

**CHATEAUX CONDOMINIUM ASSOCIATION
BOARD MEETING
August 5, 2016
MT. CRESTED BUTTE, COLORADO**

Call to Order

The meeting was called to order by the Board President, Rory Baruth, at 9:13 A.M.

Quorum Established

A quorum was established with 5 of 5 Board members present.

Board Members Present:

Rory Baruth
Alan Adams
Theresa Brooks
Bill Hoytink
Chuck Spinks

Management Company Present:

Danny Myers

The purpose of this year-end meeting is to review business items and financials for the 2015-16 fiscal year, which ended June 30, 2016 and review plans and budgets for FY 2016-17.

Reading and Approval of Past Minutes – February 5, 2016

Danny and the Board reviewed the minutes from the August Board meeting.

Theresa made the following:

Motion: Accept the minutes as presented.
2nd: Allen
Vote: Unanimous approval

Financial Report

Reviewing our Income and Expense report for the just-ended fiscal year, which ran July 1, 2015 to June 30, 2016, we found that our \$358,000 budgeted Income was exceeded slightly, by \$4,900 or 1.4%. This small excess was derived from our daily resort fee charged to renters, as well as an increase in revenue from our laundry machines. This laundry increase is likely due to the fact that 16 of our 60 condos are now occupied full time, either by long-term renters or owners. The Board briefly discussed us monitoring washing machine usage and possibly later evaluating the need for additional machines. Danny also reminded the Board that we allow owners to rent several closets in each building as additional owner's storage. We still have the ability to build 2 more closets in the C building.

The Board also noted that the buildings which have more long term renters are subject to more wear and tear than buildings with fewer long term renters, most notably Building E. Our Resort Fee/User Fee was instituted to account for additional usage by units that rent versus used solely

as owner-used second homes. The short term rate is set at \$7 per night, collected from the renters and paid to the Association. The long term rate is currently \$20 per month. With the additional wear and tear noted in the higher-usage buildings, the Board suggested an increase in the long term rate to \$30 per month. The Board also addressed that in addition to wear and tear, the higher occupancy buildings suffer from higher heating bills due to more traffic opening the front doors in the winter.

Theresa made the following:

Motion: Increase long term resort/usage fee from \$20 to \$30 per month.
2nd: Allen
Vote: Unanimous approval

Additionally, posting a sign with friendly reminders to not prop the doors open would be helpful. Signs will be designed and should include a rule reminding tenants to use bike racks and storage areas and not leave bikes near the entryways or in the buildings.

Ninety-four percent of our Income was derived from our \$475 per unit monthly dues to each of our 60 owners. At year end, our income exceeded expenses by \$28,100; this is \$48,000 better than budget, as we anticipated a deficit of \$20,247 for the year. To bring our actual budget to \$0 for the year, we had carried over a surplus from 2014-15, as approved by the owners at our 2015 Annual Meeting. The Board will recommend to the owners to authorize carrying over the \$28,000 surplus to balance next year's budget. The Board will allocate last year's operating carryover to our Capital Fund, to reduce the need to specially assess for needed capital projects.

A majority of our \$48,000 better-than-budgeted surplus was comprised by our unspent Operating Contingency for the year (\$18,000) and lower than anticipated Snow Removal costs (\$21,000 in savings for the year). Contract Labor was \$2,000 under budget. Expenses in this line item are typically larger or more risky maintenance items that we contract out instead of doing ourselves. The Board discussed spending some of these funds on re-applying stones that have fallen off the chimney chase faces, a project we undertake every several years. We will look to do this in the fall if our contractor is available, or in the spring. The only substantially higher-than-budgeted line items were Pool and Spa Repairs (to repair the pool heater), Firewood (timing of wood delivery and improperly reduced budget led to this overage), and Internet (where we increased service speeds in an attempt to improve service).

With our insurance renewing each March, we will address with our agent ways to control the ever-increasing cost of insurance, which is our second highest budget line item (behind water and sewer). Even as one of the higher budget expenses, our premiums come to just \$500 per year per unit. Owners purchase separate liability/content insurance for their individual units, which seem to run approximately \$300 per year. Owners are required to provide this proof of insurance annually. Owners who rent their condo should check to make sure their insurance has the proper endorsements.

