

**CHATEAUX CONDOMINIUMS ASSOCIATION
ANNUAL OWNER'S MEETING
AUGUST 14th, 2010
CHATEAUX CONDOMINIUMS CLUBHOUSE
MT. CRESTED BUTTE, COLORADO
www.chateauxcb.org**

Call to Order

The meeting was called to order by the Board President, Jack Patton, at 10:30 A.M.

Proof of Notice

Proof of Notice was mailed on June 24th, 2010.

Roll Call/Establish Quorum

Members Present in Person

Name	Unit #
Paul & Jayne Gamel	101
Anthony & Luz Labato	105
Theresa Brooks	203
Jack Patton	303
Rolf Zienau	304
Sharon & Tom Dobson	305
Mary Schmidt	312
Louie & Joyce Raven	401
Rory & Mary Baruth	407
Bill Hoitink	508
Alan Adams	504 & 511
Matt Hayes	512

Members Represented by Proxy

Jack Patton proxy for:

Jay Fairvalley	106
Shadlee McTaggart	212

Alan Adams proxy for:

Gerard Federico & Veena Mathad	104
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Bill Hoitink proxy for:

Cy & Janice Hoaglund	302
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Theresa Brooks proxy for:

Deanna Wenstrup	206
Dennis Morris	408
Greg & Jason Fries	501
James and Mary Ellen Bader	503

Rory Baruth proxy for:

Roy Boenig	110
Robert & Ramon Davis	201
Todd & Lynn Young	307
Steve Burke	402
Peter Herczfeld	405

Paul Gamel proxy for:

Rogers Wilson	102
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Betty Woods 202
Linda & Don Chapman 406

A quorum was established with 52% of the membership represented in person or via proxy.

Board Members Present: Jack Patton
Bill Hoitink
Alan Adams
Theresa Brooks
Rory Baruth

Management Company Present: Danny Myers

Reading and Approval of Past Minutes – August 1, 2009

Paul Gamel made the following -

Motion: To waive formal reading, and accept past minutes as submitted.
Seconded: Louie Raven
Vote: Unanimous Approval

Reports

Manager's Report

The following report was submitted in writing and reviewed orally by Danny Myers.

Danny reiterated that since beginning his tenure with The Chateaux on September 1, 2009, and officially taking over the reigns as Association manager on October 1, 2009, he has greatly enjoyed working with the Board, getting to know and assisting many of the owners, and doing his best to continue elevating The Chateaux to the premier condominium status it deserves. In addition to his daily work around the property with housekeeping, maintenance, snow removal during the winter months, landscaping needs during the summer months, pool care, and his administrative duties, the Board and he have accomplished and/or spearheaded many notable improvements to the property over the past 10 months. They include:

- Re-surfacing the pool and hot tub
- Upgrading our garbage/waste services to include recycling, all at a 75% cost reduction to the Association
- Planting and irrigating the 36 new large trees throughout the property
- Applying stain to the 6 building entryways
- Applying stain to the 60 unit balconies
- Sealing the asphalt driveways and parking lots
- Tiling the laundry areas in each of the 5 buildings
- Upgrading the clubhouse television to a 60" flat screen
- Purchasing new covers for the pool and hot tub
- Purchasing a commercial carpet cleaner
- Upgrading the wireless internet feed to improve speed and capacity
- Insulating the firewood closets to improve energy efficiency
- Installation of a solar-powered light for the dumpster area

In addition, Danny and the Board have spent a good deal of time managing the capital and operating budgets and reserves to better ensure that funds are available for the expected expenses, as well as the unexpected expenses. We ended the year with a budget surplus in excess of \$48,000 over what was anticipated. This surplus was made up of \$8,182.93 (due primarily from the receipt of an IRS tax refund and a building permit refund that was un-budget revenue) and a reduction in a number of expenses (trash removal, natural gas usage, etc.). This surplus will allow the Board to properly fund our long-term capital reserve account going forward without raising dues this year, as well as keeping an operating reserve in place to cover the monthly budget shortfalls that occur during the winter months.

As always, Danny encourages communication and suggestions that he can present to the Board. The goal is to always strive to maintain and improve the value of your Chateaux property.

Financial Report

Alan Adams, Treasurer, reviewed the un-audited year-end 2009-10 income statement and balance sheet, as well as the 10-year capital plan, included in the meeting packet. The following narrative was also included in the meeting packet:

The year-end, un-audited Profit and Loss Statement (P&L) compares budgeted income and expenses for fiscal year 2010 (July 2009-June 2010) to the actual invoiced income and booked expenses for the same period. Due to timing issues and several owner-account delinquencies, some income had yet to be collected at year-end, as is shown on the June 30, 2010 Balance Sheet under Accounts Receivable and some expenses had yet to be paid at year end, shown on the Balance Sheet as Accounts Payable.

