

CHAMONIX AT WOODRUN CONDOMINIUM ASSOCIATION

ANNUAL MEETING

February 12, 1994

The meeting was called to order in the meeting room of Chamonix Condominiums, in Snowmass Village, Colorado by James Treadwell, President of the Association, at 3:50 PM. Non-members present were Lee Wilson, Tony Miller and Evie Angevine of Snowmass Lodging Company.

<u>Members Present</u>	<u>Unit</u>	<u>Points</u>
James Treadwell	47	10
	54	12
	E1	5
	E2	6
	E3	6
Graciela & Alex De Quesada	45	12
Larry Harris	50	9
Martha & Peyton Woodson	26	18
Hank Anderson	22	11
Mr. Keyes	42/43	24
Jim Sattler	25	11

<u>Members Present by Proxy</u>	<u>Unit</u>	<u>Points</u>
Dick Ruhl	15	11
Greg Warner, Stuart Cole	17	9
Kevin Coyne	20	10
Dean & Susie Spanos	21	11
Charles Lebovitz	25	11
Roger & Elane Loeffelbein	30	9
Juana & Luis Garcia Blake	32	11
Martin & Marilyn Hullender & Christie Woodson	33	12
James Luke	34	12
Brenda Brown	35	11
Walter Edwards	40	9
Anders Bragg	41	12
John Thompson	44	12
Peter Van Giesen	46	11

TOTAL POINTS

275
(/332 = 82%)

Verification of the signed proxies established that the required quorum of 50% of Chamonix owners was achieved.

I. PROOF OF NOTICE OF MEETING

Lee Wilson presented proof of notice of the meeting.

II. APPROVAL OF MINUTES OF FEBRUARY, 1993 MEETING

The February 1993 Annual Meeting Minutes were approved as read.

III. ELECTION OF MANAGERS

Mr. Anderson and Mrs. de Quesada wished to be re-elected. Mr. Treadwell advised that Christine

Woodson had not expressed any interest in remaining on the Board, and suggested that Anita Cole replace her. Jim Sattler seconded, and the election was approved. Upon motion duly made and seconded the current officers (James Treadwell, President, Hank Anderson, Vice President, and Graciela de Quesada, Secretary) were re-elected.

IV. REPORT OF PRESIDENT/MANAGEMENT

A. Physical Property

Mr. Wilson reported that the heat situation has been corrected (except during times of extremely cold weather) by the placement of a timer on the pool and spa so that there is no heat taken from the main system during the night. The only recent complaints have been during extremely cold weather. Mr. Harris thought that his heat was better than in past years. Mr. Wilson added that studies have been done in the past which indicated that the metal studs in the walls conduct the cold and adding more insulation would not correct the problem. We may be forced to look at increasing the capacity of the boilers. However this may not alleviate the problem, which is to some extent due lack of heating elements in the units. Mr. Webber stated that he doubled the amount of baseboards in his unit and has plenty of heat. Mr. Sattler suggested doing a water temperature test at all levels to see if there is a circulation problem. Mr. Treadwell asked if this could be done as soon as possible so that if there is a problem it can be corrected by next season. Mr. Wilson stated that the system may not have enough BTU's and wondered if the it would be able to handle the extra demands if everyone added more baseboard. Mr. Treadwell suggested that Mr. Wilson check and make sure that the system is running according to the manufacturers specifications, and, if so, increase the heat in the units and not in the system. He also added that the Association needs to look at paying for additional heating in those units that need it. Mr. Webber suggested that maintenance keep track of which units have heating problems.

Mr. Wilson continued, stating that last year was a heavy snow year, which resulted in numerous ice damaged areas, minor leaks and damage to roofs. The cost of repairing these damages was high, and the expenses were increased by the necessity of hiring a crane for work on the roofs. A temporary cover will be put on the decks located off unit 20 and on the 3rd floor of the C building, with a permanent cover to be added in the spring. Last year, a proposal to improve the drainage in the courtyard was approved. After further investigation, Mr. Wilson decided that to continue to work on the drainage would be expensive and might not solve the problems so, as an alternative, gutters have been placed inside the parking garage to redirect the leaks. Because of the leaks, the wall from the pool area to the C building has become stained. Maintenance had previously suggested that these walls be covered with lattice and installed a sample on the wall outside of the C building. Mr. Woodson did not see that the stains are worth covering, Mrs. Woodson thought that the lattice was acceptable. Mr. Treadwell pointed out that lattice is normally used in conjunction with some kind of plant, which would be difficult to grow in that particular area. He felt that since no one has complained about the appearance of the wall the lattice should be removed and the wall left as is. Some of the lobby carpets have been replaced; this program will be continued through the summer. Mr. Woodson asked what type of carpet is being used in the lobbies, Mr. Wilson responded that it was a durable carpet that was recommended by the carpet cleaners and asked that owners let him know if they like or dislike it. The evergreen trees in boxes in the courtyard have been replaced, with the old ones planted on the hillside. Last year some new awnings were installed which required some repairs and the addition of extra supports. Maintenance is continuing its program of monitoring the settling of the building, which is not a problem at this time. Mr. Treadwell stated that the entry mats need to be replaced after this year and suggested that perhaps maintenance could find something more customized to Chamonix. The A and AA buildings should have mats that cover the area from the door to the elevators, and the B and C buildings should have large square ones which also reach to the elevators. Mr. Wilson will get price estimates and carpet samples to all Board members so that the mats can be ordered and in place by next winter. The landscaping program is also continuing, with the entrance being the main area of concentration. Mr. Wilson reported that some owners have commented that they would like to see more

