

**CHATEAUX CONDOMINIUM ASSOCIATION
BOARD MEETING
August 13, 2010
MT. CRESTED BUTTE, COLORADO**

Call to Order

The meeting was called to order by the Board President, Jack Patton, at 3:01 P.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 the following day.

Jack opened the meeting by acknowledging Danny for a good first year as manager, thanking him for his presence on property and for managing the budget well.

Reading and Approval of Past Minutes

Alan made the following -

Motion: To waive formal reading, and accept the May 27, 2010 minutes as submitted.
Seconded: Rory
Vote: Unanimous Approval

Financial Report

Alan volunteered to present the financial report at the Annual Meeting. All owners received the draft year-end financials in their meeting packet, which outlined the revenue and expenses for the year that describe the operating surplus the Association enjoyed. Once the audit is performed by our CPA (Don McNurlin and Associates) later this fall, the Board will allocate surplus moneys to both the capital reserve fund and as an operating funds carryover to 2010-11 to ensure each account has appropriate funds for the monthly operation of the Association and also for the ongoing long-term capital needs of maintaining the buildings.

The Board re-affirmed their philosophy that the 10-year capital plan should be adequately funded each year to remain “in the black” while performing the annual needs as laid out in the plan. The 2010-11 budget year will see an initial contribution of \$43,800 from the normal monthly dues of \$475 per unit, with an increase to \$50,000 per year in subsequent years. Each year, the Board will continue to allocate any surplus (if one occurs) to either the capital fund or as an operating carryover. The operating carryover is needed each year as funds are necessary to cover operating expenses throughout the winter while we operate “in the red” during the high expense months of December-March due to snow removal costs and high cold-weather utility costs. Carrying over a level of excess operating funds from one year to the next also insulates the owners from a potential operating special assessment if unbudgeted expenses occur beyond our \$12,000 contingency (most recently seen in high snow removal costs during our 400 inch snow year in 2007-08).

Regarding our year-end capital fund balance, Danny shared that with the completion of the deck staining and asphalt paving in June instead of July, the fund balance dropped below zero to (\$7,289). The fund is budgeted to end 2010-11 \$16,300 higher at \$9,011. This is taking into account that \$21,000 of this year’s operating surplus should be directed toward the capital fund following the fall audit.

The Board discussed that the most pressing supplemental capital expense (not part of the recurring capital budget plan) is still the replacement of the fire escapes. This is an un-funded capital project that likely will need attention in the next 1 to 3 years. The project is currently estimated at \$150,000, meaning an additional assessment of \$100,000 divided among the 60 owners would be necessary to fund this project (\$51,272 is still available from the June 2010 assessment and can be earmarked for the fire escapes). The Board is not currently pursuing the other supplemental capital projects which include additional landscaping, upgrading the retaining walls, and upgrading the clubhouse. The Board will again address the fire escapes at the January 2011 semi-annual meeting.

Regarding delinquent accounts, only one owner is currently over 90 days in arrears on their dues. That unit is currently set for foreclosure on September 29th. The Association may gain \$4,350 of the past due amount at sale. If there are still unpaid obligations after the sale, the Board will have to decide if an amount is better written off as Bad Debt, weighing the cost of collecting unpaid amounts versus the chance of collecting those amounts.

A second unit is expected to close on a short-sale in advance of a foreclosure sale. Because of the filing date to the foreclosure, there may also be Bad Debt associated with this unit. Danny will keep the Board apprised of possible Bad Debt actions they may need to consider on this sale also.

Danny was asked to research what delinquent payment/foreclosure policy the Chateaux currently has in place and recommend a new policy if deemed necessary. Our lawyer has indicated that an aggressive collection policy often encourages more timely payment and protects the Association against possible bad debt loss in cases of severe delinquencies of over 6 months.

OLD BUSINESS

Pet Rules

Danny reported that the rule allowing an owner to have a dog at Chateaux from June 1 to December 1 was well respected during the winter, when dogs are not allowed. The Board agreed to keep the policy in place.

Storage Closets

Danny will investigate whether the second-floor storage closets above the firewood closets in buildings A, B, and D (C and E do not have these closets) are being used and appropriately paid for. If any are found to be available, Danny can then offer them for rent. It was noted that CBL currently uses 3 closets in each building to support their rental program by storing supplies. Use by CBL of these closets will be discussed more in depth at a future meeting.

Internet

The stronger signal has created a noticeably faster wi-fi internet. Danny will continue to monitor 3rd floor units for strength of signal and address that issue if needed.

Dumpsters

The bears have visited the Chateaux dumpsters at night this summer. Danny secures the dumpsters each night at 10 PM and has begun placing the recycle bins inside the pool enclosure so the bears do not dump them over. Danny will investigate if larger, lockable recycle bins are available. The Board asked Danny to also attempt to sell the 6-yard dumpster because the 3-yard dumpsters have proven sufficient and not overly difficult to use (there had been a question of whether the lids would be too cumbersome to lift). Removing the 6-yard dumpster would allow the two 3-yard dumpsters to be tucked back into the alcove, improving the aesthetics of that area. Danny also reported that the newly installed solar light has worked well this summer; we look forward to good operation in the winter months also, hopefully.

Asphalt Re-Sealing

The re-sealing of the asphalt occurred in June. We have asked the company to return this summer to re-apply sealant in areas that have shown early wear. The needed patches from recent asphalt work will also be repaired this summer or fall.

