

**Wood Creek Homeowner's Association  
Annual Homeowner's Meeting  
July 12, 2007**

MEMBERS PRESENT

Ron and Donna Hayley  
Charles Kerr (by phone)  
Ethan Mueller  
Owen and Cynthia Lavin  
Daniel and Janet McElroy  
Richard and Katherine Lindstrom  
Donald Dougan  
Charles Kelly  
Ron Kindlesperger  
Robert and Judith Harrison

Management Company

Danny Myers  
Jim Cassaro  
Steve Keim  
Mariel Beasley

Meeting was called to order at  
Quorum was established as follows:

<u>Unit</u>	<u>Owner</u>	<u>Attending/Proxy</u>	<u>Ownership Percent</u>
WK101	Ethan Mueller	Attending/Charles Kelly	<b>4.10</b>
WK102	MJM Investments		
WK103	McElroy, Daniel and Janice	Attending	<b>2.85</b>
WK108	William Pateon Hensley	Attending	<b>1.05</b>
WK109	William Pateon Hensely	Attending	<b>0.60</b>
WK201	Patricia Anne Cisle		
WK202	Lowell & Kathy Johnson		
WK203	Owen & Cynthia Lavin	Attending	<b>2.90</b>
WK204	Thomas Marsten & Lisa Fitzpatrick		
WK205	Richard and Katherine H. Lindstrom	Attending	<b>2.85</b>
WK206	Christopher Grote		
WK207	Scott and Edwin Anderson		
WK301	Barbara Powell		
WK302	Donald Dougan	Attending	<b>3.00</b>
WK303	Christopher Grote		
WK304	Morgan, Jesse		
WK305	Brethauer & Schmidt	Attending	<b>2.90</b>

WK306	Joesph & Janice Foerch		
WK307	Ronald & Donna Hayley	Attending	<b>4.10</b>
WK401	DiChiara and Kahn		
WK402	Charles F. Kelly, II	Attending	<b>5.40</b>
WK403	Rodolfo & Ada Suarez	Charles Kelly	<b>5.40</b>
WK404	Barbara A Kindelsperger Trust	Attending	<b>2.95</b>
WK405	Ronald and Donna Hayley	Attending	<b>2.95</b>
WK406	Phillip Borchelt		
WK407	Scott Stagner	Charles Kerr	<b>4.15</b>
WK504	Robert & Judith Harrison	Attending	<b>5.40</b>
WK505	Sherman Street Holdings LLC	Charles Kelly	<b>5.40</b>
WK506	Guzzi, James F	Charles Kelly	<b>2.25</b>
WK507	Charles Kerr & Gudren Rice	Attending (By phone)	<b>4.20</b>
			<b>62.45</b>

## **GUEST SPEAKERS**

### **Ethan Mueller (101), Director of Operations at Crested Butte Mountain Resort**

Ethan shared many of the upcoming projects in and around the resort for this winter and over the next five years.

Adult ski school will have a presence in the Axtel building. There will be a common area for snacks and coffee to create a forum for skiers to mingle and talk about what they are learning in their lessons. It will help provide a social aspect to lessons.

Ethan also informed the association of the plans for Red Lady Lodge. This, similar to Paradise warming house, will be an on-mountain cafeteria with a fine dining element. On the lower level will be a play area for kids. It will also host an array of evening activities for all ages. It will be located at the top of the Red Lady lift, on the left hand side. The permit has been approved and the mountain will break ground in the Spring of 2008. The estimated date of completion is winter 09-10.

Ethan also invited the owners to see the Lodge at Mountaineer Square. The conference center and some retail stores are already up and running. Many of the condominiums are completed and ready for occupancy.

