

June 26, 2025

To: Stone Creek Owners Association Members

Subject: **2024-2025 President's Annual Report to Members**

I look forward to seeing you July 3, 2025 for our Annual Owners Meeting starting at 12:00p MT.

Our Association meeting will focus on three key topics:

1. Annual Officer elections for 2025-2026 term
2. Updating / evolving Stone Creek governance documents, including future reserves
3. Our building reconstruction timing and workplan your Board is working through
4. Sub-committee recommendation, to assist our Stone Creek community.

I look forward to our conversations and appreciate in advance the respect and professionalism our association members show each other.

To make the best use of our time together, I will use this annual letter to give SCCOA members a clear sense of priorities and their status. In short, there are three major priorities the current Board will carry forward and build upon during the 2025-2026 term:

1. Creation of a building renovation plan (roof, siding, fascia, windows, railings) plan.
2. Reinvigorate our HOA governing documents. As shared in earlier meetings, our current documents out of date. We implemented CCIOA last year but more needs to be done to ensure our governing documents are aligned, legal, enforceable and transparent.
3. Continually review and exploit operating cost reduction opportunities, to find the sweet spot between low cost, resident safety and ability to efficiently manage execution.

As we did last year, we built a bottom-up operating expense budget to ensure focus on our key expense items: water, insurance and repair. We carefully looked at our monthly capital reserve and after discussion with our bank, believe we can freeze (for this year) the capital reserve element, at the 2024-2025 rate. Undoubtedly, the capital reserve rate which the Board will consider for 2026-2027 will be adjusted. A key topic to be discussed at our meeting is instituting a capital reserve.

Significant investments paid by special assessment must be made for reconstruction. **We also have a drainage issue we must resolve ahead of reconstruction. In addition, we will special assess for continuation of the Architect.** We've encouraged all homeowners to listen to our quarterly board meetings to hear the latest updates, thinking and plans. We continue to welcome all owners to listening in to hear the reconstruction trade-off's and considerations undertaken.

The Board seeks our Association help in a few areas. I ask each of you consider actively participating in one of 2 sub-committees, to assist the Board:

1. **Governance Committee:** Steve has worked with 4 owners to develop talking points which will be reviewed at the Annual Owners meeting. We need to migrate the best of these ideas into a revised set of governing documents during the 2025-2026 term. A key

discussion topic will be resuming our capital reserve and Capital Reserve study, once the building renovation elements are finalized.

2. **Water Conservation Committee**: Water is our largest budget spend item. As we move forward with reconstruction, we will need to submit an updated landscaping plan to ToA which must include low water usage turf and bushes. There are financial incentives available if a subcommittee can begin the process of exploring ideas for Board vote on how we proceed, post reconstruction, to reduce our overall Association water usage.

I appreciate your consideration to participate in our Associations sub-committees. Our Board will have less time to devote to these two important focus areas due to reconstruction project execution. Hopefully, the current governance committee members will continue their time investment in our governance efforts. Likewise, if we leave the Annual Owners meeting with 5 volunteers determined to help us optimize Stone Creek water conservation, we will start them great step forward to reducing our future water expenses. Having endured two years of double-digit rate increases, our Association needs additional cost benefits.

Yearly Summary:

The HOA had unplanned challenges that required repair, removal and/ or replacement.

When executing the lower line sewer line jetting, we found a significant tree root issue with our sewer main that forced removal of a tree. Simultaneously, we found out that the significant spruce trees behind the west building were growing into the building foundation. Eagle WILDFire recommended and incentivized for their removal. At this writing, we're still working with TOA on a significant tree replacement plan, which is requiring some creative thinking and forethought due to machinery needed to execute our building renovation. We also learned through the process our property lines are closer to the building than we were led to believe, by the fence TOA replaced 2 summers ago. I remain optimistic we'll find a way forward with TOA through the reconstruction and beyond.

Our community is indebted to many of you for giving your time and labor in a way that allowed our community to keep certain budget expenditure costs down. We just had a successful yard clean-up day which many of your participated in removing dead bushes and exposing bear hang-outs.

We saved money vs. budget in winter snow removal. In an attempt to gain another season from our roof, we decided to more proactively roof rake the heavy snows. The snows of this past season came in a way which a number of us were able to roof rake and push out for snow removal vendor to manage, keeping our costs down. We also found a cheaper option when we had to move piles of snow late in the season. Last summer, we cleared some space to allow for major snow storage when needed which helped by not having as much snow on the building ends during the season. We need to increase this space this summer.

We replaced our jacuzzi cover with a higher quality cover which vastly improved our jacuzzi temperature control. We still have some minor issues with the way tenants close the cover – but we realized a much hotter jacuzzi resulting smaller electrical heater usage and far less repair.

Stone Creek Capital Improvements:

All Owners have been invited to participate in the initial discussions surrounding our current roof, railing, siding and fascia. Starting after the Annual Owners meeting, the Board will begin finalizing renovation decisions. Our Board has some of the best minds within and outside our community to strategize our way forward. **With no reserve** the Board seeks the best balance of long-term durability, lower ongoing operating and sensible owner out of pocket costs. We will use the insights made by our previous Board which invested in a building expert to understand various elements of our current problem and to provide thought leadership. We're seeking insights from our insurance provider/s to help prioritize areas focus and investment.

Go-Forward Board Leadership:

I'll finish this report by bringing up a topic that has been on my mind during both my years as President. Our former property management company resigned us two years ago. It continues to be very busy for the Board to quickly respond when day-to-day issues arise. Michael P has been fabulous in proactively identifying issues and resolving them, going above / beyond the work he's paid to do.

As I said last year, I **do not** feel Stone Creek will be successful reverting to a property management process, even after we finalize and invest major capital investment needs. **Why;** we're simply too small to be meaningful to a property management company, to make the myriads of phone calls necessary to get best value or even follow-up work done for Stone Creek.

This year, I'm planning to spend time recruiting SCCOA members to take their turn on future Boards. We're building online document library and simple processes to capture the "what, when & who" future Boards need to have as a starting point for decisions they take. In addition, future Boards will have better access to historical decisions as part of their decision process.

we need to build a community of owners who take their turn serving 1-2 year board assignments. The more of us that pitch in will help our community keep its annual operating dues as low as possible while keeping our property values and rental incomes as high as possible. We can only conquer cost inflation pressure when everyone helps out. Proper trash sorting and water conservation are just two things all residents can do immediately to contribute.

Our Association possesses million-dollar units. It will take our collective investments, effort (and luck) to sustain valuations which we can all be proud.

I look forward to seeing many of you on July 3, 2025 at Stone Creek Community Room.

Thank you for your continued support of our HOA Board and the Stone Creek Community.

A handwritten signature in blue ink that reads "Mike". The letters are stylized and cursive.