

CHAMONIX-AT-WOODRUN CONDOMINIUM ASSOCIATION
BOARD OF MANAGERS MEETING MINUTES

November 2, 2021

I. Call to Order

Brian Moir, President of the Board, called the meeting to order by conference phone call at 2:02 P.M. Colorado time on November 2, 2021. Board members present by conference phone call were, **Brian Moir, Denny Thorley, and William Powers.** Non-member, Mike George of Vacasa, was present by phone.

HOA members Ray Rinker, 15 & 25 owner rep, and Mike Smith, 50 owner, attended the meeting.

II. Approval of Minutes – October 8, 2021

Mr. Powers made a motion to waive the reading and approve the minutes of the October 8, 2021, Board meeting. Mr. Moir seconded, and the motion passed.

III. Old Business

A. State of the Property

The following repairs and replacements were completed since the November 5, 2020 Board meeting:

- B Bldg. Elevator Pit cleaned, static load seal tested as ok, new packing installed
- Ski Locker and Common Area Painting were performed
- Domestic hot water system pinhole leaks were repaired
- Fire Extinguishers were checked and replaced or recharged as needed
- Laundry ducts were cleaned
- Heat boiler system was repaired
- Various failed smoke detectors were replaced
- Laundry equipment was serviced and repaired
- Installed LED fixtures to replace common area lights
- Elevators were repaired
- Some unit doors were gel coated and stained
- Interior and exterior windows washed
- Garage and courtyard pressure washed
- Inspection, tests, and repairs on elevators performed
- DORA and Secretary of State HOA renewals were processed

Major Projects that are in process/finished

- Chimneys cleaning will be performed in mid-November to prepare for ski season
- First common lobby door glass inserts will be replaced
- Minor epoxy rock repairs on steps from courtyard to pool level
- AA elevator replacement
- Drywall patching and painting in common area lobbies from Internet Upgrade
- Remount common area awnings that became detached from the structures
In wind storms

Resort Internet Fiber Installation

The new fiber optic line has been installed. Century Link has pulled its line to the pedestal, and Resort Internet has completed its work between the pedestal and the Chamonix mechanical room. According to Chris Proctor with Resort Internet (RI), Chamonix became live on the new fiber line at the end of October with greatly increased speeds over previous years.

Management met with RI staff on October 21, 2021 regarding the drywall repairs and exterior run lines around the property. Management showed the RI staff all of the drywall damage and had David Hale attend, so that he could communicate directly with RI regarding how contractors typically can go through ceiling can light drywall openings to fish lines without so many drywall cuts, how drywall cuts should be done, when needed, to expedite repairs, and how his remediation work is progressing. Management advised RI that the expectation of management and the HOA is that RI will cover the costs of the mitigation work for all areas not identified and communicated to management prior to the drywall penetrations being done by RI staff.

Epoxy Rock Pool Deck, walkways, Landings, and Stair Finishes

The attendees discussed the epoxy rock condition and possible steps that might be undertaken to address it. After discussion the board requested that management contact John Partch of Schmueser Gordon Meyer (SGM) to provide engineering advice on the removal of the epoxy rock and 2 possible replacement options, with a 3rd alternative being to incrementally expand the use of the C building restoration project topical product application as a replacement surface. The general goals are to consider and identify replacement options that can handle ski boot traffic without damage, can allow for ski boot traffic in such a way as to limit the risk of slip and fall injuries, will aesthetically complement the property, and will be durable for an estimated 10-20 years. The areas under consideration for replacement are the stairs, walkways, landings, and pool deck areas, covered and uncovered by roofs or awnings, that presently have an epoxy rock finish.

AA Elevator Replacement Project

Thyssenkrupp (TK) timeline. TK was expected on site to begin the replacement of the AA elevator on 11/1/21. Management will continue to press the vendor to begin and then complete this replacement as soon as possible, and management will inform the board, as more information becomes available. Management will assist tenants with deliveries and bag help, should the replacement project take longer than expected to complete.

B. Accounting and Budget

a. Current Financial Position

Two members owning units 26 and 32 presently have outstanding delinquent assessment owner balances totaling \$18,084. Mr. Hale has contacted these owners to request payments of the outstanding balances and to offer assistance, should any of them desire to sign up for ACH payments of assessment balances through the Appfolio portal.

Including the carryforward, management projects that the Association will finish this fiscal year with a deficit of \$7,238 to budget.

Revenues – revenues are expected to be essentially flat to plan.

General & Administrative costs are forecasted in the aggregate to be under budget by 4%, or \$21,478, on savings for reduced Front Office Fees, Interest Expenses, Insurance, and Depreciation, with other category line items having essentially offsetting variances.

Utility costs are forecasted to be over budget by \$4,894, or about 2%, because of unplanned housing costs for RI staff during the system upgrade. The projection by RI was a need for 1 week of housing, and the work time frame ending up taking 2 weeks, even with the wiring issue described above.

