

OWL CREEK HOMES ASSOCIATION, INC
ANNUAL OWNERS MEETING

December 29, 2005

1. CALL TO ORDER AND CERTIFYING PROXIES

Hank Anderson, President of the Association, called the meeting to order at 4:10 PM at 102 Burnt Mountain Drive in Snowmass Village, Colorado. Board members Connie Hodson, Jerry Rich, Al Lattof, Lee Wagman and Eugene Schmitt were present. Barton Craig and Michael George of Snowmass Lodging Company were also present.

Members Present	Unit #
Anderson	2
Schmitt, Gene	24
Hodson, Connie	28
Rich, Jerry	05
Al Lattof	17
Lee Wagman	30
Tracy Kinsella	01

Members Present by Proxy	Unit #
Maroone	7
Bleznak	8
Bider	9
Andrews	12
Romanski	16
Ritter	18
Davis	19
Malloy	22

TOTAL	(15/31=46%)
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Verification of the signed proxies established that the required quorum of 33% of Owl Creek owners was achieved.

2. PROOF OF NOTICE OF MEETING

Mr. Craig presented proof of notice of the meeting.

3. READING AND/OR DISPOSAL OF UNAPPROVED MINUTES

Mr. Rich made a motion to waive reading the minutes of the Annual Meeting of December 30, 2004. Mrs. Hodson seconded, and the motion was approved by voice vote. Mr. Anderson made a motion to approve the minutes of the Annual Meeting of December 30, 2004, as written. Mrs. Hodson seconded, and the motion passed.

4. REPORT OF OFFICERS

Mr. Craig noted that the Association currently has approximately \$160,475 in its Reserve Fund, which is held in bank accounts and short-term Certificates of Deposit at Alpine and Vectra Banks. The HOA has drawn approximately \$42,000 out of the Reserve Fund to date to pay for the snowmelt boiler retrofit. Approximately \$10,000 more will be drawn to complete the repairs; at which point the balance of the Fund will be approximately \$150,000. The snowmelt project should be completed within the next two weeks.

The proposed 2006 Budget includes a \$49,073 contribution to the Reserve Fund, which will bring the balance of the Fund back up to \$200,000 by the end of the year.

The Association expects to end the year with an operating deficit of approximately \$11,800. This is a revised number from the Proposed Budget that was sent to homeowners last month. This deficit is due to the cost of the flue replacements, which was unbudgeted, at approximately \$19,000. The revision of the projected deficit to be higher than what we recently mailed to the homeowners is for some additional, unexpected snowmelt repairs and maintenance expenses that were necessary at the start of this winter and were unrelated to the retrofit.

The exact amount of the operating fund deficit will not be known until all 2005 expenses are paid in late January. The 2006 assessment will be adjusted to reflect the actual 2005 year-end operating fund balance, once that number is known.

5. ELECTION OF DIRECTORS

Two three-year terms are open on the Board. Mr. Schmitt's three-year term is up this year. Also, Mr. Wagman was elected to a special one-year term last year to help stagger the elections, so that two positions come up for election each year. No Declarations of Candidacy have been submitted. The floor was open to nominations.

Mr. Rich nominated Mr. Wagman to serve another term on the Board. Mr. Anderson seconded. A voice vote was called, and Mr. Wagman was elected to the Board for a three-year term.

Mr. Lattof nominated Mr. Schmitt. Mrs. Hodson seconded. A voice vote was called, and Mr. Schmitt was elected to the Board.

Mr. Craig pointed out that because of a new Colorado State Law, SB 100, in the future Board elections will need to be done via secret ballot, rather than by voice vote at the meetings. Additionally, in the future any owner may request that voting for any particular issue be done via secret ballot.

6. UNFINISHED BUSINESS

2006 Budget Review and Ratification

Mr. Craig presented the homeowners with the 2006 budget proposal. Mr. Craig asked to make two changes to the proposed budget based on the most current information. The first is that the HOA expects to end year with a deficit of about \$11,800 rather than the \$5,000 that was projected last month, as discussed previously. Mr. Craig also recommended a revising the budget for insurance premiums down by \$7,000. After consultation with the HOA agent we recommend changing the deductible on the policy from \$1,000 to \$2,500. The HOA has had only had two claims in the last five years so based on past history this change should save the HOA money. The change in deductible will not change any of the coverage or limits. The effect of these two changes results in the 2006 Revised Budget assessment being nominally less than the previously approved budget. Mr. Craig asked any owners present if they had any questions or comments on the proposed budget. None were forthcoming.

Mr. Rich made a motion to approve the 2006 Budget, as revised. Mr. Anderson seconded the motion, and the motion was passed by a voice vote.

Fractional Ownership Concerns and Rules

Mr. Craig reminded members that the Board consulted attorney Rick Knezevich in May to determine options available to the Association, as related to Fractional Ownership and Rules.

In summary, Mr. Knezevich indicated that the option is available to amend the HOA Declaration to eliminate or restrict fractional ownership for future sales of units. It would require a 67% vote of approval from homeowners, and 100% vote of approval from First Mortgagees. Mr. Knezevich did add that this process is lengthy and can be complicated, further commenting that it would be the most aggressive option in treating this issue. It should be undertaken, only if it has the full support of the majority of the membership.