Proof of Insurance

Danny will conduct an audit of all units' proof of insurance forms and contact non-compliant owners to ensure the files are kept up to date. The Board recommended all owners review their policies to ensure that sufficient water damage coverage is in place. The Board asked Danny to review the possibility and benefits of buying all unit coverages through the HOA instead of each unit doing so individually.

Website

The new and improved Chateaux site is up and running. Theresa is working with her son to analyze the site's searchability. The "owners' side" will be the next section to be set up again. It was felt that budget information should be available on the private side, but Danny could give

administrative access to potential buyers if need be. Minutes would remain available on the public side of the website.

Electrical Grounding Issue

While postponed this summer, it is anticipated that Crested Butte Electric will complete the grounding of each building this fall, working around occupancy issues.

Clubhouse Rental

Rentals were on-budget for the winter. The summer months bring only a few rental days. The new rate structure is in place for the coming winter. It was confirmed that clubhouse rental is only available to owners, tenants, and guests, not to outside parties. Danny will check with our insurance agent to ensure proper liability insurance is in place.

Daily Usage Fee

Ten dollars per day per unit is being collected from vacation rental guests. This income is earmarked to repair or replace any wear and tear from the additional guest usage of common areas.

Marcellina

The complex is currently on the foreclosure list for sale in December. There appears to have been minimal occupancy there this summer, though some. Use of the pool and trash dumpsters by their guests has not been a problem. We will monitor ownership and encourage upkeep of the building so we can be mutually good neighbors.

NEW BUSINESS

Performing Arts Center

Danny will be attending the public hearing next week to learn more about the height of the garage and the Center. It was felt that if the garage was only 2 or 3 stories high, architecturally pleasant, and landscaped well, it would not be a visually distracting addition, and likely more appealing than the current empty dirt lot. It appears the Center itself will be on the north end of the lot and, even at 50 feet above Gothic Rd, would not limit the view of Crested Butte Mountain from any Chateaux units, though some east and north views may be affected.

Emergency Preparedness

The Board asked Danny to draft a basic plan to address situations like electricity or gas outage for a period of time and issues such as roof shoveling in extreme winter storm cycles.

Swimming Pool/Hot Tub Hours

The pool will remain open until mid-September and remain closed until the start of the ski season (Thanksgiving week-end). It was decided that a trial period of keeping the hot tub available to residents during October and November will be implemented, as long as the hours of operation are honored. It was decided that the closing time for the pool and hot tub during the ski season will be 9:30 PM.

Holiday Lights

It was decided that tasteful holiday lights should be allowed on the balcony railings.

Rules and Regulations

The Board asked Danny to continue to monitor the Association Rules and Regulations for compliance. Of biggest concern is the appearance of the balconies, which are only to have patio furniture on them; and trailers in the parking lots.

The meeting was recessed at 5:00 PM, to be reconvened Saturday, August 14th. The meeting reconvened at 9:10AM August 14th.

Other Business

- Theresa shared that an owner would like the Association to investigate the whether the Qwest phone pedestals are all working properly. There is a phone wire which travels along the ground from the A building to a pedestal 100 feet away from the building. Danny will contact Qwest to inquire.
- Concern was expressed regarding the appearance of the discarded railroad ties and old metal poles with concrete bases stored to the east of the A building. Danny reported that he will have those removed this Fall.
- The Board reviewed the washer/dryer replacement schedule. One new washer was placed in the D building this past year. The oldest machines are 8 years old now. Danny will test the machines for effectiveness and make recommendations to the Board for replacement. Currently, the capital plan calls for a 15 year life on machines.
- Theresa also asked that we discuss with our bank ways to optimize interest on monies the Association holds in reserve.

Chateaux-based Marketing

Theresa reviewed with the Board her research of web-sites she identified where Chateaux units are available for vacation rental. Many of the sites had outdated or inaccurate information or photos. She stated that it would be in The Chateaux's best interest to have up-to-date and consistent information on websites in order to have our property portrayed accurately.

As marketing was being discussed, the Board felt that becoming a member of the Crested Butte/Mount Crested Butte Chamber of Commerce would provide additional exposure for the Chateaux.

Alan made the following -

- Motion:** Authorize The Chateaux to become a member of the local Chamber.
- Seconded:** Theresa
- Vote:** Unanimous Approval

The Board also discussed the value of having Chateaux promotional items in the units for rental guests. While it was questioned whether it would be appropriate for the Association to purchase items to be used only by owners who rent their unit, it was felt that having Chateaux-tagged items available would serve the Chateaux well overall. Danny will investigate the cost of pens, note pads, lip balm, and water bottles to see if buying them in bulk for purchase by owners in a rental pool would be feasible. The vehicle for making the items available to owners will be discussed at a later date. Danny was also asked to price out the cost of postcards.

The meeting was recessed at 10:00 AM. The meeting reconvened at 4:00 PM.

Danny and Jack will draft a letter for the Board to review in advance of the August 17, 2010 Public Hearing for the proposed Performing Arts Center. The letter will include inquiries about the height of the buildings, plans for vehicle and pedestrian traffic control and safety, aesthetics of the new buildings, and possible future tax implications for property owners in the Town of Mount Crested Butte.

Election on Officers

Rory made the following -

Motion: To elect 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 22, 2011.

Adjournment

There being no further business, Association President, Jack Patton, adjourned the meeting at 4:30 PM.

Approval: _____

Date

Theresa Brooks
Chateaux Secretary