In addition, the Mountain also has plans to develop the North Town Center. The buildings will be between 3-5 stories high. They will function primarily as residential units with a large recreation center and possibly an ice rink. Beneath the buildings and recreation center, there will be underground parking. This will be at the site of the present public parking, north of the Grand Lodge. Ethan also informed the owners of plans for the North Village. This will be a community consisting of condominiums,

apartments, and single-family homes. It will be walkable and have 25% affordable housing options to encourage local settlement as well. There have been no dates set for construction, as permits have not yet been issued.

Ethan assured the owners that the Mountain still had full intention to continue its interest in Snodgrass and its development as an addition to Crested Butte Mountain Resort's terrain. Again, no specific date was named.

Lastly, Ethan explained the Ski-Free weeks at CBMR. The free skiing should attract a lot of people, particularly Coloradan from the Front Range and Western Slope. While the Mountain will not receive any revenue from ticket sales, this should increase the lodging component, culinary component, and other skier services (rentals, lessons, etc.). These weeks from after Thanksgiving until mid-December should reintroduce Crested Butte to a number of Coloradans and entice them to return later in the season, when more of the mountain will be open. Woodcreek homeowners will probably benefit directly, as their rental revenue will increase.

Several homeowners had questions for Ethan, regarding the Elevation hotel, lift ticket prices, and parking in Crested Butte and on the mountain. Ethan explained that the Elevation will still be called the Elevation and they are still continuing with renovations. Approximately 162 out of 262 units will be ready for the ski season. The property is owned by Sunvest out of Florida and the units are all individually owned. Lift ticket prices for 07-08 will probably increase 3-5%, which reflects the increase in the cost of operation. Ethan also expressed the idea that one day, there would be ticket hubs in many locations on the mountain, particularly at West Wall, which would allow Wood Creek guests an easier time purchasing tickets. With questions about parking, Ethan responded that we will still have the required amount of spaces, as according to Mount Crested Butte law. However, they encourage people to catch the bus in town. As for in-town parking, that is an issue for Crested Butte as increased activity and traffic on the mountain will increase activity and traffic for the town.

The second guest speaker was **Dan McElroy (103) from Prudential Real Estate**. He shared that currently in Crested Butte, Mt. Crested Butte and the surrounding area, there are 756 listings and only 40 are under contract. In Mt. Crested Butte alone, there are 305 listings, 10 of which are under contract. The average listing price is \$540,000. The number of listings represents a tempering in the market. While it is losing momentum, the prices are staying level. He further explained that since the late 1980's, Crested Butte Real Estate prices have been stair stepping, prices have simply risen, plateaued, risen, plateaued, etc. Furthermore, there have recently been a couple of multi-million dollar homes sold in and around Crested Butte. This will bolster the Real Estate market and increase other sales.

When asked about affordable housing in Crested Butte, Dan explained that many new projects being built are required to include a number of affordable units in the complex. However, he specified the difference between affordable housing and employee housing, which is also an issue in Crested Butte and Mt. Crested Butte.

He was also asked about the change of zoning laws on Elk Avenue. Dan affirmed that a horizontal zoning law was passed. Elk Avenue will not have doctor's offices, real estate offices, mortgage brokers, etc. Current businesses, however, will be grandfathered in. As long as a building currently used for Real Estate continues to do Real Estate, even if the owner changes, they are allowed to stay.

## **REPORTS**

In reviewing the Minutes from the 2006 Annual Homeowners' Association meeting, Charles Kelly (402), to increase guest ease and information, requested that CBMR Properties create a brochure, which would include the following items:

- A one page explanation of the internet to handout on arrival.
- A detailed explanation of the location and hours of the sauna and hot tub.
  - CBMR was requested to check the keys and ensure their working status as several homeowners had difficulty opening the sauna door.
- A list of TV channels and their corresponding network.

Ron Hayley (307, 405) then made a MOTION to approve the minutes. Kelly seconded that motion. Unanimous approval.