Income on the P&L is comprised of the billed monthly assessments and special assessments, along with income from rental of the conference room, income from the coin-operated washing machines and dryers, billing of late fees, and other miscellaneous income. Please note that the income billed exceeded budget by \$8,182.93. This was due primarily from the receipt of an IRS tax refund and a building permit refund that was un-budget revenue. Assessments for late fees were down drastically compared to budget this year, due to most owners paying their monthly dues and the special assessment on time. Income from the washing machines was also up 30% over the budgeted (anticipated) amount.

Combined with the positive income numbers, the expenses for the year on the P&L showed a **\$40,365 savings** compared to the anticipated spending amounts. Expenses are broken down into seven main categories: Administrative, Maintenance, Utilities, Clubhouse & Pool, Snow Removal, Management & Daily Operations, and Capital Expenses. (See consolidated income statement attached).

The **Administrative** expenses are comprised of the building insurance, Board of Director expenses, audit and annual report expenses, office supplies, bank expenses, and legal expenses. This category was virtually on-budget for the year.

The **Maintenance** expenses are made up of contract labor by outside contractors; maintenance tools, materials & supplies; landscape supplies & labor; fire extinguisher inspection & upkeep; the firewood supply; and chimney cleaning. This expense category was 9% under budget for the year, saving The Chateaux over \$2,700.

The **Utilities** expense line is made up of electricity use, natural gas use (to heat the pool and pool deck snow-melt system), water and sewer charges for all 60 units plus the clubhouse, office telephone charges, garbage and recycling collection, cable television service, and internet service. Utilities accounted for almost 40% of the Chateaux's operating budget for the year. The most positive budget note is that \$21,000 in savings was gained from close monitoring of these utility expenses this past year.

The **Clubhouse and Pool** expense line is comprised of pool supplies and repair costs (separate from the daily pool upkeep, which is covered in Management and Daily Operations). The line also includes decoration costs for the property (mainly during the holiday season), and equipment for the office or clubhouse. This expense line was \$1,500 over budget for the year.

The **Snow Removal** expense line is made up of ground shoveling, roof shoveling, and truck-plowing & graveling. Only 60% of the budgeted amount was spent, saving the association over \$12,000. The annual snow amount was lower this past season than normal, accounting for part of the savings. Additional savings were gained by attentive and efficient snow removal management.

Management and Daily Operations is the amount paid to the management company to administer the business side of the association (billing, meetings, accounting, etc.), carry out the common area housekeeping requirements and maintenance projects, and maintain the pool and hot-tub. This expense line should be on-budget in most future years, as the costs are relatively fixed. This past year was 8% over budget (\$5,800) due to transition costs as the association management moved from Crested Butte Lodging to Danny Myers, as well as high maintenance costs billed by Crested Butte Lodging in the summer and fall of 2009, prior to the management transition.

The operating **Contingency** expense line is budgeted to accommodate unforeseen operating expenses in a given year. A good example of the value of this contingency was when the snow removal costs three winters ago far exceeded the budget. This year, the Contingency was needed to a far less extent, bolstering our surplus.

The **Capital Expenses** budget is derived from projects on the Chateaux's long-term capital plan, items that do not recur every year, but are planned for and collected for on a multi-year basis. Items that were completed this year included resurfacing of the swimming pool (not budgeted for this year, but covered by a \$20,000 capital contingency included in each

year's capital budget), painting (staining) of all the unit decks and building entrances, re-surfacing of the parking lot and driveway asphalt, and planting of the 36 large trees around the property this spring. The Capital reserve and expenses will be closely monitored by the Management Company and Board to ensure its strength to handle long-term, future needs.

The bottom-line Net Income of \$62,363 was \$48,500 better than budget. This \$48,000 surplus will be discussed by the Board at their Board Meeting, likely allowing them to bolster the Capital reserve account to its appropriate level, as well as carry over to next fiscal year a suitable amount of operating funds so the Association will be less likely to experience a deficit each year during the high-expense winter months.

Jack pointed out that only one owner is currently over 90 days in arrears on their dues, though several others are also past due in their payments one or two months. During the challenging economic times the country is currently in, the Board is watching our Accounts Payable very closely, especially with loan foreclosures also becoming a possibility.

Alan shared that the 10 fire escape stairwells are the most pressing un-funded current need at the Chateaux. There is still \$50,000 remaining from the assessment earlier this summer that is earmarked for the fire escapes. If the estimate of \$150,000 to replace the fire escapes is accurate, an additional \$100,000 will be needed at some point. The Board will look regularly at the other supplemental items included on the bottom of the capital plan (additional landscaping, improvements to the railroad tie retaining walls, and upgrading of the clubhouse facilities) to determine if and when those projects need to occur.

The 2010-11 budget was included in the meeting packet. Danny shared that the savings enjoyed this past year should occur again in the coming year, allowing the long-term capital budget to be appropriately funded at a level close to his \$50,000 estimated need without raising the dues this year. Last year, the long-term capital budget was only funded at \$22,000.

