

**WEST ELK CONDOMINIUM ASSOCIATION
HOMEOWNERS' MEETING AT
MT. CRESTED BUTTE, COLORADO
March 31, 2010, AT 4:00PM**

MEMBERS PRESENT: Ed Arnold
Patricia Bittle
Suzie Dexter

MANAGEMENT COMPANY
PRESENT: Bill Babbitt
Eli Haine
Toni Wilson

Meeting was called to order at 4:00 PM. It was established that a quorum of homeowners was represented at the meeting; 90.90% of the homeowners were either present or represented by proxy. It was also noted that notice of the meeting was given 1 month prior to the meeting date.

Unit	Owner	Attending/Proxy		Ownership Percent
WE 01	Wells Fargo			9.09
WE 02	Kay Braziel	Proxy to Susie Dexter	9.09	9.09
WE 03	Clement Anderson	Proxy to Susie Dexter	9.09	9.09
WE 04	Allen Wade	Attending via Phone	9.09	9.09
WE 05	Patricia Bittle	Attending	9.09	9.09
WE 06	Suzie Dexter	Attending	9.09	9.09
WE 07	John & Kathy Drogos	Attending via Phone	9.09	9.09
WE 08	Jim & Carol Williamson	Attending via Phone	9.09	9.09
WE 09	Ed Arnold	Attending	9.09	9.09
WE 10	Barton Hindley	Attending via Phone	9.09	9.09
WE 11	Craig Caukin	Proxy to John Drogos	9.09	9.09
			90.90	99.99

MOTION by Ed to wave the reading of the July 9, 2009 minutes and approve.
Second by Susie.
Unanimous approval.

SPECIAL GUEST

Bill announced to the owners that as of May 1 2010 CBMR Properties will no longer manage West Elk HOA, rental and non rental units. With that said Bill introduced the Crested Butte

Lodging owners and staff Wanda Bearth, Patrick Seaman and Grant Benton. After introductions and a brief history of the company the floor was then opened for questions. CBL offices are located in the three seasons building they manage five homeowner associations at this time. Eagles Nest, Timberline, Black Diamond, Three Seasons and the Crested Butte Hostel. Wanda reported that reservations were down 15% at CBL this last year 2009-2010 from the previous year of 2008-2009. Wanda will structure nightly rates, estimated occupancy, housekeeping fees etc based on comparable rental properties for the West Elk rental units. The board asked CBL if there were some line items in the budget where there may be a chance to reduce costs. Wanda stated that it appears that CBMR property has given the association a good solid deal and everything looks in order she seemed to think that maybe in the property insurance and the cost of refuse removal there might be possibilities for savings. Grant mentioned that the Jacuzzi tub could be brought back up on line with most of the work being done in house therefore making it more cost effective for the HOA. His only concerns in the Jacuzzi room are the floor and the stairs leading down to the Jacuzzi tub room. He also stated that the sliding glass doors and windows will need to be replaced. Wanda assured the owners that they would look into these areas for the HOA. The HOA dues will remain at the current amount that they are at. With no further questions Wanda and the CBL staff excused themselves from the meeting. Bill Gallon who is a potential buyer of one of the West Elk units remained in the meeting.

Pat then disclosed to the owners that she had talked to another potential property management company Alpine Property and they were interested in presenting a bid as well. They have short term rental management experience. As of yet they have no HOA management experience however they are hoping to expand their business into this area of management. Pat will make sure Alpine knows their bid needs to be presented to the board by Monday April 5th. Ed reported to the owners that CBL is highly recommended and that all information reported on was positive. It is very important that the agent that the HOA hires has solid accounting capabilities. Ed, Susie and Craig have copies of the CBL proposal. They will forward this to the rest of the owners via e-mail.

Pat then had to excuse herself from the meeting but before going she asked for the record that if there were to be a special assessment to the ownership that it is only necessary improvements such as painting and asphalt repair and upkeep and that it be spread over a period of time. Pat also reported that she had firewood stolen from her this last winter and asked if anyone else had had a problem like this. It was suggested that maybe signs could be posted in an appropriate area letting guests know that firewood belongs to each individual unit.

