

**WOOD CREEK CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETINGS
By Conference Call
June 15, 2006**

DIRECTORS PRESENT:

Bob Mannix
Donna Hayley
Charlie Kerr

MANAGEMENT COMPANY:

Lynn Kiklevich
Jim Cassaro
Danny Myers

Meeting was called to order at 2:20 PM by Lynn Kiklevich.

FINANCIAL REPORT

The following is a summary of the Financial Report included in the meeting packet. Having already reviewed the material prior to the meeting, the Board proceeded straight to discussion.

Balance Sheet

As of April 30, 2006, total cash on hand equaled \$45,885. Accounts receivable was \$99.00 and pre-paid expenses and deposits equaled \$97.00. Total Assets equaled \$46,081. Current Liabilities totaled \$29,752, with accounts payable of \$3,415. The long-term portion of the note payable equaled \$98,480.

Fund Balances

At April 30, 2006, the Capital Reserve Fund Balance equaled (\$58,914), and the Operating Fund equaled (\$25,728). The negative balance in the Capital Reserve Fund reflects the outstanding balance on the note payable and the negative balance in the Operating Fund is the result of Operating Expenses exceeding Operating Revenues for the past two years.

Income Statement

As of April 30, 2006, the income statement reflects a positive net margin of \$51,296. This is \$42,136 less than budgeted. Operating Expenses total \$119,982, \$18,651 more than budget. Capital expenses total \$67,758, \$47,758 more than budget, due to the final payments on the walkway project occurring in this fiscal year. Explanations of variances in the Operating Accounts are as follows:

*Special Assessments – several units paid their assessments in full at closing
Contract Labor –this is expense from the emergency repairs to the fire safety system in December.*

Elevator Maintenance – the elevator required several repairs this past summer and winter, in addition to the regular maintenance contract.

Fire Protection – this account includes cost of hiring private security following failure of the fire safety system in December, and regular monitoring of the system since temporary repairs were completed, as required by the CBFPD.

Snow Shoveling – last winter, CBMR Properties did not shovel the entire courtyard deck and did not budget to do so this winter. However, we noticed that the snow load this year was compromising the deck, so we began shoveling it.

Maintenance Labor – unbudgeted labor expense related to the fire sprinkler malfunction. CBMR maintenance assisted the fire department and Western Slope Fire, and provided security the first night, as required by the CBFPD.

Lynn noted that the association was holding about \$9,000 of Operating Cash at May 31.

The only anticipated capital expenditure this year is \$18,000 to upgrade the fire safety system. Lynn reported that with the Capital Account currently at approximately \$28,000 of the Board's benchmark \$40,000 goal, the account will be again under funded at the end of the 06-07 fiscal year. Because of this, a charge to the owners to cover the \$18,000 fire safety system upgrade may be needed.

Jim explained that Wood Creek's fire sprinkler system has had recurring problems for years, but the problems have always been able to be resolved. When Wood Creek experienced a failure this winter, the system could not be brought back online without some major (temporary) repairs and it was determined that a permanent fix was necessary. The Crested Butte Fire Protection District is requiring a system overhaul to correct the recurring problem this Fall.

Donna was concerned that Capital dollars were spent on the internet project when the fire sprinkler system was also an issue. Jim explained that it was not known at what point in the future that this sprinkler overhaul would be absolutely necessary. It is now necessary.

The discussion shifted back to spending in excess of operating budget, pointing to several events that accounted for most of the overage: repair-costs associated with the sprinkler problems, another heavy snow year, and unforeseen repairs needed on the elevator. Lynn suggested that the Association add a "Contingency" line to the budget to help cover future unforeseen expenses. The Board discussed an amount around \$5,000 and Lynn felt that would be appropriate, coming to just over 4% of the current operating budget.

MOTION: by Charlie to approve adding a contingency line to the operating budget which equals 4% of the operating assessments and to bill each homeowner their proportionate share of the \$18,000 sprinkler upgrade. Seconded by Donna. Unanimous approval.

The Board next reviewed the proposed operating and capital budget for FY 06-07.

2006-07 PROPOSED OPERATING BUDGET

Operating Budget

Revenues

Regular Operating Assessments are budgeted flat to 05-06 fiscal year. Management recommends that the Association incorporate a Contingency Account into their budget of at least \$2,500, which may require a slight increase in Operating Assessments.

Expenses

Overall, expenses are budgeted 11% less than the projected actual for 05-06 and 4% more than the 05-06 budget.

Increases were budgeted in the following expense lines:

Water and Sanitation – standard 4% increase on January 1

Electricity – we expect another rate increase this year.

Cable and Internet – this line now reflects full 12 months of Roomlinx wireless internet technical support as well as Adelphia high speed internet access.

Snow Shoveling – we feel that it is imperative that the snow be removed from your deck regularly to prevent damage.

We expect the following accounts to decrease next year:

Insurance – rate reduction due to good loss history. Lynn shared that the revised insurance budget should be about \$12,000 (not \$11,328 as reported, but still lower than the \$14,472 05-06 actual).

Elevator – we did budget for additional maintenance, but do not expect the problems we had the past year.

Capital Budget

There is only one absolutely necessary capital project, the fire sprinkler system upgrade, and it is estimated to cost \$18,000.

The Board reviewed the budget line by line and felt everything looked in order.

MOTION: by Bob to approve the FY 2006-07 Budget as presented with the addition of the contingency line (\$4,800) which will be funded by the 4% dues increase. Seconded by Charlie. Unanimous approval.

There being no further business, the meeting was adjourned at 3:45 PM.

Respectfully Submitted,

Approved by,

Lynn Kiklevich
General Manager

Bob Mannix
Association President