

**CHATEAUX CONDOMINIUM ASSOCIATION
BOARD MEETING
August 15, 2014
MT. CRESTED BUTTE, COLORADO**

Call to Order

The meeting was called to order by the Board President, Jack Patton, at 9:10 A.M.

Quorum Established

A quorum was established with 4 of 5 Board members present.

Board Members Present:

Jack Patton
Rory Baruth
Theresa Brooks
Bill Hoitink

Management Company Present:

Danny Myers

The purpose of this year-end meeting is to review business items and financials for the 2013-14 fiscal year, which ended June 30, 2014 and review plans and budgets for FY 2014-15.

Reading and Approval of Past Minutes – February 8, 2014

Danny and the Board reviewed the minutes from the February meeting

Motion: By Bill to accept the minutes as submitted.

Seconded: Theresa

Vote: Unanimous Approval

Financial Report

Danny provided the Board an un-audited Income and Expense report for the fiscal year July 1, 2013 to June 30, 2014. The year-end Net Margin stands at \$23,287 once the Board allocates the budgeted \$50,000 of annual dues to the Capital account. Revenue above and beyond our \$475 per unit per month dues accounted for \$6,700 of this surplus. Conference Room rental and vending income from the washers and dryers in each building contributed to a majority of that surplus. The remaining Net Margin, \$16,500, came from lower-than-budgeted expenses. While we spent 98% of our snow-removal budget due to big snow year (300+ inches), we saw savings in Pool and Hot Tub Maintenance, General Maintenance, Administrative Expenses, and Utilities.

Danny advised that this Operating Surplus should be carried over to the 2014-15 fiscal year to cover any beyond-budget operating expenses that might arise over the next 12 months. If this Operating Surplus is unspent by year-end (June 30, 2015), the Board can allocate it to the Capital Fund or carry it again to the following year's Operating fund.

The 2012/13 carry-over Operating Surplus was not needed this past fiscal year. Danny advised the Board to allocate that \$22,283 to the Capital fund, along with the \$50,000 budgeted each year for future Capital projects.

Theresa made the following:

Motion: Allocate our budgeted \$50,000 Capital Fund Assessment for the year, as well as an additional \$22,283 of Operating Carryover from FY 12/13, to the Capital Fund, effective June 30, 2014.
2nd: Rory
Vote: Unanimous approval

Reviewing the Balance Sheet as of June 30, 2014, The Chateaux had cash on hand of \$159,148, with Accounts Receivable of \$12,231. Our Accounts Payable stood at \$24,669. In reviewing the Accounts Receivable as of today, no owners were in arrears in excess of 60 days.

We next reviewed our Capital Fund Account Expenses for the year. These included painting the new fire escapes to deter rust, re-tiling the pool room showers, replacing the hot tub cover, creating indoor bike storage areas at the clubhouse and in each building, completing another section of our landscape plan (Gothic Rd side of Building D between the building and the bus/exit road), and replacing the walkway to Building E to reduce ice and snow build-up in the winter. The Capital Expenses for the year totaled \$41,000. Several budgeted Capital projects for the year (totaling \$29,000) were deferred to a future year because they were not yet necessary. Those funds remain available when the projects are in fact necessary.

There is only one budgeted Capital project for this coming year that we anticipate completing; that is seal-coating the parking lot, which we budget to undertake every 3 years. In addition to this year's seal-coating, the seal-coating company (SealCo) chip-sealed two of our six deteriorating patches in the driveway. Chip-sealing entails covering the patches with tar and gravel. This method of repair is used on many roads in town, including on Gothic Rd. We will monitor these patches through the winter and determine if the other deteriorating areas should be repaired this way in the future.

Large Capital projects budgeted over the next 5 include re-staining the support beams on the undersides of the unit decks, painting the siding on all the buildings, and re-carpeting the hallways. Each year, several of our Capital projects get deferred to later years than scheduled; other Capital projects may need to be completed earlier than scheduled. For example, the deck fascias might be re-stained this fall or next spring instead of in FY 2015/16. Also, we will continue to monitor the stairway carpeting and consider alternatives to carpet in the future, as that stair carpeting gets heavy use and wear throughout the year.

Our Capital Reserve Fund currently stands at approximately \$93,000. With budgeted additions to the Capital Reserve Fund each year from the monthly dues, these mentioned (and other planned) capital projects are anticipated to be fully funded.

The Board next reviewed the proposed budget for FY 2014/15. While most budget items will remain the same as last year, we do anticipate a 6% increase in our insurance rates, a 4% increase

in our water rates, and have budgeted for additional landscape maintenance to keep our grounds looking good. We have reduced our electricity budget from this past year's budget, anticipating similar savings to what we saw during this past fiscal year due to the added insulation. The Board continues to budget conservatively, resulting in an \$11,000 budgeted deficit this coming year. Even with this projected budget deficit, the Board feels comfortable keeping the dues steady at \$475 per unit per month due to a \$23,000 operating surplus which will be carried over to the new fiscal year from this past fiscal year. This new budget again anticipates allocating \$50,000 to our Capital Reserve fund at year-end if our operating expenses follow as budgeted. The dues have remained \$475 per unit per month since July 2008. With inflation affecting expenses from year to year, the Board understands that at some future point, dues will have to increase to cover our annual expenses and budgeted Capital Reserve projects.