## **Manager's Report**

### **Crested Butte Mountain Resort**

Much of the upcoming development around the Mountain was touch upon by Ethan Mueller. CBMR closed on the sale of the Grand Lodge commercial space and assumed the management of this property in the Fall of 2006. This past ski season, CBMR also operated the Elevation Hotel, which has become the home of the Crested Butte Academy until a new, permanent facility can be constructed. The Academy was purchased by IMG Academies, the leading sports management company in the world.

The Lodge at Mountaineer Square opened to the public in May 2007 with the Conference Center opening in mid-June. Chuck Donnelly has moved from the Plaza to fill the General Manager position for the Lodge, while Danny Myers assumed the GM position for Properties effective April 9, 2007.

Two years ago, total skier days were approximately 400,000. This season, they dropped to around 370,000. This loss is credited to the sale of Club med, which had provided 10%, or 40,000, of skier days and the light snow year. This decreased the number of season pass uses, which then reflected the total skier days.

There was an agreement made by the HOA to receive a table for paid skier days and total skier days, as well as a table for lodging rental revenue and unit grading reports at the annual meeting.

## **Rental Revenues**

2006-2007 Ski Season room revenue booked into Wood Creek increased by 25% this season over last. This comes on the heels of strong increases in room nights and revenues last year, so the trend remains very positive.

Overall in CBMR Properties' lodging division, there was an increase of 20% in income. In Wood Creek, that increase was 27%. For 3 bedrooms, the increase in income was 27%, 12% for studios, 70% for 2 bedrooms and 2% for 1 bedrooms. The 2 bedrooms' increase is due to the increase in total units; each unit actually received approximately the same amount of income as last year. In the 1 bedrooms, the number of units increased from 6 last year to 10 this year; thus the per unit income decreased.

When asked about the process for equalizing revenue, Danny explained that Toni Wilson, the Front Desk Manager, is in charge of equalizing the revenue. He would find out exactly what her "algorithm" was and notify the HOA.

## **Maintenance Report**

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

- Repair of fire sprinkler system
- Installation of new hot-tub cover
- Addition of double Adirondack chair on the deck
- Repair of waste dumpster enclosure
- Repair of deteriorating wood on several windows.

## **FINANCIAL REPORT**

### **Balance Sheet**

As of April 30, 2007, total cash on hand equaled \$31,299. Accounts receivable was \$12,157; pre-paid expenses equaled \$0. Total Assets, including a notes receivable of \$29,000, equaled \$74,326. Current Liabilities totaled \$91,925, with accounts payable of \$4,504. The long- term portion of the note payable equaled \$63,979.

### **Fund Balances**

At April 30, 2007, the Capital Reserve Fund Balance equaled (\$1,751), and the Operating Fund equaled (\$15,847). The negative balance in the Operating Fund is the result of Operating Expenses exceeding Operating Revenues for the prior two years.

## **Income Statement**

As of April 30, 2007, the income statement reflects a positive net margin of \$20,814. This is \$10,774 higher than budgeted. Operating Expenses total \$111,695, \$8,926 more than budget. Capital expenses total \$21,508, \$508 more than budget.

## **Operating Expenses**

Explanations of variances of \$1,000 or more in the Operating Accounts are as follows:

Contingency: \$4,800 under budget but has not been tapped into, but moneys should be transferred to this account from expense accounts that have exceeded budget. This is the essence of the Contingency Account.

Contract Labor: \$2,400 over budget; \$1,200 to add an additional circuit for the heat trace; \$1,200 to repair the Emergency Light system.

Electric: \$2,361 over budget; result of substantial increase (15%+) in rates from GCEA in January.

Elevator: \$1,400 under budget; budget was increase last year to keep in step with 3-year average. Should be budget level this year in case issues occur as has been the recent history.

Landscaping Labor: \$1,337 under budget; this item may get closer to budget following heavier May and June work period. Depends on irrigation amounts and how much labor is needed to return property to beautiful state.

Miscellaneous: \$2,000 under budget; this is entirely the window-cleaning portion of the budget; it makes most sense to clean in the fall to have it nice all winter. We will keep in the budget for next year.

