

**Wood Creek Homeowner's Association
Annual Homeowner's Meeting
July 8, 2009**

MEMBERS PRESENT

Robert and Judith Harrison
Charles Kerr
William Hensley
Corbin Marr
Owen and Cynthia Lavin
John Schmidt
Jim Guzzi
Jan Foersch
Charles Kelly
Dan McElroy

Management Company

Lynn Kiklevich
Danny Myers
Eli Haine
Toni Wilson

Meeting was called to order at 9:35 am.
Quorum was established as follows:

| <u>Unit</u> | <u>Owner</u> | <u>Attending/Proxy</u> | <u>Ownership Percent</u> |
|-------------|------------------------------------|------------------------|------------------------------|
| WK101 | Marr Propeties | Attending | 4.10 |
| WK102 | MJM Investments | Proxy to Charles | 2.90 |
| WK103 | McElroy, Daniel and Janice | Attending | 2.85 |
| WK108 | William Pateon Hensley | Attending | 1.05 |
| WK109 | William Pateon Hensely | Attending | 0.60 |
| WK201 | Patricia Anne Cisle | Proxy to Charles | 4.10 |
| WK202 | Lowell & Kathy Johnson | | |
| WK203 | Owen & Cynthia Lavin | Attending | 2.90 |
| WK204 | Thomas Marsten & Lisa Fitzpatrick | Proxy to Charles | 2.85 |
| WK205 | Richard and Katherine H. Lindstrom | Proxy to Charles | 2.85 |
| WK206 | Christopher Grote | | |
| WK207 | Scott and Edwin Anderson | | |
| WK301 | Barbara Powell | Proxy to Robert | 4.15 |
| WK302 | Donald Dougan | | |
| WK303 | Christopher Grote | | |
| WK304 | Morgan, Jesse | | |
| WK305 | Brethauer & Schmidt | Attending | 2.90 |

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|-------|-------------------------------|-----------------|--------------|
| WK306 | Joesph & Janice Foerch | Attending | 2.15 |
| WK307 | Ronald & Donna Hayley | Proxy to Robert | 4.10 |
| WK401 | DiChiara and Kahn | | |
| WK402 | Charles F. Kelly, II | Attending | 5.40 |
| WK403 | Rodolfo & Ada Suarez | | |
| WK404 | Barbara A Kindelsperger Trust | Proxy to Robert | 2.95 |
| WK405 | Ronald and Donna Hayley | Proxy to Robert | 2.95 |
| WK406 | Phillip Borchelt | | |
| WK407 | Scott Stagner | Proxy to Robert | 4.15 |
| WK504 | Robert & Judith Harrison | Attending | 5.40 |
| WK505 | Russell & Felicity Willings | | |
| WK506 | Guzzi, James F | Attending | 2.25 |
| WK507 | Charles Kerr & Gudren Rice | Attending | 4.20 |
| | | | 62.65 |

MOTION by Charles Kelly to waive the reading of the July 14, 2008 annual meeting minutes and accept as written. Second by Dan McElroy. Unanimous approval.

REPORTS

President's Report

Charles praised the 2 other Board members for the immense amount of time and commitment they have given to Wood Creek on both the budget process and the appearance of Wood Creek. He stated that the grounds are in the best shape he has seen in a long time.

Manager's Report

Crested Butte Mountain Resort finished the 2008-2009 ski season with total skier days approximately 12% lower than 2007-2008, primarily due to the national recession challenges. The "Stay and Ski Free" program during the early season tied skiing to lodging, and while huge crowds were not as evident as the year prior, guests were treated to good conditions and a great early season value. After the record-breaking snow totals in excess of 400 inches in 07-08, snow levels were again above average, but not to the epic degree of last year.

On the improvements front, this summer is seeing the addition of our new Adventure Park next to the Lodge at Mountaineer Square, which will feature a synthetic ice skating rink, a bungee trampoline, and a rock climbing tower. A new Adventure Camp is also available for youth to experience supervised mountain adventures.