Old Business

Pet Policy

The current pet policy of allowing owners to have a dog at their condo from June 1 to December 1 is being honored well. The owners taking advantage of this policy have done well in cleaning up after their dogs. The Board clarified that dogs are not allowed from December 1 to June 1 due primarily to the unsightliness of dog "leavings" in the white snow. Owners' housecats and tropical fish are still welcome at The Chateaux year around.

Internet

The increased speed of the internet has been noticed and appreciated by many owners. We will continue to monitor signal strength issues in certain areas of the buildings to ensure adequate service is available.

Dumpster

The new solar light is working well lighting up the dumpster and recycle area after dark. We will attempt to sell the extra six-yard dumpster that has been replaced with the 2 three-yard dumpsters, in order to allow the 2 dumpsters to be tucked back into the dumpster nook.

Unit Insurance Policies

Owners are required to provide their proof of insurance to the management company. Danny will contact owners that do not have current policy proof on file.

New Business

Proposed Performing Arts Center

Crested Butte Mountain Resort (CBMR), along with the Town of Mt. Crested Butte, is proposing the construction of a performing arts center/theatre and parking lot in the vacant parking lots across Gothic Ave to the east of The Chateaux. This current plan is being proposed to replace an earlier plan for the area (which can be found in the Real Estate section of CBMR's skicb.com website). Additional development on the site could be proposed at a later date. Danny will attend the public hearing on August 17th to represent the Chateaux Board. While the improvement of this lot will likely be welcomed by many Chateaux owners, the Board wants to express to the Town that the parking structure should present an aesthetically pleasing and un-obtrusive (not too tall) addition to the lot. While the Performing Arts Center is proposed to be 85 feet tall above current grade (which is 20-30 feet below Gothic Avenue), its placement on the north corner of the

lot will not affect any views of Crested Butte Mountain from The Chateaux. Tom Dobson asked if the Chateaux plans to make a specific statement. The Board will discuss this at a future Board meeting.

Swimming Pool

The swimming pool is now officially designated as a non-smoking area. This will offer a more family-friendly area for our owners and guests to enjoy, without the annoyance of tobacco smoke. Also, the hours of operation for the ski season will see a closing time of 9:30 PM, instead of last year's 10:00 PM closing. In addition, as a trial, we plan to keep the hot tub open for owners and residents during the off season, as long as the hours of operation are respected.

Election of Officers

Two board seats, currently held by Jack Patton and Bill Hoitink, are up for re-election and each indicated they would be willing to serve again. Jack and Bill were each nominated from the floor. There being no additional nominations, nominations were closed.

Louie Raven made the following -

Motion:	To elect Jack Patton and Bill Hoitink to three-year Board terms.
Seconded:	Paul Gamel
Vote:	Unanimous Approval

Member's Open Forum

Pool Area– Tom Dobson asked if adding a semi-opaque screen to the pool fence might provide more privacy to the area from the passing cars and busses. Danny added that the addition of a screen would likely limit blowing dirt and debris into the pool and pool area. Other owners expressed their approval of the idea, feeling that black would be the most appropriate color. The Board asked Danny to research the cost of adding a screen and report back to them.

Personal Storage Closets – Danny will research the possibility of building/making additional storage closets available to owners to rent in each of the 5 buildings.

Establish Date of Next Annual Meeting

The next annual meeting was tentatively scheduled for Saturday, July 23, 2011.

Adjournment

Association President, Jack Patton, adjourned the meeting at 12:05 PM.

Approval:

Theresa Brooks	_____
Chateaux Secretary	Date

Attachment

	<u>Jul '09 - Jun 10</u>	<u>09-10 Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>10-11 Budget</u>
Income					
300 · OPERATING INCOME	448,763.93	440,581.00	8,182.93	102%	348,000.00
Total Income	448,763.93	440,581.00	8,182.93	102%	
Expense					
500 · Administrative	40,612.46	40,464.00	148.46	100%	35,703.00
520 · Maintenance	27,850.64	30,600.00	-2,749.36	91%	25,910.00
540 · Utilities	107,672.22	128,947.00	-21,274.78	84%	119,567.00
560 · Clubhouse & Pool	8,264.32	6,700.00	1,564.32	123%	5,600.00
580 · Snow Removal	18,630.68	31,000.00	-12,369.32	60%	29,600.00
590 · Management & Daily Operations	84,122.06	75,820.00	8,302.06	111%	75,820.00
600 · Contingency	369.99	15,000.00	-14,630.01	2%	12,000.00
700 · CAPITAL EXPENSES	98,877.98	98,235.00	642.98	101%	43,800.00
Total Expense	386,400.35	426,766.00	-40,365.65	91%	348,000.00
Net Income	<u>62,363.58</u>	<u>13,815.00</u>	<u>48,548.58</u>	<u>451%</u>	<u>0.00</u>