

CHAMONIX-AT-WOODRUN ASSOCIATION

BOARD OF MANAGERS MEETING MINUTES

October 22, 2015

I. Call to Order

Betty Lebovitz, President of the Board, called the meeting to order by conference phone call at 1:06 P.M. Colorado time on October 22, 2015. Board members present by conference phone call were Betty Lebovitz, Don Anthony, Dick Brown, and Brian Moir. Nonmembers present in Snowmass were Mike George, Dan DiMaria, and Lee Wilson of Snowmass Lodging Company, and by conference call, Brian Schultz of Resort Internet.

II. Approval of Minutes

Mr. Brown made a motion to waive the reading and to approve the minutes of the August 10, 2015, Board meeting. Mrs. Lebovitz seconded, and the motion was approved.

III. Old Business

A. State of the Property

The following repairs and replacements were completed since February 18, 2015, Board meeting:

- Laundry washing machine and dryer repaired
- Domestic hot water system pin hole leaks were repaired
- Stucco was patched on lower exterior walls
- C Building chimney cap was repaired, (leaking at top)
- Fire Extinguishers were checked and replaced or recharged as needed
- Chimneys were inspected/cleaned
- Dryer ducts were cleaned throughout the property
- Gutters and heat tape added to eave on B Building
- Gutter heat tape repaired on B Building
- Gutter seams resealed, where leaking
- Bird netting replaced along eaves, where needed
- Heat boiler #8 was replaced, additional boiler ordered
- Windows replaced in 3 condominiums, 2 lobbies

B. Energy Assessment and programs

Management continues to monitor the heat system gas use and performance. Heat system settings were reduced in the spring and will be readjusted in late fall. Electric usage is also monitored. Fireplace dampers have been closed in each off-season.

C. Window replacements

Eleven windows were replaced this fall, including four in 25, four in 26, one in 43 and two in common lobbies. Some interior trim work is ongoing. The project invoicing is not yet complete, although costs are expected to be lower than the estimated \$6,000 per window.

D. Deck furniture

A bulk buy opportunity to upgrade patio furniture was distributed to all owners this spring. Five condo owners agreed to purchase the new furniture, and the Board agreed to replace the pool deck furniture with matching furniture. However, when the order was finalized, the manufacturer increased prices substantially. The decorator is researching further options.

E. Internet service

Our wireless infrastructure and service provider (Brian Schultz of Resort Internet) provided a proposal for board consideration. He has prepared two optional improvements to replace the aging Internet system to allow for more capacity, more speed, and more reliable service. Mr. DiMaria joined the meeting introduced Mr. Schultz of Resort Internet to explain the reasoning behind the two proposals and to answer any technical questions from Board members. He noted that the most flexibility comes with an in-room solution using a Motorola T-5 that has white access plates. The Ruckus solution is an alternative that improves the performance and quantity of wireless access points in the common areas, but does not drop a point into each unit. If a unit is multi-story or particularly large, it may require two points. However, many Chamonix floors have only two, or even one, large unit. Mr. Schultz advised that in those unit locations that require more than a single point, which would have to be discovered in the field, there would only be an additional installation fee of \$50, versus an additional recurring monthly fee. Smart TVs can access the common system via either solution, but individual owners can then create and expand private networks that can be better controlled with much more flexibility via the T-5 solution. Resort Internet can then support and assist in installation of any of these private networks. The Enclave and Woodrun Place both elected to go with the T-5 solution during their recent 2015-2016 budget meetings. The vendor's work schedule is full until at least January. The current system can be left on line while the new system is being installed. The Board requested confirmation that the common areas would continue to have wireless coverage via the existing Ruckus system, should the Board elect to proceed with the T-5 solution. After discussion, the Board decided to proceed with the T-5 solution.

F. Elevator upgrade proposal

An email to the Board presented upgrade options prepared by John Canty of Thyssenkrupp Elevators for the Board's consideration. After discussion the Board decided to have management continue to study costs and try to pin down the potential side work that might be needed in conjunction with complete modernization

G. Rentals, Rates, and Unit Upgrades

Snowmass Lodging Company Rental Operations – Summer 2015 gross rentals were up from those of the prior summer by \$47,000, or 17.2%. Winter pace is down from that of prior year by 18.3%, with the local competitive set reporting an advance booking pace decline of 25.3% through the end of September 2015. While rental revenues are down year over year for Snowmass as a market, current booked business pace for SLC properties to date for the upcoming winter season is the third highest of the past 13 years, and SLC continues to outperform the competitive set.

IV. Accounting and Budget

A. Current Financial Position

Unit 33 is delinquent at present on assessment payments in the amount of \$8,340. Mr. Wilson contacted the owners to request payment of outstanding balance prior to this meeting.

The Association has a \$13,030 surplus, as compared to the plan, after 11 months, excluding any carry-forward surplus.

General & Administrative costs are forecasted to be under budget by \$16,864, primarily for savings relative to budget of Depreciation. Utility costs are expected to be under budget by \$5,151, or about 3%, due to lower Electric and Gas costs that are partially offset by other line items. Repairs & Maintenance expenses are forecasted to be over budget by \$16,079, or 5%, with higher than budgeted R&M SLC, Supplies, Pool, Firewood, Window Cleaning, and Groundskeeping costs, which were partially offset by reduced R&M Contractor, Chimney Cleaning, and Snow Removal costs.

B. Reserve Fund Status

The Association has a projected Reserve Fund balance of \$273,246, at 2014-2015 fiscal year-end.

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. Management recommends transfer of the year end miscellaneous credit to the Elevator Replacement reserve line. The amount at present is \$18.66, with October entries yet to post.

Mrs. Lebovitz made a motion to approve the transfer. Mr. Moir seconded, and the motion passed.

