

WOOD CREEK LODGE OWNERS

AN IMPORTANT REPORT FROM YOUR PRESIDENT

June 2, 2014

SUBJECT: THE AFTERMATH OF FIRING CBMR AND ENDING THEIR CONTRACT MAY 1 2014

Dear Owners,

Your Board over the past year has taken its responsibility seriously and completed our due diligence that changed our Management within the NON LAWYER contract requirements. I am saddened to say, we were blindsided over the many years only to recently uncover that on our watch the compounding effect of poor management has been devastating and significant. I can say with confidence that this action was long overdue. This Board has inherited all the difficult choices left unattended over the years that have set us back, and demanded that we be accountable and responsible to exercise authority and make the decisions that will make us whole and set us up on a solid "future" course! I can say to you with authority that CBMR was fired with cause as their contract was not renewed. I am proud to say that your new Manager, Crested Butte Lodging CBL, was hired to take over our most important responsibility to insure the Total Quality Management for the Future Success of the new Wood Creek Lodge. We "all" will make it our priority to remove the bad reputation and stigma wrongly given to us as the old outdated 1979 Vintage Wood Creek Condos. We have set ourselves on course to be "rebranded forever" as the new Wood Creek Lodge WCL which we all will be proud. I am happy to say we have taken the smart steps to make that happen! The new Wood Creek Lodge has endured for the last time the questionable management and recommendations that were not founded. We made our badly needed Elevator the central key investment decision that was discovered to be based on unsound requirements and contracts. The surprise has left us working on making sure that our budget will be whole during or transition. Our new Management was in place to save us all. I for one am grateful. We will use this challenge to "insure" that the new Wood Creek Lodge will never look back again but towards our Future. We still are considered to be on the tour-de-force Condominiums on the Mountain for our location and price range, and add our new Management and Marketing strategy to take us all to new levels. We have always been well positioned. Now we are totally positioned.

I have reviewed my records for new Elevator that dates back to 2008. I volunteered to be the chair of the one man Elevator Replacement Committee and briefed the results to the owners and Board in July 2008. Charlie Kerr condo 507 and I condo 506 motioned and seconded to the Board to replace that elevator as the highest priority. The cost 67,000 dollars and we were within all existing Codes. The Boards turned this down to my total disappointment. Today the cost was contracted to be 118,000 dollars for our Special Assessment and 7,000 contingency. CBMR failed to address the codes that have added over 30,000 dollars this month alone to make our Elevator operational. We were shocked and dismayed. Our Vision and approved Capital Plan to use our Monies and Assessment to kick off the New Look and maintain and modernize our Elevator and infrastructure was flawed. I have never been blindsided by a professional organization that is a trusted name in any of my Communities that I have lived.

This Board was informed by our new Management in May that CBMR failed to address all the requirements that had confirmed our cost to be \$118,000 with contingency of \$125,000 dollars. We were all briefed that the new cost would be less than \$125,000! It has been a nightmare keeping this Board very busy almost daily working with our new Management to deal with the aftermath of our financial dilemma. Next, a major Insurance Liability/State Codes requirement for our decks was

received last year. It was recently discovered that the Board was not informed. We had to engineer a new safety coded system that would be functional and use our existing improved deck remodel and not replace the total decks and railings like the Plaza at an estimate of a half million dollars. We will discuss this second surprise at our annual meeting as engineering quotes are being pulled together.

In a short summary, the Elevator was not reviewed for Codes with today's requirements. The critical replacement of our railings was not made known to us until the last few months. We have used roof monies to support the Elevator cost overruns. We will have to deal with these failures in real terms. We will take the steps to address CBMR's damage to us and maintain a strong capital position that will complete the new Look as equal critical importance to our modernized Elevator. Our values are positioned to be increased equal to our predicted incomes. Our roof will now be redesigned to fix the ice damming, heat tapes and 1979 gutter systems as I have required reengineered specs for the estimate for a 25 year future for Crested Butte conditions. CBMR also failed us here with a flat roof replacement and no looking at the obvious failures. Our new Management and Board will accurately reevaluate all our past dealings with CBMR to cleanse them out of our lives. The fact remains that coupled with the past management our Boards have neglected the modernization of Wood Creek for the past 10 years since our new face was completed in 2003. I believe our existing owners and our new owners will vote for the New Wood Creek that will make us the number one investment on the Mountain. We have only 30 owners and still are well positioned for total committed capital costs and operational dues compared to others on the Mountain. Our new Management and Realtors will verify how excited they are about the New Wood Creek and our Future. I certainly am one of them as is our Board, Management, and the new owners who were turned on for the same reason.

We are putting together what we need to do to smartly address our finances that hit us this past year. We are very lucky to have a CPA lead this charge. Our New Management will confirm our Trust with professional validation and a dedicated Team to "show" the justification compared to our past. We have had new owners coming into Wood Creek and to the one each made their decision based on our Modernization and our Vision for a long term overdue move to the Future. I feel confident you will feel the same as I when we will look at a strategy options to keep us strong as we complete our critically important Phase I of the New Look, open the new Elevator, and plan for the unforeseen ne reengineered roof and safety railings. We will begin a new marketing year that will make our income justify the Best Location on the Mountain as we modernize to become the New Look Wood Creek Lodge.

I wish this Board was here 4 years ago as we would be talking about the success of our future and not moving to the Future. I am here to tell you Our Future will be bright and on a path to make our home the most valued investment and neighbor of the Mt Crested Butte family.

Please feel free to call me or my Board. I am looking forward to have my first trip back to Crested Butte in two years since my open heart surgery August 5, 2013. I can tell you I have put in 100's of hours on your behalf and so has my Board. I have never had a full time pro-bono job that I have dedicated myself to work at as my passion. I have been honored to do so, and I will be happy to meet you all. We will be successful.

Sincerely

Col Jim Guzzi

President Wood Creek Lodge HOA Board