

**CHATEAUX CONDOMINIUM ASSOCIATION
BOARD MEETING
January 19, 2013
MT. CRESTED BUTTE, COLORADO**

Call to Order

The meeting was called to order by the Board President, Jack Patton, at 9:02 A.M.

Quorum Established

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

Board Members Present:

Jack Patton
Rory Baruth
Theresa Brooks
Alan Adams
Bill Hoitink

Management Company Present:

Danny Myers

The purpose of this mid-year meeting is to review business items and financials at the half-way point of the current fiscal year.

Financial Report

Danny provided the Board an un-audited Income and Expense report for the fiscal year July 1, 2012 to December 31, 2012. Overall, our day-to-day/month-to-month Operating Expenses are \$7,000 under budget, plus an additional \$6,000 under due to not having spent budgeted Contingency, which we budget at \$1,000 per month or \$12,000 each year (this Contingency budget-line serves as a safety net for occurrences such as a big snow year). The most notable expense savings came in the areas of Snow Removal (\$2,400 under budget) due to low snow amounts in November; Pool Repair and Upkeep expenses being minimal to-date (\$2,000 under budget); and from utility costs, which year-to-date are running \$1,500 under budget (3% under budget).

Current excess revenue from a higher than expected Electric Company annual rebate and strong summer Resort Fee revenue and Clubhouse rental, along with the lower operating expenses reviewed above, position our bottom line at a positive \$20,000 halfway through this current fiscal year, which ends June 30, 2013. Fluctuations in utilities and snow-removal can affect our whole-year expenditures, though the numbers through December are favorable.

Reviewing the Balance Sheet as of December 31, 2012, The Chateaux had cash on hand of \$130,000, with Accounts Receivable of \$38,000. Our Accounts Payable stood at \$19,000. Our Capital Reserve Fund Balance stood at \$77,000 at the beginning of the year (July 1, 2012) and our Operating Fund Balance was at \$66,000 on July 1, 2012.

In reviewing the Accounts Receivable, two owners are in arrears on their dues payments in excess of 90 days. The Board will continue to monitor the Accounts Receivable and take steps toward collecting as they deem necessary and appropriate.

OLD BUSINESS

Fire Escape Replacement Project

All 10 fire escapes (two per building) have been completed. The Board approved additional painting of the already primed structure to be completed in the spring. The railings do not need to be painted, as they were all powder-coated prior to installation. The project came in on-budget, with the painting adding an additional 4% (\$6,400) to the overall cost.

Asphalt Repairs

The small asphalt patches on the parking lot road that were completed last fall with cold patch held up very well through last winter. With sliding and gapping of the top layer of asphalt continuing in several places, six patches were again completed this fall, and then the entire driveway and parking area was crack-sealed and coated prior to the current winter. We will continue to monitor the longevity of the sealing to determine if every 2 years or every 3 years is most appropriate to re-seal. The asphalt patches will also be monitored and evaluated for durability.

Clubhouse Upgrade

Continuing with the clubhouse upgrade, the baseboard and door trim was extended into the main clubhouse area. The Board discussed upgrading the appearance of the fireplace area, including installing a new mantel, hearth, fireplace, and rock work. With an estimate of \$11,000 (\$7,000 for a new gas fireplace and \$4,000 for rock work, a new mantel and a new hearth), the Board decided to not pursue this project at this time.

The Clubhouse brings in around \$3,500 per year in revenue to the Association. The revenue comes primarily from rentals to church groups and ski groups who are staying at The Chateaux and use the Clubhouse for group functions and/or meals. The Board asked Danny to remind the owners that they too may use the Clubhouse. The Board decided to reduce the Clubhouse use fee for owners to \$30 for a 4-hour period, as long as the group size is fewer than ten people. Non-owners pay \$120 for 4 hours or \$200 for 8 hours.

Landscaping

The Board reviewed a proposal to continue adding several landscape areas as outlined in our landscape plan and blueprint. The Board decided to table additional landscape work at the current time in favor of upgrading the insulation and energy efficiency of the buildings.