Mr. Knezevich also discussed the option of creating Rules that would not affect the ability of Fractional entities to exist at Owl Creek Homes but would be directed at regulating their behavior. This can be done without a change to the Declaration, as the Board has the right to establish Rules for the benefit of the membership at large.

Discussion was opened to the possible pros and cons of a Declaration change that would prohibit fractional and Club-type ownership of homes, for units that are sold after a to-be-specified future date. Board members described the advantages and disadvantages as:

Preservation of the quality of life afforded by the current environment in which homeowners can be friends and neighbors with other whole ownership families.

Elimination of the operational problems that are inherent in transient week-to-week usage.

A stabilized or reduced fractional ownership component may improve or maintain property values.

Future sales of worn fractional properties may reduce comparative unit values.

The only disadvantage cited was that buyers of fractional properties could offer premium, above-market purchase prices for properties. With a Declaration change, Homeowners would no longer be able to sell to a fractional buyer.

Mr. George pointed out that a new Colorado statute that takes effect in 2006 makes it easier for HOAs to change their Declarations, as First Mortgagees are deemed to have approved proposed Declaration changes, if they do not file written responses to those properly noticed changes within 60 days. In prior years a single, unresponsive Lender could block a Declaration amendment.

Mr. Rich made a motion to retain attorney Rick Knezevich to draft appropriate language for a Declaration change that would prohibit the future purchase of Owl Creek Homes by entities intending the use the home for fractional ownership or Club membership use. Mr. Schmitt seconded the motion, which was passed unanimously.

After the proposed amendment has been drafted, it will be sent to the Board for review, and then sent to homeowners and First Mortgagees for a vote, pending instructions from the attorney. Mr. Wagman requested that when the proposed Declaration change ballot is issued to the members, the Board should include an insert that will, as objectively as possible, list the pros and cons for the homeowners.

New Rules for all Homeowners and Occupants

After much discussion by the members present the following list of Rules was approved by voice vote and will be sent to all homeowners and property management companies. It is the responsibility of each homeowner that all occupants of their home follow the rules, and it is specifically the responsibility of each homeowner to review the rules with their respective property managers. Any observed rule violations should be reported to Barton Craig at Snowmass Lodging Company at (970) 922-4958. The penalties for Rules violations within each calendar year will be as follows:

First violation -written warning

Second violation-\$500 fine payable to the Owl Creek Homeowners Association

Third and subsequent violations -\$1,000 fine payable to the Owl Creek Homeowners Association

1-Vehicles must be parked in designated parking spots at all times. Parking in the street is never allowed.

2-The Board has the right to require homeowners to choose property management from an approved list of companies.

3-Garage doors must be kept closed at all times, unless in use for access/egress, or when the garage is in use by an occupant.

4-No unattended animals are allowed to be tied up with restraints outside the house.

5-No music played outside after 9pm.

7. NEW BUSINESS

Initiation Fee

Jerry Rich made a motion to propose a Declaration change to institute an Initiation Fee, to be priced at the discretion of the Board of Directors, for all new homeowners purchasing at Owl Creek Homes. The Declaration change will also include a provision that allows the Board to change the amount of the Initiation fee from time to time. The fee would be payable to the Association and is intended to be used as a contingency fund for current year operations or to increase the Reserve Fund from time to time. Mr. Schmitt seconded the motion. The motion was passed unanimously.

Allocation of Private Ski Lift expenses

Mrs. Hodson brought up for discussion the issue of Phase 1+2 homeowners using the private platter pull lift that is paid for by Phase 3 and Pines Homeowners. She also pointed out that at least one Phase 2 home has advertised use of the lift as an amenity in attempts to sell the home. Mrs. Hodson stated that she did not feel it was equitable that several homes in Phase 1+2 use the lift for ski access but do not contribute to its operation. Currently, the allocation of lift costs is specified by Declaration to be split equally among the 51 Pines homeowners and the 10 Phase 3 Owl Creek Homeowners.

Mr. Lattof is a Phase 2 homeowner and stated that his family does indeed use the lift for more convenient ski access. Owners and guests of Owl Creek Homes 11-17 most likely use the lift but do not contribute to expenses.

Mrs. Hodson made a motion to send a letter to the owners of Owl Creek Homes 11-17, requesting that they contribute a fair share for lift expenses. Currently, all homeowners that are required by Declaration to share in lift costs share in them equally. Mr. Schmitt seconded, and the motion was passed by a voice vote.

Mr. Rich asked, and Mr. Craig confirmed, that funds are allocated in the 2006 operating budget to improve the landscaping at the two entries to be of similar quality as the entrance to Fox Run. If these plantings yield the desired result, then the Association will use a similar process to replace or supplement aged wildflower sod beds throughout the grounds over time.

8. ADJOURNMENT

Mr. Schmitt moved for adjournment, Mrs. Hodson seconded, and the motion was carried. The meeting was adjourned at 5:40 P.M.

Respectfully submitted,

Eugene Schmitt, Secretary