Snow Shoveling: \$1,300 under budget; light snow year

Trash removal: \$1,000 over budget; Waste Management increased rates and added fuel surcharges; increase budget next year.

Danny explained that Woodcreek had a projected surplus of around \$3,000. Last year, the decision was to not assess the \$13,605 deficit. The surplus will lower the deficit to \$10,000. Currently, the capital fund is covering the hole. It was agreed that the Board will decide what to do in regards to the deficit.

## **Capital Expenses**

The capital Expenses this year were \$18,000 for the fire sprinkler upgrade and \$3,000 for replacement windows.

Robert Harrison (504) made a MOTION to approve the financial report. Kelly seconded. Unanimous approval.

## **NEW BUSINESS**

### **Rules and Regulations**

The issue of trailers in the parking lot was addressed. The current rules had been changed last year to be read: Recreational equipment and trailers may be parked, stored, or maintained by unit Owner or renter in the parking lot of the Wood Creek Condominiums only with the written permission of the management company and must be in good condition. Recreational equipment out of season may not be stored on property. Unapproved recreational equipment shall be notified in writing before equipment is removed. After much discussion ...

Owen Lavin (203) made a MOTION to officially change the wording of number 9 under Rules and Regulations. Harrison seconded. Unanimous approval.

It was then discussed how the association and management would enforce rule number 9. An agreement was made that each guest and owner must register their trailer at the Front Desk in the Plaza and obtain a parking pass. If the trailer is in violation of the rule as stated, the equipment's owner will be notified and it will be towed at the owner's expense. In regards to the current trailer and snowmobile, CBMR will remove it from the premises in one week.

The rule regarding pets (number 4), was reexamined. It was reminded that Blayne St. James (101) had lost unit sales due to the inability for Wood Creek homeowners to have pets in their units. Furthermore, Wood Creek is the only association managed by CBMR that does not allow owners' pets. During a discussion of the rule, it was pointed out that a change in the rule would make the units more marketable for sale. After extensive discussion, it was decided to change the rule to read as follows: No pets are allowed either in condominium units or in common element areas, except those belonging to an owner or an owner's immediate family. An additional clean fee to the owner is applicable, in the event that the Managing Agent deems such fees necessary due to extra time spent cleaning up after the pet, either in the unit or in the common elements. All pets are required to be leashed outside of the unit. This privilege can be revoked on discretion of the management company due to noise or nuisance. If an Owner's Guest or Renter brings a dog or pet to a Wood Creek unit, the Board of Directors authorizes the Managing Agent to give the Owner's Guest or Renter a notice of being in violation of the Rules and Regulations. If, after the Managing Agent's notice, the dog or pet is not removed within 24 hours, the Owner of the unit with the dog or pet will be penalized \$50.00 per day while the pet is on the property.

Charles Kelly made a MOTION to accept the change of wording to Rule number 5, as outlined above. Ron Kindelsperger (404) seconded. Unanimous approval. It was agreed that the Association would reevaluate the changes in one year.

## **Election of Directors**

Bob Mannix' seat was up for election. Due to the sale of his unit he was not eligible for re-election. Robert Harrison and Don Dougan (302) were both nominated to fill the vacant seat. In a ballot vote, Robert Harrison was chosen to fill the Board Seat.