Mr. George also advised that the audit report from fiscal 2013-2014 year end noted no inter-fund loan from the operating fund to the reserve fund.

C. 2015-2016 Budget Review

SLC, for the overall budget, proposes that assessments for 2015-2016 remain the same as in those for 2014-2015. Projected year over year cumulative net operating cost reductions of \$7,402 are proposed to offset a corresponding increase in the Reserve Fund line item. The budget is presented to the Board with the assumption that the cumulative carryforward surplus will discount next year's assessment.

Major cost adjustments between the forecasted year-end totals for 2014-2015 and those proposed in the 2015-2016 operating budget are listed below:

Insurance – Insurance is budgeted for a 5% premium cost increase over the prior year. By continuing with a master policy program for insurance to Woodrun Place, Chamonix, and The Enclave, Chamonix secures access to higher combined maximum replacement cost

coverage, while paying less in premiums. The properties are rated individually for risk exposure, based upon individual claims history and the unique characteristics of each physical plant, but the combined premiums will be less than what they would otherwise be individually. The aggregate coverage is proposed at \$93,310,460, with Chamonix allocated at 84,468 square feet and \$25,120,555 replacement limit, or \$297 per square foot for Chamonix individually. Under the master policy limit, the replacement cost per square foot can be as high as \$1,104.68 ($\$93,310,460/84,468$), in the event that Chamonix suffers damages resulting in a full replacement claim, while at the same time, no claims are paid from damages occurring from the same cause at The Enclave and/or Woodrun Place. After discussion Mr. Moir made a motion to approve of these insurance strategies. Mrs. Lebovitz seconded, and the motion passed.

If a unit owner has renovated kitchen or bath areas, performed other interior modifications, or purchased a unit that had interior modifications performed subsequent to initial construction, the Board strongly recommends that those unit owners have their units appraised on a replacement cost basis. The Board strongly encourages the affected owner to purchase coverage to supplement the policy obtained by the Association. The Board advises each and every owner to have his insurance agent review existing association policies and that owner's policies to make sure that each and every owner has appropriate coverage for his personal property and unit improvements. The Board has decided to maintain liability insurance coverage on a blanket basis for \$1 million per occurrence and \$2 million aggregate, with a \$25 million umbrella. Increased costs of construction are separate from the property limits at \$2,000,000 under the building and ordinance section of the Package coverage. Demolition has a limit of \$500,000, separate also from the property limits. For each fiscal year, the Association purchases a minimum worker's compensation policy, primarily to protect against potentially uninsured subcontractors working on site who might become injured. Each Unit owner is strongly encouraged to review his insurance policies and coverages with both John Wilkinson, the WPCA agent, at (970) 925-7285, and his individual private carrier.

Electric – budgeted each for a 3% increase.

Telephone – budgeted for a 1% increase.

Gas – budgeted for a 3.5% increase.

Water & Sewer – budgeted for a 3.0% increase.

Trash and Cable Services – each budgeted for a 5% increase.

R&M SLC – budgeted to decrease by 5.1%, as we are not budgeting for having SLC staff members perform leak repairs, as they needed to do in the current year. SLC staff members were able to perform a leak repair in the lobby near the laundry at savings to what outside vendors would have charged. SLC staff also performed various stucco repairs in house, again at a savings to what outside contractors would charge. We plan for less of these types of repairs in the budget year.

Equipment Service Contracts are budgeted for a 3% increase.

Annual Reserve Fund review and adjustment:

Management proposes adjusting the Elevator Line item from \$16,596 to \$43,424 to partially replenish costs for repairs/replacements performed prior to this year. This \$43,424 amount also includes a proposed reallocation of funds previously reserved for replacement of the Backflow/meter at \$19,445 to the Elevator Line item for the same reason.

Mr. Anthony made a motion to accept the budget as presented with assessments set at \$1,107,172.02. Mr. Brown seconded, and the motion passed.

V. New Business

Common Linens

Over the years at various times, SLC has received questions from different unit owners at different properties about whether or not SLC can obtain better quality towels and sheets. We have researched the towel product used by Viceroy as an option to what we have historically stocked. Based upon last year's allocation of annual purchases over occupied nights by unit, the average estimated cost to replenish with the existing quality stock would be \$54.18 per unit, with the highest estimated allocation to a participating unit owner of \$189.96. To change to a higher quality stock, the average estimated cost would be \$222.51 per unit, with the highest estimated allocation to a participating unit owner of \$780.14. Units with higher occupancy receive higher invoices than those that have lower occupancies – as do larger units. Down sides to changing to the higher quality stock are that dryers can then only be run on medium heat settings, and the larger bath towels fill greater volume in the dryers, so more loads will have to be run for longer periods of time.

After discussion, Mrs. Lebovitz made a motion to approve of replacement of existing stock with higher quality stock. Mr. Moir seconded, and the motion passed.

Drainage and landscaping between B and C Buildings

Mr. Wilson reported that a civil engineer produced a plan to improve drainage between B and C Buildings to address a swampy area caused by a high water table in that area. Bids for the work indicate the project will cost approximately \$27,000. The "Sewer/Drainage/irrigation lines" reserve line item presently has a \$9,000 balance. The Board discussed the situation and decided to proceed with the project next spring (the access road is too muddy to proceed this fall) utilizing reserve funds.

Mr. George commented that he had circulated a proposed new management contract to the Board prior to the meeting. The purpose of the proposed changes is to bring the contract into compliance with new state laws regarding associations. After discussion, Mr. Brown made a motion to approve the proposed contract. Mr. Moir seconded, and motion passed.

VI. Adjournment

Mr. Anthony made a motion to adjourn. Mr. Moir seconded, and the motion passed. The meeting was adjourned at 3:02 P.M.

Respectfully submitted,



Brian Moir, Secretary