Getting back to the agenda there was a motion by Ed to approve the minutes from the July 9, 2009 HOA meeting.

Seconded by: Susie

Unanimously approved

MANAGERS REPORT

Bill restated to the owners that as of May 1st 2010 management of the HOA and rental units will be turned over to a new managing agent. CBMR will put together a transition packet for the new manager. The April month end should be complete sometime around May 15th and will give the new agent a hard copy. CBMR Properties will continue to manage the HOA until May 1

The buildings and grounds are in good conditions. There are some areas that need some painting however there is no need to paint the entire complex. The areas that do need painting this year are the chimney stacks and the guard rails on all of the units. Eli reported that the HOA spent \$1,300.00 last year that took care of all the chipping. This was focused on the 7-11 building on the south facing wall and the back side to the building roof line to roof line areas. The 1-6 building had some work done. Eli said the railings on the 1-6 building are in more need of painting this year as they are the south facing units. The south facing wall on the 7-11 building will need painted as well and a board may need to be replaced. Ed reported that he noticed that on the back side of units 10 and 11 teg window sills look like they were damaged. Eli reported that he was aware of this and that there are some areas on the 1-6 building that have the same issue. Eli reported that the roof did not slide as often as would be expected this last winter, however he held off on shoveling the roof due to the expense the HOA would incur noting the trim work is less costly than roof shoveling contractors. On the back side of unit 8 the corner boards have been ripped and a piece of PVC is cracked off exposing an exhaust vent. There are some cracks in the asphalt that will need repaired this summer as well. CBMR Properties will do an extensive list of repairs and forward to the board as well as the new agent. Eli told the owners that new managing agent could call him if they have any questions and he would be happy to help in any way. Eli will turn all HOA items and put them in the Jacuzzi room.

FINANCIAL REPORT

2010 FINANCIAL REPORT

Balance Sheet

At year end (12/31/09), the balance sheet reflected total assets of \$14,461.64. Cash on hand totaled 6,458.04; accounts receivable totaled 5,502.35; and pre-paid expenses (insurance) were \$2,501.25.

Collection of a large outstanding receivable from former owner Helene Richards Brown is being pursued through the Credit Bureau of the Rockies. The amount of this receivable is \$4,416.35, including late fees.

Total Liabilities were \$3,643.68, which is attributed to accounts payable. The restricted fund balance was \$7,123.49 and the Operating Fund Balance was \$3,694.47.

Income Statement

At year end (12/31/09), the income statement reflects a favorable net margin of \$1,557.79. Operating expenses totaled \$49,721.70; which is \$1,905.80 under budget. Revenue exceeded budget by \$20,283.49, primarily due to the unbudgeted special assessment billed in June of last year.

Variiances

Budget Variiances over \$500 include:

Contingency - \$4,460.27 over budget

This overage is largely due to the new asphalt installed at the project last summer, at a cost of \$3,149.00. Other contingency items included miscellaneous plumbing repairs, installation of a Know box, gravel sweeping of the parking lot, and minor carpentry repairs.

Legal Fees – \$762 over budget

This account is over budget due to legal fees involved with the foreclosure action against Unit #1, and HOA dues collection efforts.

Maintenance Labor - \$517 under budget

This account is under budget due to less than normal maintenance labor incurred last year.

Snow Removal - \$5,229.15 under budget

The snow removal budget was increased last year due to anticipated snow levels (which we did see last January - March. CBMR Properties (with assistance from Mother Nature) was able to keep costs below the anticipated level, resulting in savings.

Trash - \$948.10 under budget

This account is under budget due to less occupancy at West Elk, and a reduction in frequency of pickups, which was initiated by management.

