

Hello Wood Creek Home Owners,

The following letter was forwarded by email:

The Board has contracted for two engineering studies to find the best solutions for our challenging financial situation. We will have full engineering reports for the roof and for the entire building that will provide us with a 10 year capital plan. This engineering study will be finalized in November 2014 and will be sent to all owners. The new capital plan will identify major projects to insure that our building is structurally sound while defining the needed funding for capital work. The discussion at our 2014 annual meeting suggested that Wood Creek Lodge establish a special assessment to save the owners \$25,000 to \$30,000 dollars in interest instead of the HOA securing a long term loan. The Board understands the difficulty in owner's procuring funds for a special assessment, so we have strived to inform our owners as soon as possible.

At the Board's direction the roof engineering study, conducted by SGM, has inspected core samples and found roof moisture between the underlayment and the wood decking. The specific solution, recently recommended by SGM, was to remove all existing layers and replace the roof with new insulation and a 90 mil membrane with a 30 year warranty versus putting the same 45 mil membrane over the existing bad roof as was originally planned. With winter approaching, SGM noted good roofers are booked for this fall, and that we could get another year from the roof with some professional patches.

A bridge loan was obtained to cover underfunded past fiscal year's operations accounts and capital projects bills due. Our capital accounts were direly stressed by the elevator contracted for \$118,000 and now costing over \$155,000. This compounded our lobby project directly as it became underfunded. The assessment will include (insurance company) required railings and contingency dollars to shore up our operations budget and capital accounts. Capital monies needed to shore up our capital accounts will be protected and available for next year to help with the capital roof project. The recommendation from SGM was to procure a roof contractor in winter when the contractors are hungry to set up work for spring. Warranty savings are projected if we find one contractor to bid for the total project for the roof, including the drainage system, gutter, heat tape, and the fascia and soffit.

The following budget and capital plan financial summary is provided to help explain our serious challenges that support our solutions:

- In the past, operations budgets were balanced with cash flows from our capital accounts.
- The shortfall each year depleted the already underestimated Capital Plan that was compounded by the Elevator and Lobby Projects.

- The roof in the old capital plan was forecasted to have two \$30,000 projects over two fiscal years. The new roof alone will now require one project, and is estimated at: \$150,000. We will have a better idea when the engineering study is presented and the bids come in during December/January.
- To compound the situation of past operation budgets and depleted capital accounts, we were also hit with a \$7,730 dollars budget bursting snow removal charge.
- In addition, the 1980 lobby power circuits had to be replaced per safety/fire codes when the required new lighting was installed and one of the furnaces moved. We now have only one furnace as a backup to support the installation of the gas fireplace that is estimated to save on our annual electric bill.

The board is presenting a total assessment of \$250,000 dollars which was discussed at the annual homeowners meeting. This suggested assessment at our annual meeting would cover our insurance demand for railings and our bridge loan . The additional monies would be for funding our new capital plan and help with the new roof.

Your personal special assessment is calculated by square footage of ownership on the attachment to this email. It is due on or before November 15, 2014.

As mentioned at the annual homeowner's meeting the board was notified by our insurance company that the railings were going to have to be brought up to code or we would lose our insurance. The attachment outlines three options with pricing, the board is asking that each owner review the options and contact management with their choice. Remember, as stated above, the assessment is to cover the railings, bridge loan and shore up the Capital Budget to help with the roofing issues, please keep this in mind when making your choice. The railings that receive the most votes will win. Please have your votes in by September 22nd.

Please forward suggestions or questions to Management .

Sincerely,

Wood Creek Lodge Board of Directors