

**CHATEAUX CONDOMINIUMS ASSOCIATION
ANNUAL OWNER'S MEETING
JANUARY 19, 2007
CHATEAUX CONDOMINIUMS CLUBHOUSE
MT. CRESTED BUTTE, COLORADO**

Call to Order

The meeting was called to order by the Board President, Paul Gamel, at 4:45 PM

Proof of Notice

Proof of Notice was mailed on December 8, 2006, which was 42 days prior to the meeting date.

**Roll Call/Establish Quorum
Members Present in Person**

Name	Unit #
Paul Gamel	101
Steve Leary	108
Robert & Raemon Davis	201
Theresa Brooks	203
Kari & Darrell Wass and Jean & John Wheaton	211
Cy & Janice Houglund	302
John Patton	303
Jack Moncreif	308
Joyce & Louie Raven	401
Ian Leeming (proxy for Susan Leeming)	404
Linda Chapman	406
Bob Hall	410
Jason, Georgine, Greg Fries	501
Butte View, LLC/Bill Zipperer	506
Bill Hoitink	508
Vince & Joanne Rogalski	511
Matt Hayes	512

Members Represented by Proxy

Paul Gamel proxy for:

Rogers Wilson	102
Susan Chambers	104
Pam Stanley	110
Martin Cohen	204 & 311
John Doyle	208
Shadlee McTaggart	212
William Denenka	312
Steve Burke	402
Dennis & Pam Morris	408
George Thomas	412
Clif Walker	505
Robert Hollywood	507

William Hoitink proxy for:

Todd & Lynn Young 307
James Bader MD 503

Theresa Brooks proxy for:

Deanna Wenstrup 206
Susan Pritchett 310

Louie Raven proxy for:

Betty Woods 202
Ilona Zelenka 403

Vince Rogalski proxy for:

Sue Ann Louis 502

A quorum was established with 62% of the membership represented in person or via proxy.

Board Members Present:

Paul Gamel
William Hoytink
Louie Raven
Theresa Brooks
Jack Patton

Management Company Present:

Kendall Collins
Wanda Bearth
David Miller
Grant Benton
Lee Friedman
Staci Lapi

Reading and Approval of Past Minutes – January 20, 2006

After several minutes of review by the membership, Paul Gamel motioned that the reading of the meeting minutes be waived and that the minutes be approved as submitted. This motion was accepted with no objections from the membership.

Reports

Manager's Report

The following report was submitted in writing and reviewed orally by Wanda Bearth.

Building Maintenance

Last August, the Board directed Crested Butte Lodging (CBL) to attend to several items. The status of each is below.

1. Insurance-We were asked to review the adequacy of the current insurance policy. We have obtained 2 proposals for the common area and a proposal for owner's contents.

2. Pool-Check into possible warranty and/or repair or replacement. The warranty is expired. Premier Pools, out of Grand Junction, (they maintain the West Wall amenities) has provided several different scenarios for repair as well as replacing the cover with a similar cover or going with a dome over the entire pool area. Pool companies are reluctant to even bid on the project due to the likelihood of failure (and a warranty issue on their end) due to the strains the high alpine climate places on the cover. Theresa Brooks has purchased a temporary cover which will prevent some heat loss. We have also looked into insulated balls and additives to prevent evaporation. The CBL maintenance manager believes that the bubble wrap cover, that was supposed to be a temporary fix, is the best solution at present. Leaving the pool cover on until there is a 10-20% occupancy (with a sign on the gate with CBL's number to call if a guest would like to swim), and/or keeping the pool covered when the temperature falls below 20.
3. Parking lot repair-John Councilman will be applying new asphalt this spring. He will warranty only the original layer and the Board has agreed to purchase a thicker layer which was recommended by Buckhorn Engineering.
4. Inventory-Don McNurlin, the association's auditor, has provided a copy of the depreciation schedule for the Board's review.
5. Fireplace replacement-Mountain Fireplace presented proposals for fireplace replacement during the August Board meeting. CBL has investigated the availability of grant money from the town of Mt. Crested Butte. These funds are collected as builders install wood burning units in new construction and awarded to owners converting from wood to gas fireplaces. There is little money available through the grant program, but Karl Trujillo, the town's financial manager, has some interest in pursuing funding, considering the large number of wood burning units at the Chateaux.
6. Post the Decs and By-Laws-The association's operating documents are posted in the Clubhouse and at the front desk in Three Seasons.
7. Clubhouse furnace-The furnace was inspected and prepped prior to the cold weather. The suspicious "clunking" noise is reported to be simply the fan kicking in.
8. Declaration update-The attorney has drafted the second amendment and homeowners will be receiving this document in the mail shortly. The second amendment adjusts the required percentage of first mortgage holder's approval needed in order to amend the Declaration from 100% to 51%.
9. Pool signs-Louie Raven has contracted a sign company to prepare new rules for the pool and hot tub area. Gas Grills-the igniter switches have been replaced. CBL has installed "low overhang" signs on the roof edge near the grills
13. Fence-the Board is in receipt of estimates to paint the fence around the pool and anticipate this to be completed this spring.
14. Rule enforcement- CBL maintenance department would like to remind homeowners of the Rules and Regulations. Please share the information with your friends and family members that will be visiting in the future.
15. Clubhouse-CBL did 'touch up' painting. The association is considering a few more framed posters for the north wall.
16. Drainage by E building-town fixed the drainage issue near Gothic Road.