The Elevation Hotel opened to rave reviews. The restaurant renovation and debut as 9380 Prime added another popular dining option to the base area. The winter also saw

the introduction of a new retail outlet, Thin Air Sports, at Mountaineer Square, as well as the opening of Spellbound Pizza in the Treasury Center. In addition, the re-location of the CBMR equipment rental hub to the slope level in the Treasury Center offered more convenient access for guests. The season also saw the opening of the newly remodeled kids ski school facility, Camp CB.

While the previously discussed Red Lady Lodge dining establishment will not go under construction this summer, preliminary efforts are underway to upgrade the Ice Bar restaurant on the mountain, with a complete teardown and re-build a likely option.

Regarding skiing on Snodgrass, efforts are progressing well, with a proposal being recently submitted to the Forest Service. The proposal includes the use of 262 acres of lift-served skiing terrain, 4 lifts, and 2 restaurants.

Lynn shared that even in the down economy, CBMR was able to hold rates strong while other resorts deeply discounted. This allowed our revenue to not suffer as much in the wake of lower volume. Another successful draw was an airline promotion where CBMR partnered with the town of Mt. Crested Butte to buy guests' one airline ticket for each 2 they bought, when combined with lodging. This program will again be in place for the 09-10 season. To help increase volume for next year, we will be selectively inviting some college groups and capturing more ski club and youth group business to vacation in Crested Butte.

Maintenance Report

Highlight of basic maintenance projects completed around the property since the last annual meeting include:

- Upgrade of the lobby with new wall board and paint to brighten the area
- Installation of the new Wood Creek sign at the driveway entrance
- Installation of compact fluorescent lighting in common-area fixtures
- Repair of damaged water lines to sauna rooms.
- Additional lawn space being nurtured on northeast corner of property
- Repair of north metal roof leak

Rental Report

With the challenging economy this past year, it is not surprising that fewer guests chose to visit ski resorts this past winter, Crested Butte Mountain Resort included. Rental revenue at the established condos operated by CBMR Properties declined approximately 28% this past year. Wood Creek revenue was down a similar amount. CBMR Properties works hard to maximize the rental revenue, and will be reducing their mountain-wide inventory approximately 10% this upcoming season and requiring owners to increase the quality of their units. The reduction of inventory will serve to concentrate the lodging bookings into the remaining properties, including Wood Creek.

FINANCIAL REPORT

Balance Sheet

As of May 31, 2009, total cash on hand equaled \$37,079. Accounts receivable was \$14,087; pre-paid expenses equaled \$0. Total Assets, including a notes receivable of \$12,136, equaled \$63,602. Current Liabilities totaled \$35,131, with accounts payable of \$9,438. The long- term portion of the note payable equaled \$11,783.

Fund Balances

At May 31, 2009, the Capital Reserve Fund Balance equaled \$43,096, and the Operating Fund equaled (\$14,924). The negative balance in the Operating Fund is the result of Operating Expenses exceeding Operating Revenue. In a month, at year-end, this Fund is anticipated to be less negative.

Income Statement

As of May 31, 2009, Operating Expenses total \$156,997, \$7,184 more than budget. When Interest Expense is removed, as it is not an HOA expense, but instead the expense of owners paying their special assessment, Operating Expenses are reduced to \$5,687 over budget. Capital expenses total \$0. Explanations of variances of \$1,000 or more in the Operating Accounts are as follows:

Chimney Cleaning: \$1,800 under budget due to work being postponed until July.

Contingency: \$8,658 over budget; the lobby renovation and repair of the water lines for the sauna bathrooms were expensed in Contingency when collected as a supplemental assessment in July. Additional Contingency projects included:

- Construction of a new Wood Creek sign
- Purchase of a new washer and dryer
- Repair of roof heat tape
- Installation of thermostat for lobby heat
- Roof repair over 05 stack
- Repair of hot tub control panel

Electric: \$4,757 under budget; substantial savings have been garnered from installation of compact fluorescent lights, control of the lobby heat, and control of roof heat tape.

