

**CHATEAUX CONDOMINIUM ASSOCIATION
BOARD MEETING
August 15, 2015
MT. CRESTED BUTTE, COLORADO**

Call to Order

The meeting was called to order by the Board President, Jack Patton, at 9:01 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 2014-15 fiscal year, which ended June 30, 2015 and review plans and budgets for FY 2015-16.

Reading and Approval of Past Minutes – February 6, 2015

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

Rory made the following:

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

Financial Report

Reviewing our Income and Expense report for the recently ended fiscal year, which runs July 1, 2014 to June 30, 2015, we found that our Income basically as we budgeted, exceeding budget by just 1.8% (+\$6,200).

Our receipt of resort fee income (\$7 per night for short term rentals and \$20 per month for long term rentals) provided \$6,700 in Income for the Association during the fiscal year. These payments to the Association remain on the honor system and most owners who rent comply with the policy of collecting from their renters and submitting the proceeds to the Association. The Board will remind the owners in the Annual meeting and again in a newsletter this Fall that the fee offsets the increased financial burden on all owners incurred by having renters in-house. The fees pay for items including increased firewood usage, increased common area heating bills, our upgraded wireless internet capabilities, and increased use of the pool facilities.

Taking into account the Expense side of our Income and Expense report for July 1, 2014 through June 30, 2015, our Income exceeded our expenses by \$67,899. Each year, the Board budgets to allocate \$50,000 of our Income to our Capital Reserve fund for current and future Capital projects. Having spent just \$15,153 on Capital projects for the year, the Board was able to allocate the remaining \$34,847 of their Capital budget to the Capital Reserve fund. This left the year's surplus at \$33,052.

Theresa made the following:

- Motion: Allocate our budgeted \$50,000 Capital Fund Assessment for the year, effective June 30, 2015. \$15,153 was spent on 2014-15 Capital projects; \$34,847 is available in our Capital Reserve fund for future projects.
- 2nd: Rory
- Vote: Unanimous approval

Following fiscal year 2013-14, we had an Operating surplus of \$23,307 that was carried over to the 2014-15 fiscal year to cover a budgeted deficit for the year. Due to lower than budgeted operating expenses in 2014-15, those 2013-14 carry-over operating funds were un-needed in 2014-15, so the Board motioned to have those funds allocated to the Capital Reserve Fund.

Rory made the following:

- Motion: Allocate \$23,307 of Operating Carryover from FY 13/14, to the Capital Fund.
- 2nd: Bill
- Vote: Unanimous approval

Detailing some of the larger line-item contributors to our \$33,052 FY 2014-15 surplus, the \$12,000 that was budgeted as Operating Contingency was not spent. In addition, with a lower than average snow year, we came in almost \$14,000 under budget in Snow Removal expense. We also saw saving in insurance and legal fees (\$2,000), Maintenance costs (\$5,300), Utilities (\$3,200), and Pool Repairs (\$4,000). These savings compared to budget exceed \$33,000 because the Association budgeted a deficit this past year of \$11,000.

The Board next reviewed the Budget for the upcoming 2015-16 fiscal year. Increases are typically seen in Insurance, Water, and other Utilities. We have also increased the Operating Contingency from \$12,000 to \$18,000 this year to have Snow Removal funds available in case of a larger than normal snow year. The increases put us at a budgeted deficit of \$20,247. With a surplus in the just-ended fiscal year of \$33,052, the Board will present to the owners the resolution of applying \$20,047 of the surplus to the 2015-16 Operating Budget in order to balance the budget. The Board will allocate the remaining \$12,679 to the Capital Reserve fund.

Bill made the following:

- Motion: To approve the 2015-16 Association Budget as presented, keeping the dues the same at \$475 per unit per month.
- 2nd: Rory
- Vote: Unanimous approval

Rory made the following:

Motion: Allocate \$12,679 of Operating Carryover from FY 14/15, to the Capital Fund.
2nd: Theresa
Vote: Unanimous approval

Our Accounts Receivable report shows that no owners are over 60 days in arrears on their monthly dues payments.

The Board reviewed the Capital projects in our current capital budget that were completed this year. We stained the deck fascia wood earlier this summer. Back in 2010, the deck fascia was stained, along with the deck floor joists. The entry porticos to each building were also stained at that time. The deck fascias were re-stained in June to serve as continued regular maintenance and to improve their appearance, as they have faded a bit these past 5 years.

