

## THE FUTURE OF THE "NEW" WOOD CREEK LODGE REPORT

On July 3, 2013, the owners voiced their approval to "replace" and "modernize" the 1979 Elevator that helped to label us the "unsafe old Wood Creek Condos." This Board came together to unanimously approve the new elevator and the call for the needed modernization, and addressed the required special assessment to make the first real and significant move to the future a reality for Wood Creek. A very important letter was written by myself on behalf of the Board to inform all our Homeowners of the New Wood Creek that could become possible with modernizing our worn out Elevator entrance to equal the payback for the installation of the new Modern Elevator which was badly needed. We wanted to insure that all the owners would be a part of an informed open door policy to follow the New Future for Wood Creek. It was after this letter was sent to the owners that this Board began to take the first "look at our future" to address our out of date image that needed to be changed to achieve a "New Wood Creek." The Board spent many long hours reviewing our 10 year Capital Plan that would meet our highest priority infrastructure first, and then the study for the badly needed Modernization. Out of this review came the important realization for some direction to meet our future goals. We then developed our first Vision for Wood Creek that would keep us focused on the long term outlook known as our Future for the New Look Wood Creek. We all agreed we needed to establish a solid roadmap for a modernization plan to create a planned update for our Building that would compound the investment already needed in our Modern Elevator. The realization for the modernization to change our image, established the need to stop looking into our rearview mirror and complaining, but begin looking ahead around the next bend to see a more modern Wood Creek that we could call "The New Lodge on the Mountain." An image changer for our name was recommended for establishing a whole new Brand. The final realization that we needed to be successful and manage our Future was the critical need to hire our new management company, Crested Butte Lodging & Property Management (CBL), to confidently secure our planning and implementation. We all have begun to make the Future a reality and the New Wood Creek Lodge (WCL) was born. You will hear and see the results that will strengthen your resolve to never look back but to invest into our new Future while modernizing our infrastructure. We all will realize the gains for moving ourselves smartly into the future to be the best property on the Mountain.

Our look into the future was anchored by our New Vision. We studied our 10 year Capital Plan to insure the infrastructure was the highest priority while funding financial growth over a 10 year period. We could see that we could both smartly earmark for the needed modernization and the priority infrastructure for Wood Creek. We hired a new consultant to show the New Look. We have been very lucky to have done so. Our new plan was worked with our Management who agreed we would have to modernize to stay viable with other enterprises doing the same around us. The need for the New Look with the center piece being the "modern Elevator" became a natural starting point. Our Vision then became the cornerstone for the New Look and the Future of Wood Creek. Our future was fully justified by the return on our investment incorporated into the future value for our owners' capital investments.

We could see for the first time the justification for the increase for rental income, and a foundation to justify owners who wanted to modernize their individual condos, creating an architectural plan by a leading successful architect to insure the long term value and needed roadmap, incorporating a new marketing strategy by our modernization, and most importantly supporting the need for Wood Creek to be looked at as a good investment by our owners for New Investors. All these variables were studied by a very professional and well qualified Board, consultants, and our new Management to validate our planning and the need for modernization. We then worked with our New Management to exact the best financial and budgeting options for all our owners. A SOLID FUTURE FOR WOOD CREEK WAS ESTABLISHED.

I am not going to address the past, but am very happy to look to our new Future anchored by a solid New Look coupled with the needed infrastructure for Wood Creek. Our owners, by design, were duly informed (attachment) for their support as we proceeded on the needed Modernization for the Elevator. This past year we have placed our modern Elevator as the investment that would anchor our Modern Lobby, Lighting System, and new Numbering for each condo. The capital was validated to be in place to achieve this project that would create a new positive impression and Brand for all who visited to include our owners, new owners (who invested here because of our future vision), including our future repeat renters. All will know the New Wood Creek Lodge to be an excellent, modern looking place to go with our "best skiing location" on Mt Crested Butte. We needed to break out from the old and show a new future to make this a reality. Our move has given Wood Creek Lodge the added value and means for loans by willing banks to help us achieve our goals. We have made the move and there is no turning back.

Our future is for the first time brighter than the original vision to build Wood Creek in 1979. The pay-off will be quite evident, just based on the recent recorded sales of five of our units in the past 4 months. Our new owners have made their investment based on our New Future: that the New Wood Creek had good Board management in place that were committed to plan for and cover all of the infrastructure needs while continuing to move to smartly modernize. This Board has incorporated into the 10 year Capital Plan for both infrastructure, first, and then, needed modernization. Phase I has been completed with our new Elevator and adjoining new Lobby. Phase II will hopefully be smartly addressed with a new Portico that will link the new Lobby to the new modern Elevator. We all have benefited from these investments. The 10 year plan will be addressed to you that will look to the future and not be focused on past decisions. This Board has addressed the modernization that was announced to you last July. We now are looking forward to working with our new Management to address our needs to you for making our Future a coveted reality. We have one of best investments on this Mountain and the New Wood Creek Lodge will be the starting point to rebrand our long term image.

