

**Wood Creek Homeowner's Association
Annual Homeowner's Meeting
July 6, 2006**

MEMBERS PRESENT

Robert and Frances Mannix
Ron and Donna Hayley
Charles Kerr
Blayne St. James
Kendall Collins
Owen and Cynthia Lavin
Daniel McElroy
Richard and Katherine Lindstrom
Donald Dougan
Charles Kelly
Ron Kindlesperger
Judith Harrison

Management Company

Lynn Kiklevich
Jim Cassaro
Jason Fries
Danny Myers

Meeting was called to order at 9:16AM by Bob Mannix.
Quorum was established as follows:

<u>Unit</u>	<u>Owner</u>	<u>Attending/Proxy</u>	<u>Ownership Percent</u>
WK101	Blayne St. James	Attending	4.10
WK102	MJM Investments		
WK103	McElroy, Daniel and Janice	Attending	2.85
WK108	Crested Butte Lodging	Kendall Collins	1.05
WK109	Crested Butte Lodging	Kendall Collins	0.60
WK201	Patricia Anne Cisle		
WK202	Lowell & Kathy Johnson		
WK203	Owen & Cynthia Lavin	Attending	2.90
WK204	Thomas Marsten & Lisa Fitzpatrick		
WK205	Richard and Katherine H. Lindstrom	Attending	2.85
WK206	Christopher Grote		
WK207	Scott and Edwin Anderson		
WK301	Barbara Powell	Dan McElroy	4.15
WK302	Donald Dougan	Attending	3.00
WK303	Christopher Grote		
WK304	Morgan, Jesse		
WK305	Brethauer & Schmidt		

WK306	Joesph & Janice Foerch		
WK307	Mannix, Bob & Frances	Attending	4.10
WK401	DiChiara and Kahn		
WK402	Charles F. Kelly, II	Attending	5.40
WK403	Rodolfo & Ada Suarez	Bob Mannix	5.40
WK404	Barbara A Kindelsperger Trust	Attending	2.95
WK405	Ronald and Donna Hayley	Attending	2.95
WK406	Phillip Borchelt		
WK407	Scott Stagner	Blayne St. James	4.15
WK504	Robert & Judith Harrison	Attending	5.40
WK505	Sherman Street Holdings LLC	Bob Mannix	5.40
WK506	Guzzi, James F	Bob Mannix	2.25
WK507	Charles Kerr & Gudren Rice	Attending	4.20
			60.70

It was acknowledged that meeting notices were sent May 23, 2006.

GUEST SPEAKERS

Chris Morgan, Mayor of Mt. Crested Butte

Chris shared that the Town of Mt. Crested Butte is continuing to work closely with Crested Butte Mountain Resort to produce “the highest quality resort product in Colorado.” He envisions increasingly improved amenities and skier services. Tim and Diane Mueller approached the town regarding re-introducing the concept of building a “North Village” across Gothic Rd. from Prospect and Goldlink; the Town supports the vision, and requested the following considerations: a “walkable”, pedestrian-friendly village; a centrally located business district which includes a post office; low profile buildings (2-4 stories); and adequate affordable housing. The Mueller’s agree, envisioning 25% affordable housing dispersed throughout the community, and having hotel rooms, condos, multifamily dwellings, and single family homes, along with ball fields, walking paths, and a small central business area.

Chris shared his insight on the selling of Club Med to SunVest Communities, which intends to renovate each hotel unit, as well as the common areas and exterior, with the intent of selling the units to individual owners. Club Med did contribute 10% of the Resort’s total skier days, which now will have to be replaced to continue the upward trend over the past several years. Lynn shared that she felt a good part of the property will be opened for business this coming season and CBMR is currently in negotiation with SunVest to manage the property. Upon completion of the renovation, the property will have 18,000 square feet of meeting space and a top notch spa.

Lastly, Chris discussed the avalanche issues above Outrun/Mt. Sunrise condos and the surrounding area. A Special Improvement District has been formed to pay for the \$1 million mitigation and fencing project. If half of the owners in the District do not agree to the project, the assessment will not occur. This process will be ongoing throughout the summer.

The second guest speaker was **Dan McElroy from Prudential Real Estate**. He shared that the real estate sales market had cooled considerably beginning in October 2005. The first 6 months of 2005 saw 311 closings versus 154 the first six months of this year. Dan mentioned that in addition to Mountaineer Square coming on line soon (mid-2007), that 52 additional units are planned for the Villas, several of which will begin construction this summer. Bob asked Dan about his feeling regarding Wood Creek being a “less fancy” condo product among the newer, recently built or soon to be built complexes. Dan feels that Wood Creek is in a good market-position because of the quality and location of Wood Creek.

When asked about the status of the property to the east of Wood Creek Condos, across the creek along Snowmass Rd, Dan shared that he was part owner, though the property may soon be put on the market. It is zoned for high-density, multi family residences, which cannot exceed 25,000 square feet gross floor space plus garages. It can be up to 55 feet tall and is thought to likely house approximately 25 units if developed.