Back in the Fall of 2014, more of the trim fascia was painted at the roofline drip edge of several of the buildings. The remaining unpainted roofline fascia will be painted in September 2015.

The third capital project undertaken this past year was replacing the carpet on the stairs of the B building with rubber treads. Doing just one building served as a test of the product in terms of quality, durability, noise, and cleanliness. The product held up well through the winter. We plan on converting more of the carpeted stairways to rubber in the other buildings. While the carpet in the hallways has held up well, the stairway carpeting gets the most traffic and is showing considerable wear and tear.

Capital projects planned for 2015-16 include applying Seal Coat to the driveway and parking areas black, as well as “tarring” cracks in the asphalt. We have budgeted to replace the pool cover this fiscal year. It has already lasted 5 years instead of the budgeted 3 years and should last through another winter before we will replace it. We also plan to replace at least one washing machine this year, though all washers and dryers have been budgeted to be replaced over the next several years if necessary.

OLD BUSINESS

Hallway Carpeting and Stairs

As reported at our February 2015 meeting, the Association has \$65,000 earmarked in the Capital Budget to replace the carpeting in all the buildings in 2018. With twice-per-year carpet cleaning, the appearance of the carpet remains good, possibly allowing us to delay replacement. The stairways, though, are burdened with more traffic and wear and tear. As mentioned above, in December 2014, the B building stair-carpet was replaced with rubber tiling and treads. The rubber treads held up well through their first ski season. There were no reports that the noise was substantially louder for rubber stairs versus the current carpet. We will get quotes on doing additional stairways in rubber, with first priority to the E building because of wear and tear. Danny will also research whether the tile by the washer and dryers can be matched and brought all the way to the stairs.

Bike Closets

We increased the clubhouse bike barn capacity from 9 to 17 hangers. We now have a total of 31 bike hangers between the bike barn and one of the firewood closets in each of the 5 buildings.

Driveway/Parking Lot Repair and Sealing

To reiterate our annual Capital Plan discussion above, SealCo is scheduled to crack-seal and coat our asphalt driveway and parking area later in August. They will also replace a damaged area of asphalt near the E building, and we will replace several potholes ourselves with cold patch asphalt.

Unit Deck Boards

Danny has forwarded information on a warranty claim to the manufacturer of the deck products that have deteriorated on several of our deck patios. We will continue to monitor any deterioration and will replace deck boards as the warranty claim progresses. With many outside edge boards showing deterioration, we will consider putting a “frame” of decking on that outside edge so that if the deterioration issue continues, replacing just one board would be easier.

By-Law Revisions

Our attorney is currently reviewing and revising another local condo association’s Declarations and By-Laws. We can meet with him later in the year to discuss revisions and updates we may want to implement to our covenants to keep them as a current document.

NEW BUSINESS

Retaining Wall replacement: D and E buildings

A portion of the retaining wall below C building was partially removed and reinforce with granite boulders in the Spring of 2014. Some plants and a tree were added for visual appeal, along with a dry rock-stream-bed. The retaining wall that continues to the north along the exit route to Gothic below D and E has continued to deteriorate. The Board agreed that it is time to continue the boulder work to reinforce that wall. With our Capital Reserve fund gaining additional allocations from the association dues this past fiscal year, the necessary \$80,000 is anticipated to be available to complete this project in the Spring of 2016 without a supplemental assessment. We will also start a dialogue with the Town of Mt. Crested Butte regarding landscaping along Gothic Road from our road exit south approximately 100 feet.

Real Estate Report

No units have sold to date in 2015. As reported in our February meeting: during 2014, five units at The Chateaux sold, ranging from \$156,500 to \$245,000. There are still currently six units on the market, ranging from \$227,000 to \$399,900. The former Marcellina Apartments (now The Timbers) are in the process of being renovated and the 44 units will each be sold next year upon completion. The average price appears to be approximately \$175,000, with the majority of the units being 600 square feet with two bedrooms and one bathroom.

Internet

We currently provide 2 wifi internet feeds to owners and guests in-house through Time Warner Cable, one for the A and B buildings, and one for the C, D, and E buildings. With more and