With our new Management over the long term, I am now very confident that our 10 year Capital Plan will build our strong financial position while we will smartly address all the legal and safety infrastructure needs for our enterprise. We will accept the responsibility to make our Vision to be part of our effort to strengthen our infrastructure for the total enterprise, our corporate well-being. We have modernized our Elevator and addressed the newly added new fire and safety codes that were needed. Additional monies from our Capital Plan were on hand to address this need. In that response, a recent critical concern was brought to our attention by our new Management for our deck railings that is

needed now vs planning for a future date that was not the case last year allowing us to go ahead with the Lobby. The safety of our 35-year-old designed railings needed to be addressed now versus in the longer more near term. We understand and have redone the 10 year plan and the insurance safety liability plan to make it happen. Our insurance provider has over the past 6 years been accommodating to our liabilities. We now have been asked nicely to get this safety hazard remedied before we have a child or adult badly hurt or injured. We have worked the numbers and design for replacement that will both add to our New Look at the same time meet the insurance standards for continued full coverage. Without Insurance, we would have to have our personal monies earmarked for any accidents that might happen. The recent understanding and new direction was clear and we will all have to fund this safety and insurance liability requirement. That will mean new financing enhanced by our New Look Phase I that can meet our immediate unexpected short-term requirements. At the same time, monies used for the safety codes for our Elevator will be added to contract the planned roof replacement before the next high season. None of these requirements were known as we invested in Phase I. Our continued investment into Wood Creek has linked our thinking to modernize when and where ever we are positioned to do so. Our commitment to the Future is to add to the new future worth for our Community. With our new management leading the way, we will be able to secure an invaluable loan that will preclude the need for another special assessment; instead, will have a built in defined repayment schedule to put us into the best position to meet our financial requirements. And our insurance company and banker will know we will be the best modernized code affirmed condos in good financial health on the Mountain. Every Condo around us has approved major investments into their infrastructure and new modern look almost 10 fold from what we have to do for our needs. We have the location and a great architectural looking building to smartly change our look while keeping our good looking infrastructure safe, strong and fully supported. In doing so, we can be looking at incorporating the railings, the roof, and with a small incremental addition to any required loan, complete the portico in Phase II next year. How we look from the street will garner the most payback to go with our modern Lobby and new Elevator. With these additional incremental monies we have calculated a high payback for the projects that all will work towards our Future and the New Look for Wood Creek. These will be exciting times for all our owners and the new owners who already have and who will be hoping to invest into our enterprise. To support our investments, our capital incomes have been projected to be in-line for our completed Phase I and the proposed Phase II. Both will help insure making a major move this year for rental income the same as our new Look and Marketing strategies will add to our long term investment outlook. Both are tied together. It will take a very professional Board to see this through as this Board asks for your vote of confidence to understand and see from where we came, how we got here, and the position we have inherited that has lead us go on record that will make our credentials a super qualified honest team to make it happen. We will ever take for granted that you are informed and with our new Management insure that we never look back on this past year but look ahead to a bright future. We will inform you as a matter of principal and ask for your inputs. We will insure as part of planning that our owners are informed and updated on the success we have achieved and are achieving. The New Look will be a major investment milestone for us all. We will be equal if not ahead of our neighboring condos' around us as we show pride in Mount Crested Butte and being a valued supporting member of our Ski Resort. A modern looking and strong Wood Creek will importantly compliment the value and returns for a strong and needed Crested Butte Mountain Resort. Everyone on this Mountain is proud to call this place home and the new Wood Creek Lodge will help lead the call!

Our present Capital 10 year plan will illustrate the revenue required, in order to cover our needs as well as having monies set aside for all modern future needs. A major review will be conducted at each annual owner's meeting. We will have the first ever Web Page being built and worked by our New Management (a first) that will require your feedback to the Board. If we don't hear from you, we will reach out to insure you are an informed partner of what is happening at the New Wood Creek Lodge. Our Webpage will be the centerpiece for communication between owners, renters, future buyers and visitors to the new Wood Creek Lodge. We will not look back, but thank everyone who got us to this point for our future, and be totally enthusiastic to be able and smart enough to move to the Future, for the Future and by the Future of New Wood Creek Lodge. Our long term success will be our commitment to proudly move to our new Brand and to forever be known as the new Wood Creek Lodge (WCL).

Sincerely,

Col Jim Guzzi Board President

Wood Creek Lodge