Men's Sauna-on December 29, eye witnesses called police to report damage done to the wall inside the men's sauna. The callers were able to provide police with a description of the men involved as well as a license plate number. Police tracked the vehicle to a Mt. Crested Butte address but were unable to make an arrest. As of this writing, the police are still investigating the matter and are in communication with CBL. The wall has been fixed. We will seek damages if the police are able to make an arrest.

Resort Information

Area Update

The weather has certainly NOT cooperated this year. Crested Butte was all but missed by the two large systems that crippled the Denver area in December. We received just enough snow to keep the mountain conditions respectable (and the roads and sidewalks slippery).

On Friday, January 5th, an incident south of town resulted in the loss of gas service to everyone from CB South to Mt. Crested Butte. The clubhouse and the pool heaters are the only mechanics requiring gas. Service was not restored until Sunday. The amenities were put back into service on Tuesday, once the water temperatures were appropriate.

Rental Business

CBL is working closely with your construction company and has been able to place revenue into the rental units all through the remodeling process. We anticipate only minor inconveniences on an occasional basis, for our rental guests and owners, during the remainder of the project.

Summer rentals-revenue (for Chateaux) was up 19% in 2006 for mid-April through mid-November. We're quite proud of that result especially given the fact that the construction continued all summer with just minimal complains.

Winter rentals-Chateaux had 33 homes in the short term rental pool last ski season. This year, there are 36. Rental revenue is pacing approximately 70% ahead of last year. This large increase is due primarily to the higher amount of group business, as well as CBL's dedication to identifying and targeting all appropriate channels for rental business.

Prior to the Holidays CBL hosted All Cal, an organized ski group comprised of California college students. 300 All Cal participants spent 10 nights (2-5 night trips) at the Chateaux.

Crested Butte Lodging worked with Crested Butte Mountain Resort in housing 1,200 college students (for the Butte Bash) from January 2-7 and another 1,700 students from January 7-12.

Crested Butte Lodging hired a professional security company to patrol from 10 p.m. to 7 a.m. during the larger group's visit from January 2-12. Brad Phelps, with the Mt. Crested Butte Police Department has expressed appreciation for CBL's decision to hire additional security. Most issues have been handled by the security company and they have been able to keep the group in line and complaints from neighbors to a minimum.

With the ever raising cost of living on the mountain, Crested Butte Lodging is very fortunate to still have a number of dedicated employees live within minutes of the Chateaux Complex. This has been a great benefit to all of our customers.

Financial Report

The following report was submitted in writing and reviewed orally by David Miller.

Financial Report

Balance Sheet At the end of November 2006 the association was holding \$512,374.83 in cash. Accounts receivable was \$88,046.40, the large amount due to the special assessment. Included in the accounts receivable total was \$4,153.60 in pre-paid dues.

