WOOD CREEK CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS BUDGET MEETING
June 21, 2004

DIRECTORS PRESENT:	Roy Fewell (by phone) Bob Mannix (by phone) Sara Morgan
MANAGEMENT COMPANY:	Lynn Kiklevich Jim Cassaro

Meeting was called to order at 8:04am by Roy Fewell.

OLD BUSINESS

Bob and Roy reported that a final settlement agreement had been reached with RQI and the contractors for the exterior renovation project. Total reimbursements to the Association will total $23,000. Roy sent everyone an email this morning detailing the agreement.

Jim Cassaro reported that the landscaping project that is in cooperation with the DDA had been started and should be completed in a week or two. This is the only other capital expense that the Association should expect in the remainder of this fiscal year.

Sara then raised the question of window washing and should that be moved from the capital budget to the operating budget. Bob said he had listed it in capital as it was tied to some extent to the capital project. After some discussion of this being a recurring expense – it was agreed that it should go to operating. CBMR Properties will schedule this prior to the annual meeting.

NEW BUSINESS

Discussion then moved to the 04-05 proposed capital budget. Roy asked why there was $2,000 listed as “contingency”. Bob explained that he had put that in mainly in regards to the beam replacement – in case that project went over budget. Roy suggested that it be called “unexpected capital expense” instead of contingency. Lynn will make the change.

Roy then asked Lynn to prepare a 5 yr capital plan – showing upcoming capital expenditures for each of the 5 years. Lynn will have this for the July 13 meeting. Discussion then ensued regarding the metal roof and the flat roof membranes. The membrane should not be due for replacement until 2008, the metal roof is getting close to the end of its life and needs to be watched.

MANAGERS REPORT

Lynn then gave an informal report updating the group on CBMR capital projects underway for the summer. She highlighted the Prospect Lift installation, along with the T-Bar replacement, Paradise Warming House improvements, trail signage, snowmaking improvements and new grooming equipment. She went on to explain the air service for next year, noting that there will once again be Delta service from Atlanta – although just on weekends.

Sara asked Lynn about summer rentals and Lynn responded that currently, CBMR Properties was significantly ahead of last summer year-to-date – both in nights booked and total revenue. The increases exceeded the growth in inventory. Bob said that he would like a brief explanation at the homeowner meeting of CBMR Props overall occupancy during the past ski season and other information regarding the rental program. Lynn said that she would be glad to give an overview, but given that her competition also attends the meeting, she would prefer not to go into a detailed discussion on the rental program. Sara suggested a separate meeting for interested owners immediately following the homeowners meeting and everyone agreed that was a good idea.

Sara then suggested that Brad English, a local realtor and Wood Creek homeowner, give a short presentation on the real estate market and Wood Creek values in particular. Everyone liked this idea – Sara will call Brad and invite him to speak. Lynn suggested that we should tie a discussion on unit quality into Brad's presentation. It has been quite effective in the past with other owner groups and Brad could speak to the return on investment when units are upgraded. Bob asked about the CBMR grading system and Lynn responded that they were nearly finished grading and each rental owner will receive their grades along with a list of recommended upgrades with their meeting materials.

Sara asked about updating the homeowner contact information and Lynn responded that they were actually working on a short questionnaire that will go out this week. They should be able to distribute an updated owner list at the meeting. Bob then suggested that the board give a short summary of the new association management agreement at the meeting.

Jim Cassaro asked if he could remove the High Country Resort sign from in front of the building and everyone agreed this should be done.

Because everyone had questions about the bank loan – Lynn jumped ahead to the cash analysis she prepared. This was done to illustrate the actual cash on hand if the Association remits the early loan pay-off money received in April to the bank to pay down the loan principal. The loan pay-offs totaled $42,278. Bob said that because the Association may be looking at another loan in the near future to repair the atrium walkways – probably at a higher interest rate – they may want to just hold on to this money. Roy disagreed – saying that this money is tied to a specific project and the board cannot use it for another purpose. It needs to be remitted to the bank asap.

More conversation ensued on the loan and the accounting associated with the loan. In particular, there was confusion as to why Interest Expense is booked in operating expenses. Lynn explained that this is the proper GAAP accounting and occurs this way mainly because interest is designated as a tax -deductible expense item – so it is always booked in operating. It is confusing because the Special Assessment Revenue, which off sets this expense, is booked in the capital reserve portion of the budget. The other reason everything looks out of kilter is that you don't recognize the actual proceeds from the loan on the income statement. You only recognize the revenue as the homeowners repay the loan. But, all of the capital expense is booked as it occurs – so the fund balances fall into negative territory, even though your bank balances are very healthy.

Bob said that Lynn needed to figure out a way to present this to the homeowners in a very simple, easy to understand way. Roy agreed, adding that she needs to emphasize that the loan is a secured loan.

Roy then moved the discussion on to the Operating Budget for 2004-05. He stated that a 20% dues increase was not going to go over very well and everyone needed to be very certain of the reasoning for this. He said he had looked at the budget every which way and could not find any cuts. Bob agreed, saying he felt the budget looked very reasonable. He went on to itemize some of the increases in contracted services such as electricity, water, etc. since 2001 and noted that these outside services accounted for $12,000 of the $16,000 increase in expenses over that time. He said the only two options were a dues increase or funding the deficit out of reserves. He also emphasized that this was not a function of the property management change and the board needed to be very clear about that at the meeting. Sara agreed and wondered if they could authorize funding the deficit for just one year out of reserves

Roy said he thought that was violation of the Declaration – that the Board was obligated to balance the budget. He thought the dues increase – while unpalatable – was explainable and beyond the board's control. They just needed to honestly lay it out on the table. He went on to say that there had not been an increase in operating assessments since 1983.

After much more discussion on the amount of the increase, Bob made a MOTION to increase operating assessments by 20% effective July 1, 2004, leave the capital assessments the same as last year, and to adopt the operating budget as presented by the manager.
Seconded by Sara.
Unanimous.

Roy said the revised capital budget would be presented at the July 13 meeting. Bob reminded everyone that those numbers did not include anything for the re-build of the atrium walkways. Roy said something needed to be put in for that project – firm numbers or not. Bob said he would get a range from the engineer.

NEXT MEETING DATE

The next meeting date will coincide with the annual meeting – which is scheduled for July 13, 2004 at 9:00am
There being no other business before the board, Sara made a MOTION to adjourn the meeting at 10:05am.
Bob Seconded.
Unanimous.

Respectfully Submitted,

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Lynn Kiklevich
General Manager

Approved by,

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Roy Fewell
Association President