REPORTS

President

Bob shared the following items:

- the walkways have been completed. A second coat was required of the new surface, which should now keep ponding to a minimum.
- The lobby modernization has been completed, offering a much warmer reception as guests enter Wood Creek
- Several additional sales of units have occurred in the past year at strong prices, though the market has slowed down considerably since November.
- A failure in our fire sprinkler system will have to be addressed prior to the ski season.
- The high speed internet is installed and has been met with mixed reviews on how well it works; a technician is scheduled to come fix any problems that are occurring.
- The paint and stucco that was completed several years ago on the exterior of the building is holding up well.

Manager’s Report

Crested Butte Mountain Resort

Total skier days topped 410,000 this past ski season, a 9% increase from the prior year. Total skier days includes paid skier days, comp days, promotional passes like the 4-day

X-Card, and annual pass holders' days. "Paid Skier Day" numbers (people who buy one-day or several day passes) are also tracked. This number was slightly ahead of last year, which is positive sign for lodging because these people also rent condos or stay in hotels.

The American Airline flight from Dallas enjoyed 70% occupancy this past season, leading them to plan a continuation and expansion of their services for the 2006-2007 ski season, adding an extra Saturday flight throughout the season. United Airlines will continue the same service as last year with a daily Airbus and 3 daily commuter planes from Denver.

In addition to the ongoing construction of Mountaineer Square, which is scheduled for completion in the Summer of 2007, CBMR will spend \$4 million on capital improvements this summer, including installing a high-speed quad at East River and continued upgrades to the snowmaking system. In addition, design work has begun for the new Red Lady Lodge at the top of the Red Lady lift. Construction will begin next summer.

CBMR Properties

CBMR Properties had a very strong ski season with total room nights booked up 15% and lodging revenues up 24%. We currently manage a total of 155 short-term rental units. At Wood Creek, CBMR Properties booked 90% more room nights, 104% more lodging revenue and increased the Average Nightly Rate in this property by 7.6%. As of this meeting, CBMR is managing 20 units in the Wood Creek.

Summer bookings are also strong, with room nights booked up 210% in Wood Creek compared to the same time last year. Next ski season is already booking strong as well with room nights up 275% compared to this time last year.

CBMR announced in February that it had signed a contract to purchase all of the commercial and public areas of the Grand Lodge and to assume the management of this property on approximately September 15, 2006. The current owners (Gart Properties) received approval from the town of Mt. Crested Butte to convert the East wing of the hotel into condominium units and renovation of these units is currently in progress. The sale and management transition will occur when the renovation is completed. By controlling these hotel suites, the resort will be better positioned to market the Mountaineer Square Conference Center and increase year-round occupancies in the resort. CBMR expects to retain nearly 100% of the current Grand Lodge staff, including their sales and marketing team. The Grand Lodge will fall under the supervision of CBMR Properties, but in many ways will be managed and promoted as an independent property.

Owen Lavin (203) asked Lynn if she felt we could fill the rooms at the Grand Lodge plus the Lodge at Mountaineer Square and not negatively affect Wood Creek. Bob also expressed concern. Lynn feels confident that guests who like condos will continue to book condos and that an increase in our marketing efforts will draw additional guests to both the hotel as well as our condos.

Regarding the “de-construction” of the Gothic Building, plans to replace it with the new Cimarron building are moving forward for 2007. There will be approximately 90 units, smaller rooms in scale than the Lodge at Mountaineer Square, with higher-end amenities though. There will be a deck and pool added; the skier services that are currently in the Gothic Building will be in the new Cimarron building also.

Maintenance Report

Basic maintenance projects completed around the property this past year include:

- Minor stucco repairs
- Touch-ups to exterior paint
- Painting of balcony handrails
- Painting of railroad ties in courtyard
- Common area lighting repairs/replacements
- Minor hot tub repairs
- Installation of emergency lighting on East stairway
- Improvements to dumpster doors
- Foundation repair on East side

In addition, CBMR provided assistance and mandatory security during the fire sprinkler malfunction in December. 24-hour security was required by the CB Fire Department, in lieu of evacuating the building during the Christmas holiday week. CBFDD has mandated the system be upgraded prior to the ski season. Jim Cassaro said the cost will be approximately \$18,000 and will include a new check valve, flow switch, and pressure regulator.

Capital Projects

Projects completed this fiscal year include:

- Installation of high-speed wireless internet service
- Installation of roof gutters
- Improvements to lobby – including furniture, artwork, lighting and paint
- Completion of portico planter and planting of some additional trees
- The walkway reconstruction project is also now complete.

Some additional discussion ensued regarding the high speed internet. While it works great in some units, other units experience less than optimal performance. A RoomLinX technician visited the property recently and determined that the transmitter in the middle of the atrium may need to be moved. Charles Kelly has taken the lead on the project and will work with RoomLinX until the problems get solved. The RoomLinX system at the Plaza is working great, so there is hope for Wood Creek. The discussion shifted to not charging for the amenity, offering the wireless internet service free to all Wood Creek guests. After a brief discussion of the pros and cons of offering the service for free versus charging.....

Charlie Kerr made a MOTION to provide our wireless internet free to all guests. Judy Harrison seconded. Unanimous approval.