Repairs & Maintenance expenses are forecasted to be over budget by \$23,239, or about 5%. Grounds and Firewood costs are expected to be over budget by \$62,082 and partially offset by savings to budget in R&M Management Co, Supplies, Equip Service Contracts, and Roof Repairs amounting to \$39,640, with other categorical line items essentially offsetting.

Staff spent more time on Grounds (Maintenance Custodial) tasks, with more common area COVID related cleaning and more support of laundry runs. This winter staff dropped and picked up linens/trash from outside units under COVID service limitations, and spring and fall occupancies were higher than in past years. Firewood consumption also increased, as more owners and rental guests are occupying the property during the traditionally quiet spring and fall periods.

Historically, the HOA has computed two non-GAAP adjustments to its projected operating

results – an addback of expensed depreciation on the employee units and a subtraction of paid loan principal for the employee unit loans. Payoff of these employee unit loans was accelerated and accomplished during the fiscal 2020-2021 year, so this computation will now yield a much higher adjusted deficit.

The HOA is in the process of obtaining a \$500,000 line of credit at lower rates than the prior employee unit loans, and the HOA will not draw upon this LOC unless cash balances on hand in the balance sheet require supplementation.

Therefore, cumulative cash balances will necessarily lag the cumulative reserve and operating fund liabilities on book, as the HOA will have a higher adjusted deficit due to the loan payoffs discussed herein.

b. Reserve Fund Status

The Association has a projected Reserve Fund balance of \$458,891 at 2020-2021 fiscal year-end.

c. 2020-2021 Budget Review

Management proposes that overall assessments for 2021-2022 increase by 3.43%. Excluding the inducement component, assessments are proposed to increase by 4.58%. The budget draft is presented to the Board with the assumption that a deficit of \$7,239 will impact next year's assessment.

Large cost adjustments between the forecasted year-end totals for 2020-2021 and those proposed in the 2021-2022 operating budget are listed below:

General and Administrative Section – Categorical costs are budgeted to drop by 9%, or \$51,661, from fiscal forecasted 2020-2021 amounts.

Management Fee – The HOA board successfully negotiated a reduction in base management fees of 90% from those of fiscal 2019-2020. The baseline fee is \$73,921.43, and the budgeted expense is therefore \$7,392.14.

Front Office Fees – the subsidy is proposed to return to the 2020-2021 budgeted amount, as management is planning for a full complement of staff during the budget year.

Insurance – With the 2020-2021 insurance Building limit at \$25,874,173, the Association has average replacement coverage of roughly \$360.28 per sq. foot, based upon 71,817 square feet. The budget was prepared with an estimated increase in replacement limit/premium inflation cost of 5%. The Board must ultimately decide on whether or not to increase replacement limits and/or premium funding. The combined property limit for Enclave (EN) and

Chamonix (CX) is presently \$55,674,652. Under the insurance Co-Op, coverage for any single covered incident that affects CX without affecting EN would result in \$659/sq. ft. maximum replacement cost coverage (\$55,674,652/(71,817)).

Management is working with the insurance broker for EN and CX to potentially bring the Owl Creek Homes (OC) into the insurance cooperative as a replacement for Woodrun Place (WP). OC is presently insured at a stated replacement cost of \$73,300,000, while WP had a stated replacement cost of \$40,435,122. OC previously was not a candidate for the insurance Co-Op, as it had wooden shingled roofs and was excluded from consideration by the carriers that will offer the Co-Op policies on that basis. However the OC roofs have now been replaced with asphalt shingles, so this HOA may now qualify to be an insurance Co-Op partner with EN and CX. OC operates on a calendar year basis, but it has a fiscal calendar insurance policy that ends in February, so The broker is in discussions with the carrier to try to bring this HOA into the Co-Op, then. Management will inform the board as to progress on this strategy between the date of this meeting and February of 2022. Total property coverage available with OC joining the insurance Co-Op would be \$128,974,000, but it will remain at \$55,674,652 in the interim.

Just prior to this meeting, the HOA insurance broker informed management that the underwriters would no longer provide a quote for the shared property limits/primary liability coverages policy package. Management asked the broker to see if the underwriter would remove the primary liability coverages from the package and offer that as a stand alone policy for each insurance Co-Op HOA. After discussion, the underwriter agreed, and the shared property replacement limits strategy was preserved.

Mr. Powers made a motion to approve of the insurance line item budget, as described above. Mr. Thorley seconded, and the motion was approved. Mr. Powers made a motion to approve of the inclusion of OC as an insurance Co-Op partner, should EN and OC also both agree. Mr. Thorley 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 of Mountain West Insurance, the Chamonix HOA agent, at (970) 945-9111, and his individual private carrier. The board requested that management highlight this issue and make a strong recommendation to the members that each member consider the insurance information contained in these minutes and to encourage that each owner review their private insurance policy coverages at Chamonix.