Energy Audit Recommendations

Maya Silver, the director of the Office for Resource Efficiency, joined the meeting. As a follow-up to the Energy Audit presentation at our August 2012 annual homeowners meeting, the Office for Resource Efficiency (ORE) conducted an energy audit of our 5 buildings, assessing

insulation efficiency and air infiltration, among other items. Following their research and report, they collected bids to improve the insulation in the attics of all five residential buildings, as well as getting bids to insulate and add a ground-level vapor barrier to the crawl spaces below each of the five buildings. This crawl space work would allow the Association to eliminate the network of heat tape currently protecting the water and sewer pipes from freezing in the winter. After assessing all the bids, it was determined that the work could be completed for approximately \$13,000 per building. With a \$1,600 per building grant from the Energy Smart Program (\$8,000 total) offered to The Chateaux, the cost per building would be reduced to \$11,350 per building (\$56,000 total, which is \$33,000 to add a ground vapor-barrier and insulate the crawl spaces and \$23,000 to improve the insulation in the attics). ORE calculated the return on investment to be approximately \$10,000 per year in reduced energy costs, which is a 6-year payback. Separate from any cost savings the Chateaux and its owners may realize, the reduced flow of cold, moist air up from the crawl spaces will improve the buildings' air quality. In addition, the crawl-space work should eliminate the need to replace any heat tape that has become ineffective over time. After discussion, it was decided that combining the grant money offered by ORE with operating-expense savings and supplemental revenue earned over the past several years from Chateaux operations would be sufficient to complete the project and be a wise investment on behalf of the owners.

Theresa made the following:

- Motion: To accept the \$8,000 grant from the Office for Resource Efficiency and allocate an additional \$56,000 to complete the insulation recommendations in the attics and crawl spaces as outlined in our Energy Audit.
- 2nd: Alan
- Vote: Unanimous approval

Spring Projects

Installation of a Bike Wash Station, upgrading the pool bathrooms, and seeding some bare landscape areas will be completed in the spring. All of these items are included in the Budget.

NEW BUSINESS

Fireplace Chase Caps

One metal cap on top of the chimney chase stacks (there are 20 total stacks, each of which serves 3 units) had rusted to a point where rain and melted snow would drip through it. Replacement of that cap cost \$800. While other caps have not shown deterioration to the point of leaking, we will have them all checked this summer to see if any others appear to be heading in that direction. Caps will be replaced as needed. Funds for this work would be available in the Association's capital reserve fund if needed.

Unit Sales

The Board was provided with recent sales for Chateaux condos. Eight units are currently on the market ranging from \$135,000 to \$260,000. In the past 6 months, three units have sold ranging from \$110,000 to \$175,000.

2013 USA Pro Cycling Challenge Race

After having hosted a stage of the bike race (the Tour du France of Colorado) the past 2 summers, the 2013 USA Pro Cycling Challenge Race will not be visiting Crested Butte and Mt. Crested Butte this August. Feeling the worldwide television exposure has been quite valuable to the area, the towns will likely apply for participation in future years.

Chateaux Vacation Rental Welcome Letter

The Board asked Danny to consult with CBL to review their Chateaux guest Welcome Letter to ensure all rules, instructions, and amenity descriptions are appropriately updated.

Vacation Rental Discussion

Approximately one-third of the units at The Chateaux are being rented to vacation guests through Crested Butte Lodging. Several units are occupied full-time by owners, approximately 10 units are rented to long-term tenants, another dozen or so units are kept for exclusive use by the owners, and the final 10 or so manage their vacation rentals themselves through VRBO.com or through a local rental management company other than Crested Butte Lodging. Summer rentals seem to be gaining momentum, with the pool being a strong draw for families. While we are still in the midst of the winter ski season, rentals appeared strong after Christmas and around New Years. Church groups continue to support a large portion of the winter business. While the homeowners' association is not responsible for vacation rentals, the Board will continue to be diligent in maintaining the property to a high standard to increase the popularity of the Chateaux and improve the guest experience.

Establish Date of Next Meeting

The next Board Meeting was tentatively scheduled for Friday, August 16, 2013, to coincide with the Annual Homeowners Association meeting that same afternoon.

Adjournment

There being no further business, Association President, Jack Patton, adjourned the meeting at 12:50 PM.

Approval:

Theresa Brooks
Chateaux Association Secretary

Date