Discussion

Ed reported that the finances look good. The only question on the finances was where the unit 1 arrears were accounted for. Bill reported that the total amount of \$ 4,400.00 was noted on the balance sheet under AR. The \$4,400 includes the HOA dues for more than a year as well as the special assessment and late fees. Bill obtained the history on this unit from Craig. A super priority lien was filed by the HOA on which the HOA had rights to six months of dues that were in arrears. During the six months of the super priority the owner mad a payment in the amount of \$1700.00 this left a balance of \$750.00 that was still collectable through legal channels however it would have cost the HOA more that \$750.00 to pursue this. So it was left as uncollectible at that point. The HOA could pursue a personal judgment against the owner which would end up costing the HOA more than the 4,400.00 that is owed. Bill has turned the balance over to Credit Bureau of the Rockies who will attempt to collect the debt. CBOTR retains 35% of what is collected and there was a \$50.00 fee to set up the account with them. The bank now has possession of the unit and is paying the monthly dues. Bill recommended leaving on the books as a receivable for a time to see if CBOTR can collect the balance and later if they are not successful right it off at a later date. At this point from a cash flow stand point the HOA is ok and the HOA saved on snow removal as well this last year. Unit I is listed for sale, the asking price is \$209,000.00.

OLD BUSINESS

Unit 12

Ownership status update: Bill contacted Michael O'Loughlin for advice on this issue. JR Young was to transfer ownership of unit 12 to the HOA upon completion of the second phase and that

never happened. Ownership is in limbo in terms of who owns this building this point. JR had a revert clause in the supplement to the condominium declarations that stated that if a certain Mt. CB ordinance was ever repealed that he would have the right to ownership of the building. That ordinance was super ceded by a different ordinance by the town of Mt. Crested Butte that still requires employee housing when a property is developed. So technically it was not repealed it was replaced. The lawyer felt that the developer would not be able to use it and that building and the HOA is owed the deed and should have ownership of the unit. The first step towards ownership would be to contact JR and ask him to sign over a quick claim deed to the HOA. If he is not willing to do that, the HOA could initiate a quiet title action in court and sue him for ownership of the building. Ed asked Jim Williams to approach JR with the information that what was discovered to see if he was willing to sign over ownership to the HOA. Jim said he would be happy to do this. Bill will forward the e-mail from Michael to Jim and will help out till May 1st then turn over to the management company.

Hot Tub Building

Contingent on the out come of the ownership Ed had asked Wanda to put together an estimate of what it would cost to upgrade the Jacuzzi and pump rooms. The estimated cost is about \$20,000.00 to replace the tub and keep it operational for a year. This would include replacing the tub, filters pumps etc. Ed then stated that he thinks it is a needed benefit for owners and guests and asked the owners to consider bringing the tub back up and operating. It would cost @10k-12k to replace everything and 10k to operate it. Susie representing herself and Pat don't feel it is a necessary expense. After further discussion a majority of the owners were in favor of repairing the Jacuzzi.

Owners in favor of this:	Not in Favor
Ed Arnold	Susie Dexter
Craig Caukin	Pat
John Drogos	Bart
Alan Wade	
Jim and Carol Williams	

Alan then purposed that those who are in favor of operating the Jacuzzi tub pay the expense to get it back up and operating. The HOA would then pay for yearly operating and maintenance repairs. Another option would be to finance this project along with asphalt repairs. Ed thought looking into securing a line of credit was a good option. The board will ask the new managing agent to put together a proposal on these items. Bill noted that the HOA collects rent on the studio unit in this building and this may be a means to reduce operating costs on the Jacuzzi.

DIRECTORS

Susie, Ed and Craig were appointed for a two year term in 2009. Bart's term is up this year. Ed nominated Jim Williams
Seconded By: Susie
Unanimously Approved.

Board of Directors

Suzie Dexter
Ed Arnold
Craig Caukin
Jim Williams

Term Expires

2011
2011
2011
2012

BUDGET

Bill reported that there were three units that were 30 days past due as of December 31, however everyone is current.

Motion By: Jim to approve the 2010 operating budget.
Seconded by: Susie
Unanimously Approved

New Association Manager

The board will appoint new management by April 10, 2010

Next Meeting Date

The board will meet April 9 9:00AM to announce the new HOA manager.

There was no meeting date set for the next HOA meeting as a new management company for the HOA will commence on May 1, 2010.

ADJOURNMENT

Motion by: Susie to adjourn
Seconded by: Ed
Unanimous
The meeting was adjourned at 5:30 PM.

Respectfully submitted,

Antoinette Wilson
Homeowner Liaison

Approved by,

Suzie Dexter
West Elk Association President