Income Statement The income statement in this section shows unaudited totals for July 1, 2006 – November 30, 2006. Items of significant variance are identified below.

Operating Income

Income is \$1,190 over budget, primarily due to greater vending income and conference room, pool and closet rentals.

Expenses

Overall normal operating expenses were \$109,800 which was \$6,400 under budget.

Board of Directors

This account is over budget by \$940 due to the increased need for the board to visit Crested Butte to oversee the construction project. The BOD may want to consider re-classing some of the construction related travel to the Special Project Fund.

Fire Protection

This account is over, primarily due to the \$427 expense incurred following a secondary fireplace inspection at the BOD's request.

Firewood

The account is under budget, currently, but we expect to order more before the end of winter.

Maintenance Supplies and Repair

While maintenance repair (labor) is over budget, supplies are under. The combined totals are within \$150 of budget.

Snow Plowing

This account is currently over, but that is reflective of the billing practices of the former plow company. The \$15,000 budgeted should be sufficient over the course of the winter.

Capital Income/Expense (Regular)

Normal capital income and expense are approximately \$2,800 over budget.

Special Project Income/Expense

Total receipts were \$1,086,780 which exceeded expenditures by \$488,045.

Please note the Crested Butte Lodging & Property Management is not acting as the project manager. Our responsibility is limited to processing receipts (assessments) and disbursing funds only upon the approval of the Board's President.

David Miller continued the financial review with remarks on the auditor's (Don McNurlin's) year end financial statement which is in agreement with Crested Butte Lodging's accounting. Dave explained the capital gains tax, experienced by the association, following the sale of unit 104.

Regarding the current fiscal year, Dave remarked that the association's cash position is good and that Crested Butte Lodging has been diligent in moving cash into interest bearing accounts whenever possible.

Old Business

Paul Gamel advised of the uniqueness of each unit regarding the construction (remodeling) process. Kathy Morgan is compiling a detailed "punch list" which will identify for the contractor such things as: doors or windows not opening or closing properly, lock issues, gap issues between the floor and new door, mismatched or missing trim, drywall or paint on the carpet or window, issues with mismatched paint, stickers on windows, etc. Due to accommodating renters and homeowners visits and trying to "beat" the weather and get the concrete portion of the deck supports poured, some finishing details of the previously done work, is not yet finished, but will be attended to ASAP.

Darryl Wass commended Kathy Morgan, construction manager, for her efforts in coordinating the construction schedule and mentioned that the return on investment from the work being done will be significant and well worth the inconvenience experienced during the work. Steve Leary was in agreement.

Further updates from Paul regarding the project:

- o The project is slightly behind schedule due to the heavy July revenues and efforts to avoid guest discomfort.
- o The decision to obtain an analysis from GeoTech Engineering, which was critical to the BOD's desire to provide a sound product, delayed the project a few weeks.
- o GeoTech's bill will add \$10,000 to the project total.
- o The west side decks will be done in 6-8 weeks, weather permitting.
- o The fire escapes have been secured to the building, alleviating the insurance company's concerns.
- o A painted (grey) Maxi-Tile siding has been chosen.
- o Samples of the deck railings and the rock accents for the base of the building, the portico, and the chimney chases, were shown.
- o Phase II of the project will entail the completion of the siding, rock accents, heated walk ways, drainage and landscaping (if weather and time allow).

Cost of project and potential overspend:

- o The cost for the project is estimated at \$180,000 higher than originally forecast.
- o The association may offer finance options, details will follow.
- o Currently, the cost overrun is an early estimate and confirmed dollar amounts will be forwarded to each homeowner by mail. Owners can expect that mailing to be delivered in June or July.

- o Paul stated that the primary reasons for the cost overrun are:
 - o GeoTech Engineering's bill.
 - o The subsequent need to consult with a structural engineer to redesign the support for the new decks.
 - o The related recommendation for the new expanded decks to be supported by helical piers—which are much more structurally sound and far more expensive than the original support design.
 - o 80% Increase in the cost of steel and labor for support beams for larger decks.
 - o Unanticipated labor costs created by the modular building's "un-squareness".
 - o Increase in phase II material costs—cost of siding went up 13%.