landscaping throughout the complex. Mr. Treadwell stated that he has received requests from some owners that would like to see more landscaping in order to help their unit sell. He feels that the Board should not spend money on the beautification of an individual unit, and that the areas extending from the buildings onto the ski slopes could be landscaped, but they would also have to be maintained. He questioned if the Board would want more extensive and expensive landscaping. Mr. Anderson did not feel that this was needed and Mr. Weber felt that there was no point in doing something that would not benefit all owners. Mr. Treadwell continued that if an individual wants to landscape outside of their unit they can do so at their expense.

B. Rental Report

Mr. Wilson distributed a number of charts and tables showing the occupancy report and effective rental units for the last few years. He pointed out that the total occupancy numbers have remained more or less the same and that the number of rental units and the rental nights have decreased. For the 93-94 winter season the rental nights were roughly the same as the 92-93 winter season, with the use by rental owners up by 50% and the total owner nights down 23%, mainly because some of the non-rental owners spent less time here. The average rate per night was up 9 1/2%. The annual revenue per unit chart shows that, although there were not as many rental units this year, the revenue per unit increased. The rental rates were up 6%.

C. Financial Summary

Tony Miller presented last years audit which showed an overall deficit of \$10,000 over expenses, mostly due to the high snow removal costs and roof repairs; this not a cash deficit. He then moved on to the balance sheet which showed a deficit in operating funds due to depreciation. It was agreed that the association would not assess on depreciation for employee units.

Mr. Miller went on to explain that each year part of the assessments from the reserve account are put into a capital improvement fund. Recently the IRS made a ruling that disallows painting and staining in a capital reserve fund - they want only capital items. He suggested that the painting and staining can be assessed for and put in as a prepaid asset, separated from the rest. Mr. Treadwell pointed out that the letter says that Chamonix is under funded for the replacement reserve. He felt that this was due to timing and that we will catch up in five years and, banning catastrophe, we are not under funded. Mr. Miller went on to state that overall for this year we are under budget. The biggest negative variance is interest expense because two payments were posted in November. Miscellaneous income includes \$7,500 from the sale of a ski locker. Everything on the balance sheet is fine and no owners are materially delinquent.

Mr. Sattler asked how the monies were invested. Mr. Miller responded that they were invested in a money market fund. Mr. Sattler felt that the money would be better invested in a twelve month CD. Mr. Miller agreed, adding that the Board could decide on what amount would be needed in a more liquid investment and put the rest into CD's. The operating expenses should also be invested, with the bank subtracting the transaction costs and investing the rest. Mr. Sattler also suggested that rather than splitting the funds, \$100,000 could be placed in a jumbo CD. The banks could be instructed to keep a certain amount in an account and invest the rest. Mr. Treadwell suggested putting the replacement reserve in Pitkin County Bank in a jumbo CD and if the Association needs money it can borrow against the CD.

V. OLD BUSINESS

Meeting Room

Mr. Treadwell reported the Association has signed its part of the lease and it has been sent to Mr. Lebovitz for his signature. It should be signed by February 15. There are no minor objections to

the lease that Mr. Treadwell knows of. Construction for the new conference room, which will contain a kitchen and a bathroom and will be smaller and more square than the old one, will begin on April 1. The remaining space will become part of unit 25 on a 99 year lease at 6 7/8% amortized over 25 years. This will generate just over \$12,000 a year towards whatever the Board decides to use it for. The work should be finished by July 1st.

