

**CHATEAUX CONDOMINIUM ASSOCIATION  
BOARD MEETING  
August 19, 2011  
MT. CRESTED BUTTE, COLORADO**

**Call to Order**

The meeting was called to order by the Board President, Jack Patton, at 10:07 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 meeting was to review business items in advance of the annual meeting later today.

**FINANCIAL REPORT**

**2010-2011 Year-end Financials (un-audited)**

Danny shared that the net income for the fiscal year (prior to adjustments following our yearly audit to be conducted in September/October) showed an excess of revenue over of expenses to be \$80,850. Of that, \$43,800 was budgeted to be allocated to the Long-term Capital Fund. Danny recommended that the capital allocation be increased to \$50,000 for this just-ended (June 30, 2011) fiscal year, as those funds will be needed as per the 10-year Capital Plan Budget. The Association will be able to allocate the additional \$6,200 to Capital because operating savings of that amount were gained during the year.

If approved by the Board, once \$50,000 is transferred to the Long-term Capital Fund, this leaves the Operating Net Income at \$30,850. This amount is a result of our \$12,000 operating contingency remaining un-tapped for the year, and the Association gaining the remaining \$18,000+ from excess Operating Income, primarily in the form of surplus conference room rentals, an IRS refund, late fees collected, and the collection of daily resort fees from the vacation rental guests. The Board will be able to allocate surpluses, as planned, toward the fire escape replacement project and toward services, upgrades, and repairs due to guest activity.

Danny reviewed with the Board each line of the Income Statement to explain overages and underages as presented in the year-end financial report. Danny pointed out to the Board that an

Operating Income line related to insurance claim money (\$7,534 collected) is offset exactly on the Income Statement by the Insurance Repair expense of the same amount.

Alan made the following -

- Motion:** To increase the 2010-2011 allocation to the Capital Fund from \$43,800 to \$50,000.
- Seconded:** Theresa
- Vote:** Unanimous Approval

### **Long-term Capital Budget**

The 2010-2011 Capital expense budget was set at \$27,500, which included \$20,000 in capital contingency. That \$20,000 will be allocated this past fiscal year (10-11) toward the fire escape replacement project. The other \$7,500 was budgeted but not spent, as the four items in the budget (replacing a common area hot water heater, completing ski closet upgrades, replacing the hot tub heater, and completing sauna repairs) did not need to be addressed this year as anticipated. Those items will be deferred at least until this fiscal year. Added to those items are the currently scheduled 2011-2012 items: replacing clubhouse furniture, upgrading crawlspace insulation, and replacing the swimming pool heater.

The Board asked that the replacement of the clubhouse furniture remain in the budget, but this should be deferred for now, as the furniture is still in good shape. Danny will do some upholstery cleaning on the couches to extend their useful life. The pool heaters may again not be necessary to replace, though the Board suggested a service call on each as preventive maintenance, with the hope of delaying replacement. Danny will also investigate the lag time in getting a unit replaced if one happens to fail during the season. Having an un-heated pool can cause pipes to freeze if a long enough time period until replacement occurs. There may be some value in purchasing at least one heating unit now to have on hand in case of failure. The shelf-life of an on-site stocked unit would also have to be taken into consideration.

The Board also asked Danny to review the cost estimates in the capital budget to ensure they are accurate, so that we know we are funding the long-term capital budget appropriately. Danny will also start a spreadsheet to document when and what capital replacement items occurred to better track past experience and future need.

### **Accounts Receivable**

As of August 18, 2011, only one unit was in excess of 90 days in arrears on their dues payments, which is now owned by a bank. The bank paid \$2,850 of the past dues, bringing the total owed down to \$5,541. We hope to recoup another \$1,500 from the bank, leaving the account at \$4,041 owed. That amount can be written off to our Bad Debt allowance. The Board will keep a close eye on the owners who are 60 days in arrears on their dues payments so that actions can be taken if they become 90 days in arrears.

Alan made the following -

- Motion:** To write off the balance of \$4,041.52 to the Association's Bad Debt allowance.
- Seconded:** Rory
- Vote:** Unanimous Approval

### **Fire Escape Replacement Project**

The Project is still set to commence in early September, with completion anticipated this calendar year. The \$184,800 budget is holding true to date. If the fire escape budget is exceeded, the 2011-2012 capital budget has a \$20,000 contingency available for the project. The project itself already has a built-in contingency of 10%, which may or may not be needed. We have decided to powder coat the railings, most of which will be funded by a \$7,000 anticipated budget line in the 2012-2013 capital budget. The Board had a spirited discussion on deciding the color for the new fire escapes. The opinions were split between whether they should be painted the same color as the buildings as they are now, or whether they should be painted black to serve as an accent to the buildings like the unit patios. It was decided to present the options at the Annual Meeting to get a majority opinion. (Note: the owners at the annual meeting almost unanimously chose to match the fire escape color to the building color; so that is what will be done.)