Greg Fries asked if the buildings were structurally sound. Paul responded that the modular units were in good condition, that the BOD's main concern was for supporting the new expanded decks considering the inadequate soil comprising the property. Using the new support system—the helical piers—they had to drill down between 12 feet and 27 feet before they reached solid rock on which we could safely support the decks. But we are confident that the decks will be well supported and safe. Safety was of prime concern for the BOD.

Darryl Wass commented that the potential return on investment, following the assessment is considerable. Steve Leary noted the sample of the railing and commented that it was a good choice in that it was attractive and sturdy.

Fireplace replacement-repair: The BOD is evaluating several options for repair or replacement. Replacement parts are not available for the original wood burning boxes. New wood burning units are allowed by the town of Crested Butte, but approved replacement, fitting the original opening are difficult to find. The gas alternative is expensive and electric inserts seem to be a viable option. Several owners commented that electric fireplaces would not be desirable. Theresa Brooks said that they are "not so bad" and have come a long way in terms of design.

Robert Davis encouraged the BOD to move forward with gas fireplace inserts.

Robert stated that he has looked at homes all over Mt. Crested Butte, the town of Crested Butte and in CB South before settling on a condominium at the Chateaux. He made the decision based on price and the pending renovations and is renovating the interior currently. Once the renovations (both the exterior and interior) are completed, he believes that he will have a property comparable to the condominiums selling across the road for \$600/sq. foot. Robert stated the he bought unit 201 specifically because Chateaux had a large renovation underway and he is opposed to seeing those efforts cut back. He furthered that Chateaux is the best deal in town right now, that he paid \$334/sq. foot and this property has a much better view than any of the Mountaineer Square units. Also, if the Chateaux owners want to stay in the game they need to put money back into the complex. He insisted that the BOD continue with the original plan to cover the fire escapes and install gas fireplaces.

Bob Hall questioned what happens if an owner can't afford the additional assessments—are they forced to sell? Robert answered that they would not be forced to sell, that their equity position is excellent and owners can borrow against that.

Jason Fries, who works for CBMR, said that they have had to move rental guests from condos with electric fireplaces in the past. Folks paying nightly rates are not satisfied with the lack of ambiance an electric fireplace provides. Also, the town of Vail has essentially banned the use of wood fireplaces, and should that happen here, we'd be forced to go with gas, so putting the appropriate infrastructure in (for gas) now makes the best sense.

Open Forum

Steve Leary asked the BOD to consider the following:

- o Installation of loading-unloading signs at the end of each walkway so that people are not parked there and folks coming in with suitcases have easier access.
- o Photo electric lights for the fire escapes to save money.
- o Investigate purchasing vs. renting a dumpster for potential cost savings.
- o Smaller, permanent parking permits for owners which would be more durable and spare owners from a trip to the office each time they arrived in town.
- o Disallowing busses to park at the property. Kendall said he will speak with CBMR regarding over night bus parking. Grant mentioned that CBL removed the snow along the west wall to facilitate parking and the CBL did not see or hear of any parking issues.

Bill Zipperer requested that the meetings be scheduled one year in advance and encouraged the BOD to consider wireless internet access.

New Business

There was no new business.

Election of Officers

Alan Adams (504) submitted an email stating his willingness to serve on the board of directors, which was read by Paul Gamel, as Alan was unable to attend the meeting in person.

Nominations were accepted by Paul for Alan Adams; Joyce Raven for Jack Patton; Cy Hoaglund for Bill Hoitink and Steve Leary for Robert Davis.

After voting by secret ballot, Bill Hoitink and Jack Patton were elected to the Board of Directors for a 3 year term.

Establish Date of Next Annual Meeting

It was agreed to tentatively set the next Homeowner’s Association Meeting date as January 18, 2008 and the Board of Directors meeting for January 19, 2008.

Adjourn

Paul made the following-

Motion: to adjourn the 2007 Annual Homeowner’s Meeting
Seconded: Theresa Brooks
Vote: Unanimous Approval

Approval: _____
Brooks, Secretary

Date: _____

Theresa