Legal Fees: \$1,169 over budget; legal council sought with regard to residential/commercial status of lobby unit.

Maintenance Labor & Supplies: \$2,509 over budget; increased needs of an aging building contribute to this overage.

Miscellaneous: \$2,124 under budget; Window cleaning component of the budget deferred to July.

Snow Removal: \$1,918 over budget; while not as epic as the 07-08 winter; snow levels were still strong and often. Includes shoveling, plowing, and roof snow removal. Extra care was taken on roof removal to lessen leak potential.

Trash removal: \$1,018 over budget; waste removal costs continue to increase.

Capital Expenses

No Capital moneys were expended this fiscal year.

2009-10 BUDGET

Revenues

Total quarterly dues will increase 9.1% as Operating Assessments are budgeted up 9.9% to the 08-09 fiscal year. Capital dues were proposed remain unchanged, contributing \$12,500 toward future anticipated capital projects. In the meeting, the ownership expressed that it would be wise to increase the capital dues also to keep the capital fund more stable.

Expenses

Adjustments in excess of \$1,000 were budgeted in the following expense lines:

Electricity : \$3,625 decrease; Estimated 10% increase from current year actuals, yet a 21% decrease from 08-09 budget.

Maintenance Labor and Supplies: Increase budget an average of \$381 per month to meet the needs of an aging Wood Creek building.

Miscellaneous: Projects include repair of entry door thresholds, railing painting, and laundry room upgrades.

Snow Removal: Increase \$1,900 to match 08-09 actuals.

Capital Budget

One capital project is anticipated for this fiscal year:

- Repair and sealing of parking lot: \$7,000.

The owners asked that the Board and management company remain diligent in acquiring the best bids for all work. Danny also shared that the Board reviews necessary projects annually when considering the budget. If a special assessment is needed to accomplish the projects, the Board has the authority to levy such. They are especially aware of curtailing assessments in these more challenging economic times.

The owners commented that the plantings in the courtyard appear more sparse today than several years ago. Extra attention will be paid to adding additional landscaping to that area for next year. Several old, tall aspen trees have died over the past few years. Three new aspens were added this past year.

Danny distributed an updated 10-year capital improvement plan. While the current plan keeps the HOA in the black until a possible deck replacement in 15 years, a recent quote of \$65,000 to replace the flat rubber roofs would put us in the red sooner (the current plan estimated only \$20,000, to be done in the next several years, as the roof is now 20 years old). Wood Creek currently collects \$12,500 toward future anticipated, capital projects. The ownership asked that Wood Creek consider increasing the capital contributions to ensure a healthier capital fund, decreasing the potential need for special assessments. An increase of \$7,500 in the capital contribution would equate to an additional 5% in dues this year.

MOTION by Charlie Kerr to increase the capital dues to \$20,000 annually. Second by Owen Lavin. Unanimous approval.

Election of Directors

Charles Kelly’s three-year seat was up for re-election. With the floor open for nominations, Robert Harrison moved to re-elect Charles Kelly. Seconded by Charlie Kerr. Unanimous approval.

ON-GOING BUSINESS

Elevator

At last year’s meeting, the owners asked the management company to get solid, current bids to upgrade the elevator, not wanting it to fail during a ski season. The bids came in at \$90,000, which would have to be special assessed for in order to complete the project. This upgrade would include a new car and new electronics and pumps in the control room. A new piston is not included in the price. The Board researched whether parts for maintaining the elevator would be available should it need possible service (instead of completing the full recommended upgrade). Having discovered that parts would be available, the Board recommends holding off on the \$90,000 upgrade. There is currently \$15,500 being held in the capital fund for any needed minor upgrades or maintenance.

Wood Creek commercial space

Miscellaneous

The next annual meeting date was set for Wednesday, July 7th, 2010 at 9:30am MT.

There being no additional business, the meeting was adjourned at 1:00PM.

Respectfully Submitted,

Approved by,

Danny Myers
General Manager

Charles Kelly
HOA President