

**WOOD CREEK CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
June 4, 2010**

DIRECTORS PRESENT: Charles Kelly (by Phone)
Donna Hayley (by Phone)
Robert Harrison (by phone)

MANAGEMENT COMPANY: Bill Babbitt
Toni Wilson
Eli Haine

Quorum was established with all three of the board members present.

Call to Order: 2:33 PM MST.

Purpose for meeting: Approval of the 2010/2011 FY Budget, and update on Jesse Morgan foreclosure.

Motion: by Robert Harrison to approve the June 15, 2009 and May 21, 2010 meeting minutes.

Seconded by Charles Kelly
Unanimous Approval

Morgan Foreclosure Update

Bill Babbitt updated the Board on the status of the Jesse Morgan foreclosure, Unit 304. On Thursday, May 27th, the Wood Creek HOA's foreclosure action resulted in a Sherriff's sale of the property in the amount of \$17,560. An LLC from Denver purchased the property. The law firm representing the HOA is holding the check until the eight day redemption period expires, which is June 7th. If all goes according to plan, the HOA will be reimbursed for the unpaid HOA dues, and legal fees involved in the foreclosure process.

Financial Report

Included in the packet was a financial report as of April 30, 2010. Management went over the Balance Sheet, Income Statement, and Accounts Receivable report in the packet. Management stated that expenses were down significantly for the 10 months ending April 30, 201, largely due to the light snowfall over the winter, and the conservative spending by management of HOA funds. Questions from the Board pertained to the accounts receivables that totaled \$28,586. Management explained that once the Jesse Morgan

payment is received, that would reduce the receivables by \$11,500. Management reported that three other accounts were in arrears, Units 206 and 303 owned by Christopher Grote, and Unit 402 owned by Charles Kelly. Mr. Kelly stated that he was attempting to have his lender pay his past due amount of \$4,906, since his unit was in foreclosure. Management stated that liens had been recorded against all three units with past due balances, and further collection efforts will be made through legal channels. Charles commented that the balance sheet looks very good compared to three years ago and requested that this information be provided to the homeowners at the annual meeting.

Maintenance Report

Eli reported that the building and grounds look good. Up to date the trim and guardrails on the south facing unit decks have been painted on the one, two, three and seven stacks as well as the common south railings. The laundry rooms painting will be completed by end of next week as well as the area around the outdoor Jacuzzi tub. New heaters will be installed in the laundry rooms next week. Eli proposed staining the tie-walls with opaque oil based stain for a uniform look. There was some drywall and touch painting done in the lobby as well.

The weep holes in the first floor walkway have been drilled. The walls still need to be scraped and painted. Building stucco repair and painting will be done by next week. New mats for the lobby and elevator have been ordered. Charles asked about the amount that was budgeted for laundry, and Eli reported that at this point that we will only use about 1,000. Bill reiterated that 7,000 was for laundry rooms, new bench, new gas grill, and painting of the railings. Charles reported to the group that the decks on the 02 stack are in poor condition. Eli has been looking for a contractor that works with the grip layer that is on the other decks and walk ways. This has been ongoing and he will continue to find a solution. Management will report their findings at the annual meeting.

2010-11 BUDGET

Included in the packet was a proposed budget for the 2010-11 fiscal year.

PROJECTED ACTUAL INCOME AND EXPENSES

Revenues

Operating assessments are projected to be \$3,558 under budget due to the increase in assessments taking place three months after this beginning of the fiscal year. An increase in assessments was approved last year, but not implemented until October of 2009.

Capital assessments are anticipated to be \$1,848 under the budgeted amount of \$20,000 again due to the delay in the approved increase. The increase was approved at the annual meeting in July, after the quarterly billing had already gone out. The board questioned whether or not the difference was billed on the next billing cycle. Bill was not sure, but stated that he would look into to it. Moving forward, the board requests that in the future if assessments are increased after the homeowners ratify the budget that the dues increase is billed on the next invoice.

Late fees are projected to be \$2,991 over budget, largely due to late fees charged in relation to the past due amount owed by Unit 304.

Operating Expenses

Total Operating expenses are anticipated to be \$150,795 by year end, which will be \$6,668 / 4.4% under budget. Significant variances in projected operating expenses include Electric - \$1,321 under budget, Legal - \$4,777 over budget, Maintenance Labor - \$2,745 under budget, Snow Removal - \$4,839 under budget, and Trash Removal - \$1,951 under budget.