Bob brought up questions regarding the health of the elevator. Jim felt the elevator may have 10 years of additional life in it, maybe more, maybe less. The cost for a new one likely would run \$100,000-150,000. Having all the elevators in Crested Butte maintained by one company (currently two each do half) could lead to having a technician stationed in Gunnison or Montrose and would cut down on travel time to fix a broken elevator, cutting down on the cost. CBMR can work toward consolidating the contracts under one company to improve the chance of having a technician assigned to the local area instead of someone having to travel great distances.

FINANCIAL REPORT

Income Statement

At May 31, 2006 (11 months of the fiscal year), the Income Statement reflected a positive Net Margin of \$53,037. This positive margin is a result of special assessment monies received to retire debt on the exterior renovation project. Operating Expenses totaled \$123,166, \$19,470 over budget and \$11,236 more than Operating Revenues. Significant overages occurred in the following accounts:

Contract Labor – Over \$6,947. This overage is the expense related to the emergency repairs to the fire sprinkler system in December.

Elevator – Over \$4,446. The elevator required several major repairs during the year, two of which were a direct result of the walkway construction project.

Fire Protection – Over \$1,815. The fire department required us to hire 24-hour security until the system was repaired to their satisfaction.

Maintenance Labor – Over \$1,870. \$1,176 in labor charges for security and repair assistance during sprinkler failure.

Maintenance Supplies – Over \$1,057. Several relatively large projects were completed including:

- Painting of railroad ties in courtyard
- Installation of required emergency lighting on East Stairs
- Repairs/Improvements to dumpster enclosure doors
- Foundation Repairs and Stucco Repairs

Snow Shoveling – Over \$4,267. Numerous snow events the past winter necessitated shoveling of the motor lobby roof multiple times, maintenance of the new walkways to prevent puddles and removal of snow from courtyard deck to prevent structural damage.

Capital Expenses totaled \$67,759.

The Five-Year Capital Plan is located in the meeting manual. This model indicates that reserves will be sufficient to meet future capital expenditures.

Cash Position

At May 31, 2006, the Association was holding \$8,000 of Operating Cash and \$27,300 of Capital Reserve cash.

ELECTION OF DIRECTORS

Charles Kerr declined re-election to the Board. Robert Harrison and Charles Kelly were both nominated to fill the vacant seat. In a ballot vote, Charles Kelly was chosen to fill the Board Seat.

ELECTION OF OFFICERS

The three members of the Wood Creek homeowners association are required to vote for the positions of President, Vice-President, and Secretary-Treasurer. Bob made the MOTION for the following officers: Bob Mannix-President, Charles Kelly-Vice President, Donna Hayley-Secretary/Treasurer. Seconded by Donna; unanimous approval.

NEW BUSINESS

2006-07 Approved Budget

The 06-07 Budget was reviewed; it reflects a 4% increase approved by the Board of Directors to establish a Contingency Fund in the Association's operating budget. The \$4800 Contingency line has been added to cover unanticipated expenses, which seem to occur every year. The addition of this line will eliminate the need to assess the owners at the end of the year for operating deficits. Increases in Water, Electricity, Cable/Internet, and snow shoveling will be offset by decreases in insurance premiums due to our good loss history.

Capital Budget

The Capital Budget for this year includes the \$18,000 for the upgrades to the fire sprinkler system and \$3,000 to replace two windows that have deteriorated (204 & 205). The windows will be paid for out of capital reserves; the \$18,000 sprinkler repair will be billed as an assessment this calendar year.

Rules and Regulations

Blayne St. James (101) informed the owners he recently lost a potential sale of a unit due to the fact that the Rules and Regulations prohibit pets at Wood Creek. On behalf of the owner of the condo unit, as well as on behalf of himself as an owner, Blayne asked the owners to readdress the issue of dogs at Wood Creek. After some discussion, it was decided to leave the rule as it is.

The issue of trailers in the parking lot was addressed. The current rules prohibit recreational equipment or trailers to be parked, stored, or maintained in the parking lot. The point was made that there is a difference between permanently parking a storage trailer in the lot versus having a trailer (enclosed or not) for transporting recreational vehicles. It was decided that the appearance of the trailer should be taken into consideration, as well as the length of time a trailer was kept in the lot, when addressing this regulation. It was felt that trailers should be allowed with the permission of and at the discretion of the Property Manager.

Wood Creek commercial space

Finally, it was brought to everyone's attention that CB Lodging, the owners of units 108 and 109 (commercial units), had offered to sell the space to the Association. Kendall Collins shared his offer and allowed the group to discuss options while he left the meeting. The group felt that a price around \$150,000 was too high for the space, though having it available to be rented by any business that was willing would be the risk for not purchasing it. With the help of two realtors who are owners, Blayne St. James and Dan McElroy, the owners came to a consensus that they would consider paying a lower price than what Kendall suggested and directed the Board to negotiate a deal with Kendall to be brought back to the owners for a vote.

The next annual meeting date was set for Thursday July 12, 2006.

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

Respectfully Submitted,

Approved by,

Lynn Kiklevich
General Manager

Bob Mannix
HOA President