For the past 3 years, we have paid an Operations Assistant for 10 hours each month to be a second set of hands to assist with projects and maintenance work items. The Board requested that we increase that responsibility to 15 hours each month and asked that monitoring rules-compliance be an added task (items like respecting proper bike storage in racks or storage areas and not on decks or at the entry ways, and reminding tenants to not store firewood and coolers on

the decks). We will also share a list of rules with the owners who do VRBO rentals and long term rentals, to share with their renters so that the information is known and compliance is more consistent.

Our Accounts Receivable report shows that only one owner is over 60 days in arrears on their monthly dues payments. Contact has been made to remedy this situation.

2016/17 Operating and Capital Budgets

The proposed Operating Budget was presented to the Board. Anticipated operating expense increases will be seen in Insurance, Firewood, Water and Sewer, Cable TV, and Internet. Our budget of \$50,000 allocated toward Capital will remain the same, with that allocation happening at year-end, contingent upon those funds being available and not needed for excess operating expenses during the year. We will keep in place our \$18,000 Operating Contingency line item to act as a buffer for minor overages in operating expense lines. This proposed budget has a deficit of \$29,000; we will therefore request the owners to approve carrying over this past year's \$28,000 surplus to cover most of that shortfall (deficit).

Alan made the following:

- Motion: Approve the 2016-17 Operating and Capital Budget as presented and request at the owners' meeting for the owners to certify the 2015-16 operating surplus of \$28,106 be carried over to offset a majority of the projected deficit in this 2016-17 Budget.
- 2nd: Rory
- Vote: Unanimous approval

The operating carryover from 2014-15 needed to balance the 2015-16 budget of \$20,247 was not needed this past year, nor will it be needed this coming year to balance the budget. Therefore, we should allocate those funds to the Capital Fund in order to keep our reserves at sufficient levels to accomplish future, large maintenance and upgrade projects.

Chuck made the following:

- Motion: Allocate the remaining \$20,247 of Operating Carryover from FY 14/15, to the Capital Fund.
- 2nd: Bill
- Vote: Unanimous approval

Capital Expenses and Capital Plan

Our total Capital expenditures for the year were \$24,631. Last Fall, we sealed the asphalt of the driveway and parking lot, and painted the fascia boards of the roof drip edges. This spring, we purchased 4 new washing machines to replace 4 old ones. We now have new front loading washing machines in each of the five buildings. We also purchased 4 new couches for the clubhouse, and will purchase a fifth this Fall to round out the set. We still have \$6,500 in our Clubhouse capital budget to replace the carpet, likely with a vinyl wood-look product. Because we did not have to spend any of our anticipated \$50,000 Capital Allocation for the fiscal year on Operating expenses, we will be able to allocate the unspent Capital money (\$25,369) to our Capital Reserve Fund.

Theresa made the following:

Motion: Allocate \$50,000 in FY 2015/16 (\$24,631 spent and \$25,369 unspent) to the Capital Fund.
2nd: Bill
Vote: Unanimous approval

Projects in our Capital plan for 2016-17 include installing rubber treads on the stairs and landings to replace the worn out carpet. Building B has had the rubber stairs for a year and half, and we have found that cleaning has been easier than the carpet and the appearance is much improved. The new rubber stairs should be installed this Fall. We still have \$45,000 in our building floor covering budget to address the carpet in a few years if that is deemed necessary.

We are currently getting estimates on the painting of the 6 buildings to determine if our \$60,000 budget is reasonable. While this project is slated for as early as next summer, we will continue to monitor the need and adjust the timeline as appropriate. As stated in our February meeting, we will form a committee to assist with choosing the colors. Two additional, small Capital expenditures are anticipated: replacing the insulated pool cover and re-painting the black pool fencing. The Board requested we get a quote also to repair a concrete corner below the pool fence that has been damaged. Several other items in our Capital budget have been deferred for a year or two and will be continued to be deferred until necessary; they include replacing the sauna heaters and replacing the water heaters for the laundry machines.

The extending of the boulder wall below the E building, which was approved at our February meeting (\$80,000 earmarked from Capital Fund) will be delayed from our anticipated September 2016 to the Spring of 2017.