Capital Expenses

The only capital expense approved for this fiscal year was crack sealing and seal coating of the asphalt parking lot surface in the amount of \$7,000. The seal coating was completed last summer at a cost of \$5,427. However, a final crack sealing will be performed in June at a cost of \$1,500, bringing the account at \$6927, which is \$73 under budget.

OPERATING BUDGET

As a summary, the 2010-11 budget proposes a 4% reduction in Operating Assessments, no change in Capital Assessments, a 4.3% reduction on Operating Expenses, four Capital projects totaling \$14,350, and a Net Margin of \$7450.

Revenues

Operating Assessments

As stated above, the budget proposes a 4% reduction in operating assessments. Operating assessments are budgeted at \$150,761, a reduction of \$6,641. This reduction reflects the reduction in overall operating expenses realized this past year. Capital

Capital Assessments

We are proposing that Capital Assessments remain at the same level, \$20,000 per year to keep up with the major maintenance projects that will be required over the next few years. Included in the packet is a 10 year capital plan for your review.

Operating Expenses

As stated above, budgeted Operating Expenses are anticipated to decline by 4.3% to \$150,761, to reflect the projected actual expenses from the current fiscal year.

Chimney Cleaning: We were directed to ask our insurance company whether chimney cleaning was required as part of the annual policy. Our insurance carrier has informed us that chimney cleaning is not mandatory, but recommends an

annual cleaning as a good loss control measure. As your managing agent, we agree that an annual chimney clean is good policy, and have included it in the budget at \$1,800.

Board Discussion: Bill reported that the insurance company does not require this to be done on a yearly basis however the insurance as well as management recommends that it be done on a yearly basis. Eli Haine adamantly expressed his opposition to deferring chimney cleaning, and recommended annual cleaning. Donna recommended having the chimney cleaning done every three years. The board decided to keep the chimney clean line item in the budget. The monies that were used for this yearly maintenance item will be moved to contingency. The three year time line will begin with year with the 2010-2011 Budget. The next cleaning will be 2012-2013. The line item will be changed to zero.

CAPITAL RESERVES / EXPENSES

Capital Reserves

As noted above, Capital Assessments are budgeted at \$20,000 for the fiscal year, as a result of discussion at last year's annual meeting. Included in the packet is a 10 year capital plan prepared by management with estimates and timelines for major maintenance projects over the next ten years. We have made adjustments and additions to the plan that was presented last year.

Capital Expenses

Management proposed four projects for the upcoming fiscal year:

Capital Reserve Study: We propose that the HOA hire a professional company to study the anticipated costs of major capital projects required in the future. Once the projects are identified, and the costs estimated, then capital reserve collections and assessments are analyzed and further recommendations are made. The cost is \$3,850.

Board Discussion: The proposed capital reserve study was not approved.

Roof Membrane Inspection and Repairs. We anticipate that this year's inspection of the roof membrane will reveal that certain repairs be made. Making small repairs on an annual basis can extend the life of the roof membrane. We have budgeted \$1,000 for the repairs. The board approved this proposal.

Internet Equipment Upgrade. One of the two repeaters at the complex has failed, and does not work at all. That particular repeater is no longer manufactured, and we can not find a replacement. We are proposing to install a new system with a

local company that can service the system when needed. We anticipate this can be done for \$2,500. Management has received three bids on the proposed new system ranging from 9,200.00 to 17,000.00. This item was put on hold for future discussion as Bill has another vendor he would like to get a quote from.

Replacement of rotting window frames: Many window frames at Wood Creek have deteriorated, and need replacement. Due to many unknowns of what will be encountered once the window frames are opened up, this is a difficult project to budget. We have budgeted \$3,000 this fiscal year, and have two more years budgeted in the ten year capital plan. This will be a “time & materials project”, as no contractor wants to give a hard bid on remodel work like this. Once we get a few windows completed, we will have a better idea of actual the costs. Board approved doing a couple of window to see the end result and cost.

Discussion: The board requested to move the proposed 4.3% decreasing from the operating budget to capital reserve assessments.

Motion: By Charles to approve the 2010-2011 operating budget contingent on the changes made by the board.

Seconded: By Donna

Unanimously Board Approved

Next Meeting Date: Thursday June 17 2:30PM MST.

Adjournment

The meeting was adjourned at 4:06 PM

Respectfully Submitted By

Approved By

Antoinette Wilson
CBMR Properties Owner Liaison

Donny Hayley
Secretary