

CHAMONIX-AT-WOODRUN ASSOCIATION  
BOARD OF MANAGERS MEETING MINUTES

October 14, 2008

I. Call to Order

Betty Lebovitz, President of the Board, called the meeting to order by conference phone call at 1:08 P.M. Colorado time on October 14, 2008. Board members present by conference phone call were Betty Lebovitz, Dick Brown, and Peter Van Giesen. Grace de Quesada attended in person at Chamonix. Nonmembers present in Snowmass were Mike George and Lee Wilson of Snowmass Lodging Company and John Wilkinson of Neil Garing Insurance Agency. Don Anthony of the Chamonix Board joined the call at 1:20 pm.

II. Approval of Minutes

Mr. Brown made a motion to waive the reading and approve the minutes of the February 28, 2008, Board meeting, and Dr. Van Giesen 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:

- Chimneys were inspected/cleaned
- Fire sprinkler system repair/replacements were done per inspection list
- Epoxy rock was replaced on the pool deck
- Epoxy rock was installed on pool access stairs and B Bldg walkway
- Final touches to the lobby decorations were completed: additional art, accents and furniture
- Void under the parking garage foundation was backfilled
- Landscaping between the Office and C Buildings was replaced following the water line replacement
- Gutters were replaced on B Building
- Awnings were repaired and remounted on B, A and AA (others are in process of being repaired)
- Driveway color added and driveway sealed, cracks repaired
- B Building drains were inspected and cleaned
- Hot water and heat boilers were repaired

B. Rentals, Rates, and Unit Upgrades

Snowmass Lodging Company Rental Operations – Summer 2008 gross revenues were down by 19% over those of the prior year, as the community enters its second summer of significant construction, with major work ongoing. National economic issues also likely had an effect upon summer commercial travel this year, with higher gas prices and an economic slowdown. Until October 2, 2008, advance bookings for winter 2008-2009 were pacing within 1% of the prior year. With the economic turmoil since then, advance bookings for winter

2008-2009 are now pacing at about 20% less than last winter season. Economic issues appear to be the primary cause of the deficit, although competition from the new Hayden Lodge and Capital Peak rental condominiums may also affect booking pace and overall revenues.

#### IV. Accounting and Budget

##### A. Current Financial Position

The Association has a 16.4% deficit, or \$8,985, as compared to the plan, after 11 months. Our forecast is that the Association will finish the fiscal 2007-2008 year approximately \$5,916, behind plan. General & Administrative costs are forecasted to be under budget by about \$6,019 for a savings on insurance premiums and telephone equipment expenses. Utility costs are expected to be over budget by \$15,006, as gas, and trash collection costs are higher than anticipated. Repairs & Maintenance expenses are forecast to be over budget by approximately \$2,122. Savings in Supplies, Pool Maintenance, Painting and Staining, Groundskeeping and Service Contracts have partially offset overruns in Repairs & Maintenance, Firewood, Window Washing, Snow Removal, and Custodial Services. Common area cleaning work is much higher this year than last. The cleaning costs were very low last year with the lobby decoration in progress. Although the budget was increased this year, it has been taking more time than anticipated to care for the improvements.

The inclusion of the lobby renovation purchases over the 2006-2007 and the 2007-2008 fiscal years as depreciable personal property will require an adjustment for depreciation cost that is not currently booked for 2007-2008. Once that entry is made, the carry-forward surplus will be adjusted downward.

##### B. Reserve Fund Status

The Association has a projected Reserve Fund balance of \$448,433, for the current fiscal year. 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. Management notes that the roof replacement fund is insufficient to replace the entire roofs in the next few years, although a significant repair would be possible. Window replacement should be considered in the next few years. There is presently no reserve line for window replacement.

Mr. De Quesada made a motion to accept these proposed adjustments to the Reserve Fund. Mr. Van Giesen seconded, and the motion passed.

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. This year SLC recommends transferring the miscellaneous line item credit, now approximately \$3,477, to offset the cost of Pool Deck Replacement expenditures. Mr. Anthony made a motion to effect this transfer after the audit is completed, and Mrs. Lebovitz seconded. The motion passed.

Mr. George noted that, per the prior year audit report, the Reserve Fund had loaned \$104,323 to the Operating Fund in 2006-2007. Mrs. Lebovitz made a motion to approve this inter-fund loan. Dr. Van Giesen seconded, and the motion passed.

### C. 2008-2009 Budget Review

Insurance - A change to master policy insurance in coordination with adjacent properties was discussed. Benefits include approximately 8% lower cost and greater total loss limits than the actual estimated replacement cost of Chamonix. An additional benefit is that each property under the master policy has its own experience rating. This means that the allocation of cost between the participating properties is not overly influenced by actual claims at different properties. One negative is the risk that all three properties could have catastrophic losses at the same time or within the same policy year, and the replacement cost provided would not cover such an event. The Board decided to utilize the new insurance structure, as shown in the budget. An additional increase for Difference In Conditions coverage from \$5 million to \$10 million, for a cost of \$4,179, will be decided later.