In addition, the Board asked Danny to research the need for purchasing a Builder's All-Risk insurance policy to cover any risk not covered by the contractor's policy or the Association's policy.

### **OLD BUSINESS**

#### **Snow Shoveling**

Snow shoveling efforts were increased this past year over the year before. They will again be increased to ensure even safer winter-time conditions. A plan is in place to have walkways shoveled prior to 7AM on snow nights to help reduce the build-up of snow on the walkways entering the buildings and on the walkway down to Gothic Rd.

#### **Snow Plowing**

The Board felt that while gaining several thousand dollars in savings by having the snow removal equipment stored at the south end of our property was nice, those savings did not offset the unsightliness of having the equipment there. We will explore other options for on-site storage, but will not allow the large equipment to be stored on the parking lot this coming year.

#### **Internet**

Following up on last year's upgrade to the wireless internet system by changing from one phone-based DSL feed to one cable feed (which has been well received by guests), this month we will be adding a second cable-fed internet line and also adding an antenna to the third floor of each building to strengthen the signal for upper floor internet users (a concern shared by guests).

#### **Marcellina**

Marcellina is now owned by a bank through foreclosure and is being managed by Crested Butte Lodging. We anticipate repairs to the roof to occur this fall. With revenue from rentals, upkeep should be improved going forward. Danny will advise CBL the need to keep the retention pond area maintained and to keep the ditch daisies under control.

#### **Time Warner Cable**

Danny had reported to the Board during the winter that Time Warner had offered a lower cable rate to the Association. We signed the offer sheet, but Time Warner did not reconfirm the rate

by also signing it. Danny is in discussions with Time Warner to secure a new lower rate, though their latest offer was to continue the current rate. Danny will report the agreed upon rate once a new contract is signed by both parties.

## **NEW BUSINESS**

### **Capital Fund Investing**

The Board will look at investment opportunities in coming years as the Capital Fund gains value, without risking principal.

### **Fascia Painting**

While the crane is on-site for the fire escape project, we will look at sanding and painting some of the fascia at the roof eave edges and assess whether any replacement of fascia is necessary.

### **Stone Work**

Danny recently got a bid to have the stone fireplace chases and building skirts painted with sealer. Because some stones have fallen from the chases this past winter, re-placing those fallen stones this fall will be a priority (and sealing if time allows). In addition, once the fire escapes are completed, we can address keeping the skirt rocks cleaner by adding wild-grasses and possibly some plants to the currently dirt areas close to the buildings, where mud splashes up when it rains.

### **Asphalt Repairs**

The asphalt sealing has held up nicely in most areas of the driveway and parking lot. Some patches need to be touched up near the large, green electric service boxes (these areas were affected by the installation of the new electrical conduit last summer). An issue that does need to be addressed regarding the asphalt is continued cracks and gapping in several locations on the driveway in front of buildings C, D and E. Danny will fill the gaps with cold patch asphalt and sealer this fall, and then will re-evaluate the need to replace areas next spring.

### **Real Estate Report**

There are currently 14 units listed for sale at The Chateaux, with prices ranging from \$130,000 to \$299,500. Three of those are currently bank-owned. In the past 12 months, 3 units have sold, with prices ranging from \$170,000 to \$238,000.

### **Common Area Housekeeping**

The Board asked Danny to pay special attention to the cleanliness of the hallways, especially with regard to fingerprints on the glass doors and keeping the carpets shampooed and spot-cleaned regularly. Danny will shampoo the carpet every spring and fall, and the Board can determine if that is sufficient to meet their expectations. Because the amount of cleaning in the clubhouse varies depending on use, the Board authorized paying for additional cleaning when the use level increases. In addition, the rubber mats will be removed from the pool bathrooms to facilitate improved cleanliness to that area.

### **Clubhouse Upgrades**

Danny will research the cost of tiling the kitchen and bathrooms and possibly extending that tile out into the foyer, replacing the old slate that is currently there, as well as researching the cost of upgrading the kitchen and bathroom cabinets and appliances.

**Other Business**

The Board asked that more extensive holiday lighting be installed in the aspen trees lining the walkway down to Gothic.

The meeting was recessed at 2:05 PM, to be reconvened following the annual meeting. The meeting reconvened at 5:10 PM.

**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.

**Seconded:** Theresa

**Vote:** Unanimous Approval

**Establish Date of Next Meeting**

The semi-annual Board meeting was tentatively set for January 21, 2012.

**Adjournment**

There being no further business, Association President, Jack Patton, adjourned the meeting at 5:15 PM.

**Approval:**

\_\_\_\_\_ Date

Theresa Brooks  
Chateaux Secretary