Over the past several years, we have discussed the need to fund two currently un-funded Capital projects: 1) Re-asphalting the deteriorating driveway, and 2) replacement of the roofs. To remove and replace the asphalt driveway (not the parking area) from the north entrance to the dumpster area would cost approximately \$70,000 for a 5" deep run of asphalt 15 feet wide. We are able to add this expenditure into our Capital Plan with the current level of reserves available, possibly to complete in the next year or two. Believing that the extra wear and tear caused by having the buses come through our property contributes greatly to the need for this \$70,000 project, another topic of discussion which should be addressed is whether there is a cost-sharing option available. We will have a discussion with the Town and Mountain Express to see what alternatives might be available.

To have funds available to replace the roofs in 10 years (the end of their 25-year life expectancy), we will need to raise upwards of \$400,000 (\$250,000 current-cost with a 5% increase estimated per year). By increasing the monthly dues by \$50 per month, we can accumulate \$360,000 over the next 10 years. While the Board also realizes that an operating dues increase is inevitable due to basic inflation, our continued fiscal responsibility should allow us to hold off on that for several more years.

Alan made the following:

- Motion: Increase our monthly dues \$50 (from \$475 to \$525) in July 2017 to adequately fund our anticipated future Capital Needs.
- 2nd: Chuck
- Vote: Unanimous approval

OLD BUSINESS

Internet

We increased the internet speed in August 2015 for the building Wi-Fi systems. While there are times when the system is still taxed by heavy usage, there were few calls of concern over the Christmas holiday season and Spring Break. During this summer, we have had an increased number of complaints about the speed and consistency of the internet. We will continue to monitor efficiency and plan to increase the speed further to accommodate the increased usage and expectations of our owners and guests. In case there might be some poaching occurring that is taxing our bandwidth, we may re-visit returning to password protection. It may also be possible to limit access to a certain number of devices per unit, though that may cause even more concern, as families are coming to units with six, eight, or ten devices in tow. As mentioned in the past, owners still also have the option of purchasing their own private modem service through Time Warner Cable. A currently-available private option is \$15 per month if you provide your own modem/router.

The Timbers

People are now living in The Timbers (former Marcellina). Once their contractor completes the cover on the dumpster area that the Chateaux currently uses, we will formalize an agreement to share that dumpster area with them (it is their property). We have discussed with them the need for lighting on their stairs and at the dumpsters.

NEW BUSINESS

Cigarette and Marijuana Smoke Odor in Buildings

Several owners have brought to our attention that smoke odor has become more and more of a nuisance recently. The Board asked if creating an entirely smoke-free complex (in units and in the outside common areas) is an option. We can explore this option and find out if this should be considered an Association responsibility to make such a change for the health and well-being of all owners and guests. In the meantime, we should consider moving the ash cans away from the buildings.

Full Parking Lot

Several days this summer, we experienced limited available parking spaces for owners and guests. We can accommodate approximately 90 vehicles in our lot, a number which was approached on several occasions. While this may cause an inconvenience of having to park away from your building, we only have the space that we currently have. We can explore possibly creating a few extra spots at the far south end of our parking lot by the A Building. We will also inquire with CBMR and the Town to see if their lots across Gothic Road are available for overflow parking.

Real Estate Report

Seven units have sold at the Chateaux from September 2015 through July 2016, at prices ranging from \$200,000 to \$255,000. Four units are currently on the market, at listing prices ranging from \$195,000 to \$329,900.

Miscellaneous Business

We will install a lockbox with a key to the Clubhouse in case Danny, David or Rory are unavailable to open the door in case a Board member needs access. Emergency Services (Police, Fire Department, EMS etc) already has a lock box which they can access. They also have lock boxes at each building with keys to access units.

We have been working on our Emergency Plan (with items such as water and gas shutoff locations and utility locations). Danny will print a copy and make it available to the Board Members.

Establish Date of Next Meeting

The next Board Meeting was tentatively scheduled for Friday, February 3, 2017.

Meeting Recess

The meeting was recessed at 12:30pm and reconvened at 5:40pm

Election on Officers

Chuck made the following:

Motion: Nominate the slate of officers for FY 2016/17: Rory as President of the Chateaux Board, Bill as Vice President, Alan as Treasurer, and Theresa as Secretary.

2nd: Theresa

Vote: Unanimous Approval

Adjournment

There being no further business, Association President, Rory Baruth, adjourned the meeting at 5:45 PM.

Approval:

Theresa Brooks
Chateaux Association Secretary

Date