Discussion of C Building access ramp inclusion in budget. The Board decided to defer inclusion of \$40,000 for the installation as a budget year special project, while management continues to investigate pricing and options. Mr. George will research the declaration regarding this potential purchase, and Mr. Brown will forward some pricing information that he has on a potential solution.

SLC has requested an increase in Vehicle Rental cost reimbursements of 15% 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 3.0% in Management Fees and Front Office fees to offset proposed increases in benefits costs. Health insurance costs are increasing another 11.5% this year, with an unknown additional amount needed for shared claims costs. SLC also proposes an increase in the management fee that will be matched by an increase in the "inducement" payment to each condominium owner who signs a management agreement with SLC. The inducement is designed to provide an incentive for condominiums to be managed through SLC and is proposed to be an average of \$7,500 per year, per condominium with a similar magnitude increase in management fees to the Association.

Major cost adjustments proposed in the 2008-2009 operating budget are listed below:

- Insurance – anticipated premium decrease of \$2,700, based on inclusion in a master policy with Enclave and Woodrun Place Associations.

- Cable TV – increased to add the new digital service.

- Gas – increased by 10%, to reflect energy cost increases forecast by our provider.

- R&M Maintenance and Contractors – increased 5% and 3 % respectively to adjust for recent expense patterns

- Snow Removal – increased to allow for the costs of excellent snow year.

- Custodial – increased to reflect common area upkeep following the lobby refurbishing.

- Special Projects - \$40,000 for installation of a wheelchair access lift at C Building

Management proposes to increase the Reserve Fund assessment from \$41,220.16 to \$41,640 for the adjustments detailed in the budget documents and above under the Accounting and Budget section.

Dr. Van Giesen made a motion to amend the budget for 2008-2009, distributed in preparation for this meeting, as outlined above (wheelchair access project deferred). Mr. Anthony seconded, and the motion carried. The regular assessment is therefore set at

\$1,065,556.55. Overall cash due from the members for regular assessments will increase year over year by 5.9%.

Depreciation for lobby renovation purchases noted above will continue to require annual adjustments for depreciation cost that are not included in the operating budget. Once the carry-forward surplus has been adjusted downward over the next 4-5 years via this process, management will return to estimating annual depreciation expenses at actual book value.

#### V. New Business

##### A. Base Village

Base Village construction has caused considerable traffic disruption throughout the summer, although somewhat less than last year. Next year will likely bring construction of the new round-a-bout at Brush Creek Road. The substantial completion of Hayden Lodge and Capital Peak provides a view of what the new base village will become in the next few years. Recently, the developer has been backing off the accelerated completion timetable they were talking about last spring. Our sales department received some complaints about the construction this summer. We should continue to expect similar difficulties next year.

##### B. Request for patio railing modification Condominium 40.

The Board discussed the proposal by the owner to modify the steel railing. The Board decided to allow the modification by adding additional bars to the existing railing, with the provision that the owner would not be responsible for any future special assessment to perform the same modifications on all patio railings. The Board approves Mr. Moir's request.

##### C. Condominium 17 patio approval –

The owners are requesting that they be allowed to install the patio next year, and have provided photos of the patio surface. The Board discussed the project and decided to extend approval for another 24 months to complete the project.

##### D. New linens -

Some condominium owners have requested an upgrade and replacement of the entire linen stock utilized by all properties. Linen replacements are billed by pro-rated annual use nights, so an entire replacement of all stock with new, higher quality stock will result in a large one-year expense to participating owners. The cost for Chamonix condominiums is estimated at \$28,094.50. The average estimated cost per condominium is \$1,480, although high use, three bedroom condominiums will see charges as high as \$3,500. In light of present economic uncertainties, the Board decided to defer the replacement to a future date.

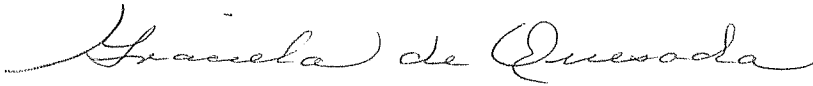
##### E. Date of Next Meeting

The Annual meeting will be held on Thursday the 26<sup>th</sup> of February 2009, at 3:00 P.M. in the Chamonix Conference Room. The Board will meet immediately following.

VI. Adjournment

- ) Mr. Brown made a motion to adjourn. Dr. Van Giesen seconded, and the motion passed. The meeting was adjourned at 2:30 P.M.

Respectfully submitted,

A handwritten signature in cursive script that reads "Graciela de Quesada".

Graciela de Quesada, Secretary

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