VI. NEW BUSINESS

A. Change in Management Structure

Mr. Treadwell reported that rental ownership has declined, owner days have increased and there are fewer rental units. Because the source of service income is primarily rental income, the result has been a reduced level of income for the management company without reductions in the level of service. As a result, the non-rental units are benefitting from the rental units without paying their share. The remainder of the expense is being subsidized by Mr. Adams and Snowmass Lodging Company. To help to solve the cash flow problem Mr. Adams took in a partner, Tom DiVenere, last fall. Mr. DiVenere was not well received by the Enclave and Woodrun Place owners and is no longer involved in Snowmass Lodging Company. Mr. Miller stated that there was one other viable option - to have the Associations guarantee the debt (money borrowed in April). The bank will allow the Associations to guarantee the debt because they have the power to assess. In an attempt to have as little disruption as possible, the three Boards decided to band together to form their own in-house management. Mr. Treadwell reported that the Boards are in the final stages of buying the management company from Mr. Adams, including all positive assets necessary to run a management company, and paying by assuming the obligations the management company owes to owners. The effective date was January 1, 1994, but the actual changeover will probably be March or April; the management cannot be changed on April 1 because of a negative cash flow at that time and will not be positive until January 15 which does not leave many options. The new plan envisions a consistently profitable company over time. From the owners point of view, all the changes will be positive. Employees will be rehired by WCE, Inc. and profits will be filtered out to the three properties. In essence, WCE will be a non-profit company. The presidents of the three Boards will form a management committee and Mr. Adams will be hired to run the new company. The benefits of doing this include continuation of management (for Chamonix to provide its own management the assessments would have to increase dramatically), participation in profit sharing on a percentage basis of income earned at each property, possibility of lower assessments and increased revenues, and whatever the IRS will allow for a non-taxable event.

Mr. Treadwell went on to say that there have been some complaints this winter about service and asks that owners "take with a grain of salt" the temporary inefficiencies. He pointed out that if the company cannot make a profit, charges and assessments need to be increased. A major decision needs to be made about the quality and quantity of service that people want. Owners need to understand that they have to pay for the services they want. Operational costs could be brought down but this would cause a reduction in the level of service. Owner input is needed on this subject and Mr. Treadwell asked for suggestions on ways to get owners involved as letters in the past have not worked. Mr. Harris does not want to give up any of the services. Mr. Weber stated that he has been an owner since 1986 and has been happy with the Board decisions, Snowmass Lodging Company and Michael Adams. Mr. Treadwell stated that the bottom line is that we continue to provide services, paying for them with rental income which would come through the Association.

Mr. Anderson wanted to go on record thanking Mr. Treadwell for his efforts. Mr. Webber seconded and added that he is glad that Mr. Adams will be staying on.

B. Minutes Note - Tax Allocations and Disclosures

It was noted that management has performed various time studies and has developed specific allocations for budgeting and tax purposes. These studies have been incorporated into the

Association's current year tax returns. The Association's membership surpluses are added to reserve funds or carried forward to the next fiscal year and membership deficits are covered by increased assessments in the next fiscal year. Reserve funds are held in separate escrow accounts.

VII. Questions From the Floor

Mr. Harris stated that his windows (outside) have not been cleaned in twelve months. Mr. Treadwell said that Chamonix contracts out the window cleaning. Mr. Wilson will check into this. Mr. Harris also has some foggy windows; Mr. Wilson will have these replaced.

Mr. Sattler asked for an annual maintenance program (exterior) to be documented and sent to the Board and anyone else who might be interested.

Mrs. Woodson has noticed that many of the foyers have artificial plants and furniture which owners have added, and feels that neither of these are very attractive. Mr. Treadwell stated that the Board has allowed owners to put furniture in their lobbies with the approval of the Board and others on their floor. The plants have just appeared and will be taken care of.

Mrs. De Quesada said that skis and boots should not be allowed in the buildings - they are noisy and damage the floors and walls. Mr. Treadwell responded that we can only ask that owners and guests not to bring their ski equipment inside; there is really no way to enforce this. Mr. Treadwell will draft a letter to the owners, and when renters check in they will be given literature (perhaps a brightly colored card or flyer) requesting that their equipment be stored in their lockers. Mr. Woodson asked that employees also be notified of this.

Mr. Harris requested that he be allowed to add a rest room in the stairwell area of his units outer lobby; this would not affect any other units. Mr. Treadwell has seen the area in question and granted his approval. Mr. Anderson and Mr. Sattler seconded. Mr. Harris will obtain the necessary approvals from the city, fire marshal and building inspector.

Mr. Anderson requested that he be allowed to enclose an 8' X 10' portion of his deck in glass which is the same as the existing atrium glass and perform modifications according to plans previously submitted to Mr. Treadwell. He would also like to square off the remaining deck, adding roughly 6' X 10' of additional decking, and cover with an awning made to match existing Chamonix awnings. This awning shall be installed at the Anderson's expense but shall become Association property upon completion. Mr. Treadwell stated that he has reviewed the plans and areas in question and feels that the requested modifications would not affect any other units. Mr. Sattler moved for approval and Mr. Treadwell seconded.

Mr. Sattler would like it noted that Mr. Treadwell does a great deal of work for Chamonix and that the Board commends him for his efforts, time and expense.

VIII. ADJOURNMENT

With no further business to conduct, the meeting was adjourned at 5:30.

Respectfully submitted:


Graciela de Quesada, Secretary