OLD BUSINESS

Insulation Project

Danny monitored the temperatures in the newly-insulated crawlspaces throughout the winter, and they remained above 40 degrees at all times, allowing us to keep the heat tape on the pipes unplugged, which saved money. Our common area electric bills (which include heating the hallways) were \$3,000 lower (9.7%) this year compared to last, even with a 20% increase in laundry machine use. We will continue to monitor our electric usage for savings, though we realize many factors beyond insulation contribute to these expense numbers, including outside temps and building usage (opening and closing the glass entry doors).

It was also noted that the additional insulation in the attics seemed to lessen the melting of the snow on the roof, which in turn lessened ice dams at the drip edges of the roof. If ice dams do occur, 1) more damage can occur to the aluminum roofing, 2) snow is held on the roof more instead of sliding, and 3) when the snow does slide, the ice at the drip edge is more prone to damaging our windows and siding. Again, we will monitor the roof snow to see if the positive trend of less roof ice continues.

Bike Storage

Bicycle Storage was completed earlier this summer in one firewood closet in each building and in the newly created Bike Barn at the north side of the Clubhouse. The cost came in under-budget, primarily due to the assistance to Danny by one of our summer-resident homeowners. This new storage option has been well used and well received this summer. There is also a Bike-Wash Station set up beside the Bike Barn. We will continue to remind guests that bicycles are not allowed in the condos or on the condo decks.

Landscaping

In June, new landscaping was completed west of the D Building. The top layers of the railroad tie wall were removed and granite boulders and plants were added. Wild-grass seed was added to the non-landscaped areas to finish the new look and work to retain topsoil. This project had been tabled 2 years ago in order to focus on insulating the crawlspaces and attics.

The Board felt that additional landscaping in the future (from our landscape plan) would need substantial funds (\$70,000+ for the next stage) and would not be undertaken until funds became available or if the ownership pushed for that additional landscaping to occur.

Emergency Preparedness Plan

Danny has presented to Jack an outline of procedures to follow in case the electricity goes out at The Chateaux for an extended period of time during the winter. It was agreed that if no heat was available in the condos, residents would need to be evacuated until the heat was restored. Jack is reviewing this plan, which includes draining all the water from the buildings so that pipes are less likely to freeze and break. Drains have been added to the water system pipes under each building to facilitate draining.

Discussing emergency preparedness further, Jack asked Danny to find out where the natural gas shut-off for the service to the Chateaux clubhouse is located.

Marcellina Property Division

It appears some preparation toward renovation of the Marcellina property was begun this spring, though no renovation is currently underway. We will continue to monitor the renovation progress and direction of our neighbor. The vacant land to the north of the Marcellina apartments is currently for sale.

Building E Entry Walkway

The concrete walkway that was re-poured last Autumn performed as hoped for this winter and spring. Where water used to flow from the parking lot toward the glass doors and ice-over a bit each evening in the Spring, this year no water flowed down the walkway and no ice formed due to the flat grade of the new walkway. Many owners expressed their appreciation of this improvement.

Operations Assistant at the Chateaux

In February, the Board suggested that Danny hire someone to assist him and learn the operations of the Chateaux as a back-up in case Danny had reason to be away from the property for an extended period of time. Weston Abele has been hired to work 10 hours each month to shadow Danny on various aspects of his daily/weekly/monthly/and yearly duties.

NEW BUSINESS

Walkway to Three Seasons

The Board asked Danny to research ownership and/or maintenance responsibility of the stairs to Three Seasons and to assess their upkeep needs. We will start by identifying the property line on the plat maps.

Laundry Machine charges

The Board expressed the price of one dollar to wash and one dollar to dry in our laundry machines is not sufficient to cover the cost of electricity and regular maintenance on the machines. Our appliance technician quoted \$1.75 as the going rate. The Board asked Danny to increase the charge on each machine to \$1.50 per load.

Exterior Window Washing

An owner asked the Board to discuss if washing of the exterior of the windows should be undertaken by the HOA or by each individual owner. It was decided that instead of having all

owners pay for window washing through their association dues, that each owner can decide on whether they want to clean their windows or not. Danny can provide window washer contacts for anyone who is interested.

Leak Damage from One Unit to Another

An owner asked the Association to authorize a claim with the Association's insurance company to pay for damage to their unit caused by a failed fixture in another unit (leaking water heater). The Board examined our Declarations for direction on this issue and found that 1) an owner is responsible for maintaining the fixtures and equipment in their unit, and 2) that only damage caused by failure of a common element or caused by the Association is the responsibility of the Association. It appears clear that each unit owners' insurance policy takes priority in such situations. The Board will remind owners to review their insurance policies to make sure those policies fully cover damage to other units caused by failures in their own unit, and that they are fully covered by damage from another unit if circumstances so dictate.

Establish Date of Next Meeting

The next Board Meeting was tentatively scheduled for Saturday, February 7, 2015.

Recess and Reconvene

The Board recessed at 1:05 and reconvened at 6:30.

Election on Officers

Motion: Rory made a motion to keep the officers the same for the next year: Jack 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 at this time, Association President, Jack Patton, adjourned the meeting at 6:35 PM.

Approval:

Theresa Brooks
Chateaux Association Secretary

Date