## **Capital Projects**

The Board introduced several items which need to be addressed by the Association, as well as intended projects for the upcoming year. These improvements include:

- All dumpsters must be fit to be bear proof by August
  - Waste Management will be coming to retrofit the lids in approximately 2-3 weeks.
- The 1<sup>st</sup> floor requires several improvements. The floor needs to be painted, the metal doors need to be replaced with glass, and there needs to be a note to keep the front doors closed.
  - Steve Keim agreed to have the signs made and posted.
- The elevator needs to be replaced. Kelly informed the Association that the state of Colorado passed a law requiring every component in the elevator be brought up to code. Jim Cassaro stated that it is \$150-200,000 to replace the elevator. Charles Kerr (507) and Danny pointed out that there were several times this winter when the elevator ceased to function.
  - Jim agreed to get an estimate of costs and CBMR will then pass that information on to the owners.
- The “curb appeal” needs to be updated. This includes cleaning up weeds around the creek, redoing the portico, removing the tree by the hot tub and one against the building, and painting the exterior.
  - John Schmidt (305) cautioned extravagant spending, reminding the association that many things can spruce up a property without costing too much.
- Additionally, the walkway by West Wall to the lift gets very icy in the winter.
  - Danny agreed to monitor the problem next winter.

In the budget, there is currently \$25,000 set aside for painting the building, \$12,500 per year for the next two years. If the Board and Association decide to change the exterior color, then it was agreed that this year they should just touch-up exterior beams and railings and use the remaining funds plus next years \$12,500 to paint the entire building.

## **Wood Creek commercial space**

The association welcomed Bill Hensley, the new owner of 108 and 109. He would like to turn his 2 units into a 1 bedroom unit. He handed out preliminary plans, showing the intended work. He needs to add two windows to meet fire safety standards. He would like to change the grade so the windows would be above ground, but is willing to settle for window wells.

Donna Hayley (307, 405) stated that she was in favor of allowing it to be residential but she was opposed to changing the structure of the building as it may compromise the foundation. Hensley countered that he is not changing the structure. Furthermore, he is willing to allow the association to hire their own engineer at his expense to ensure that the foundation would not be compromised. Kelly reminded the association that he attempted to add a window a number of years ago, but found it was against the bylaws of the Colorado Condo Association, which Wood Creek is a part of.

Kerr voiced his and Scott Stagner's (407) support for allowing the windows, provided there was enough support that the foundation would not be affected, and the new owner would incur any costs of landscaping, etc.

It was agreed that the Association would continue to discuss with Mr. Hensley regarding the issue. Kelly specified that the association would act expeditiously, as it is not convenient for anyone to draw this out indefinitely.

### **2007-08 Approved Budget**

The 07-08 Budget was reviewed; the projected expenses are \$131,384.00. A 5% increase in dues (about \$20 a month) will increase the operating budget. However, a deficit will remain with this budget. Kelly suggested an assessment for this year, because 12 months from now, the Association will not want a deficit. Harrison asked about the procedure in other Associations. Danny responded that typically the other Associations eradicate any deficits right away.

Kerr, as proxy for Stagner, pointed out that another special assessment looks bad to potential buyers. Perhaps the deficit could be included in a future elevator assessment. Danny stated that it did not have to be a "special assessment" as it could be included in the dues. It was agreed that the Board would decide how the budget would be balanced.

### **Miscellaneous**

Donna Hayley asked about a newsletter that could be sent to the owners on a set schedule. Several owners agreed in the usefulness and Judy Harrison (504) offered to help compile articles and information, with assistance from Danny and Mariel. However, no official procedure was agreed upon.

Schmidt brought up the issue of noise between the units. Danny informed the Association that CBMR did not receive many complaints from guests at Wood Creek, and unfortunately there is not much that can be done. Jim stated that policy used to be that when an owner would replace the carpet or change the flooring, the downstairs owner was offered the option to pay to add a pad to reduce the noise. No motion was made to renew this policy.

Cynthia Lavin (203) asked about the possibility of booking online. Danny stated that this does not seem to be a direction that CBMR is moving in. Part of this is due to the fact that room reservations are shifted around quite often.

The next annual meeting date was set for Monday, July 14, 2008.

There being no additional business, the meeting was adjourned at 2:19PM.

Respectfully Submitted,

Approved by,

\_\_\_\_\_  
Danny Myers  
General Manager

\_\_\_\_\_  
Charles Kelly  
HOA President