left at the prior year budget to account for anticipated projects in 2008.

Window Washing – increased to allow washing schedules to return to the normal schedule after lobby work completion.

Snow Removal – returned to previous levels to allow for an excellent snow year.

Custodial – returned to more normal common area upkeep following the lobby refurbishing.

Special Projects - \$144,000 is added to the Reserve Fund for reimbursement of the water line repair and in anticipation of the Board authorization of the referenced Special Assessment of the same amount.

Management proposes to increase the Reserve Fund assessment from \$38,415 to \$41,220.16 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 2007-2008 include replacement/installation of epoxy rock on the pool deck and entry area adjacent to B Building and the pool stairs.

Mrs. Lebovitz made a motion to approve/amend the budget for 2007-2008, as distributed in preparation for this meeting. Mr. Anthony seconded, and the motion carried. The regular assessment is therefore set at \$891,491.43, and the special assessment is set at \$144,000.00. Overall cash due from the members for regular and special assessments will decrease year over year by \$448,000.

V. New Business

A. Base Village

Base Village construction has caused considerable traffic disruption throughout the summer, although custodial costs were less this year compared to last summer. The new bridge across Brush Creek and most of the Wood Road improvements were completed this year. Next year will likely bring construction of the new round-a-bout at Brush Creek Road. Our

sales department received some complaints about the construction this summer. We should continue to expect similar difficulties next year.

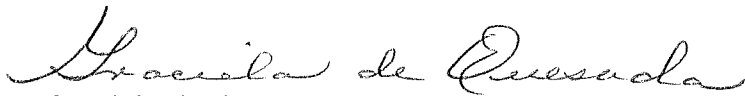
B. Date of Next Meeting

The Annual meeting will be held on Thursday the 28th of February 2008, at 3:00 P.M. in the Chamonix Conference Room. The Board will meet at 2:00 P.M.

VI. Adjournment

Mrs. Lebovitz made a motion to adjourn. Mr. Brown seconded, and the motion passed. The meeting was adjourned at 1:56 P.M.

Respectfully submitted,

A handwritten signature in cursive script, reading "Graciela de Quesada".

Graciela de Quesada, Secretary

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