Interest – the employee unit loans have been paid off, and the HOA at present is not establishing a budget amount for any use of the to-be-acquired LOC.

Employee Unit Depreciation – The employee units will be fully depreciated during the budget year, and the budgeted cost is concurrently adjusted.

Utilities Section – Categorical costs are expected to increase by 30%.

Volatility in the costs of Utilities continues to make these expenses difficult to predict. Management has made provisions for the possibility of inflation to each of these line item categories, as noted below:

Electric – budgeted to allow for a 3% increase.

Telephone – budgeted to allow for a 35% decrease, as fiscal 2020-2021 included lodging costs for the Resort Internet crew for approximately 2 weeks during the system upgrade project.

Gas – budgeted to allow for a 70% increase, as the provider advises that unit costs may rise as much as 100% year over year, with savings for the shared delivery process with Enclave reducing this inflation estimate to a 70% net increase. After extended discussion the Board asked management to highlight this issue in member correspondence to note that the Board will consider a mid-year assessment reduction, if this inflation expectation does not materialize.

Water & Sewer – budgeted to allow for a 3% increase.

Cable Services – budgeted to allow for a 5% increase.

Trash – budgeted to allow for a 5% increase.

Repairs and Maintenance Section – Categorical costs are expected to decrease by 11%.

The Repairs & Maintenance Category had projected actual costs of 2.6 FTEs of resold labor in fiscal 2020-2021. As management works through the staffing transitions with Woodrun Place exiting the Co-Op, the target consumption for fiscal 2021-2022 is reduced to approximately 2.0 FTEs. The base staffing guide for shared maintenance staff between Chamonix and Enclave is to have 1 person work an 8 hour shift each day, and for the two HOA partners to share one staff member 7 days a week for an evening shift. That computes to 21 shifts, which equates to 4 FTEs plus 1 shift. Vacasa plans to staff 5 maintenance employees, so that 1 can do in-unit

work and support PTO and staffing changes, with 4 to be shared roughly equally between Enclave and Chamonix.

The line item for Contractor repairs is proposed to be reduced to that of the 2020-2021 budget, as actual costs are unpredictable.

Firewood costs are proposed to be reduced to that of the 2020-2021 budget. Consumption increased last year, as occupancies are extending into spring and fall quarters, so the HOA may need to plan for higher costs over time, as dictated by tenant consumption. Management will report on costs, as the budget year progresses.

Window Cleaning is generally planned for twice each fiscal year, and the budget reflects that strategy. The second cleaning during calendar 2021 is expected to occur in November, when it has historically occurred in October.

Painting and Staining is proposed to be budgeted at \$10,000, which is an increase of \$2,500 over prior year costs. Although management had planned to institute the multi-year painting plan discussed during last year's budget meeting, the unexpected interior drywall/painting work necessitated by the Resort Internet system upgrade has delayed this implementation until spring of 2022. Management intends to contract with Hale Contracting for Fascia board painting/staining work to occur at the earliest possible spring 2022 date, when weather conditions allow, and for other courtyard stucco painting. Between the proposed reserve line item balance of \$106,628 and \$10,000 in the operating budget, that gives the HOA \$116,628 within which to perform painting projects during the budget year, barring any other line item activity in the Reserve Fund.

Groundskeeping is proposed to be reduced from \$125,000 to \$100,000 on the anticipated 2.0 FTE work schedule, plus contractor expenses, as discussed above.

As with all other HOA costs, the HOA will only be billed for allocated expense items (Mgmt. Fees, Front Office, Vehicles, and Direct Office Expense), and actual time, materials, fees, and expenses, as noted in the services addendum.

Annual Reserve Fund review and adjustment:

The Reserve Fund line items, as currently proposed, have updated entries for amounts and years of expected replacement, per the schedule. The Reserve Fund, prior to charges for future tasks, is budgeted to amount to \$608,149. Near term tasks under consideration are some common area painting, some common area window replacements, concrete courtyard resealing, some common area recarpeting, replacement of one common laundry component, resurfacing of the pool deck, replacement of pool heat system components, replacement of awnings, common area lighting, and hot tub tiling.

Mr. Powers made a motion to accept the budget as presented and/or amended during the budget meeting. The assessments, therefore, are set at \$1,331,230.83 (to include an inducement component of \$324,000). Mr. Thorley seconded, and the motion passed.

IV. New Business

The annual member's meeting will be held during March 2021 at a date to be set at a later board meeting.

V. Adjournment

Mr. Powers made a motion to adjourn. Mr. Thorley seconded, and the motion passed. The meeting was adjourned at 4:30 P.M.

Respectfully submitted,

William Powers, Acting Secretary