

**SAWMILL CREEK CONDOMINIUM ASSOCIATION
ANNUAL HOME OWNERS MEETING
June 16, 2001
Breckenridge, CO**

Owners present included:

Bob Christianson	208	Kathy & Richard Peat	207
Molly & Dick Logsdon	210	Larry Engel	205
Ree & Jack Goth	403	Orville Cook	404
Hank & Betty Coll	204	Jennell Todd	101
Joe & Lois Friesen	405	Dana & Linda Covert	112
Larry & Pam Pithan	212		

Chad Christy, Jeff Cospolich, Dennis Vander Schaaff, and Brian Juchno also attended representing Great Western Lodging.

I. CALL TO ORDER

The meeting was called to order on June 16, 2001, at 10:02 a.m.

II. ROLL CALL AND PROXIES

Eleven units were represented in person and twenty-three proxies were received. As mandated in by-laws, a majority was represented and a quorum was reached.

III. APPROVAL OF MINUTES FROM JUNE 17, 2000 ANNUAL MEETING

Hank Coll made a motion to approve the minutes as written. Jack Goth seconded and the motion passed. All members were in favor.

IV. PROPERTY MANAGER'S REPORT

A. Projects Completed

Chad Christy reported that the complete roof replacement of all Sawmill Creek buildings and the renovation of the spa room were completed in a first class manner and that there were no problems with either of these throughout the winter season after years of continual problems. He congratulated Dana Covert, the project manager, on a job well done. Chad continued by relating the goals of Great Western Lodging to cover basics since their take over in mid November. They included:

1. Touch-up paint
2. Planting flower boxes
3. Weeding the lawn
4. Bringing the elevator up to modern standard
5. Replacing the carpet in the landing area and elevator itself
6. Resurfacing the concrete in the bridge area to maintain appearance and safety
7. Texturing dry wall in the garage to match surroundings.

Question arose in regard to replacing the hallway carpet. Proposals include a neutral carpet, some commercial grade tile, vinyl, or rubber. The trim on top of the roof has not yet been painted as priority was on stairwells and touch up on the walkway walls. All fascias will be completed this year. Additionally, the original artist is refinishing

the Sawmill Creek sign that faces Park Avenue, and the posts are being replaced due to rot. Concrete disintegration along the south side of pond railing was addressed. Pieces have been pulled out, gravel has been cleaned, and it looks as if the area has been patched numerous times before. Long-term solution could be to cut the entire piece out so it can be reinforced. The effect of salt on concrete was raised. Close attention to products used can help the longevity of the concrete. Dana Covert suggested replacing it with river rock and gravel. Options will be looked at and a decision as to the best option will be chosen.

B. THREE-YEAR PROJECT PLAN

Goal is to be proactive not reactive to problems

1. The first item addressed was item IB, repair of the transformer fence. Instead of continually fixing the fence around transformer, it was decided to paint transformer to blend and remove the fencing. This saves money this year and next year by removing continual maintenance charges for fence upkeep.
2. Item IA, steam cleaning the hallway carpets. The carpets were steam cleaned last fall. Chad Christy proposed that they be cleaned in early summer, which was met with concern that contractors typically remodel during this time and that creates conflict. There was a counter proposal that the homeowners receive a letter reminding them that the contractors need to clean up after themselves. Bottom line responsibility of carpet cleanliness with regard to remodeling lies with the homeowner; it is their duty to ensure that the contractors they hire leave the hallways clean. It was agreed to clean the hallway carpets annually in the spring/summer.
3. The final project for 2001 is to dredge around and below the bridge area to prevent winter freezing and glacial build up. The first year should be the most expensive and with consistent up-keep cost should be reduced in future years, as it becomes an annual project. Dredging the entire pond is scheduled for 2002.
4. Completing the installation of the tile in the bathroom areas of the spa room is scheduled for 2002. Dana Covert suggested replacing the counter tops and fixtures as well.
5. Hank Coll suggested that item IIB, elevator and hallway landing upgrades, be accomplished in 2001. From a budget standpoint it was decided that this is not feasible but it is possible that it could be revisited in the fall pending on budget trends. Dana Covert suggested matching the mismatched carpet pieces with leftover carpet that is in storage and pulling out the pieces that currently do not match anything.
6. Item IIC, dredging of the pond area, is the biggest projected cost of next year. There is not an easy solution to the continued build up of sediment in the pond. The current plan is to disassemble the fence on the East side of the pond and bring in an excavator, then haul out debris in trucks via Park Avenue. This is potentially a somewhat destructive and labor intensive project that has not been addressed in an estimated two to three years and must be done. Dick Logsdon addressed the issue of contractors on 4 O'clock adding to the debris in the stream. Chad has discussed with the town the option of opening the floodgates and letting the debris continue downstream and has had poor reception to the idea. Hank Coll suggested that during the summer it might be good from a public relations and maintenance point of view if Sawmill Creek sponsored a fishing derby with some hot dogs for young children to come fish out the pond

instead of us having to catch them ourselves. Dick Logsdon addressed the added liability.

7. Item IID, the replacement of the Northeast stairwell leading to Park Avenue was the next issue addressed. The stairs have deteriorated greatly. After speaking with a concrete contractor it makes more sense financially to pull out and rebuild instead of looking at a temporary fix. This is scheduled for 2002.
8. Item IIIC, replacing the bridge, is the first item to be considered for 2003. Based on engineering reports from last year the bridge is currently structurally sound but needs to be replaced eventually. Research will ensue.
9. Item IIIA, a complete asphalt overlay of the driveway entrance will need to be done. Last year the middle strip most prone to deterioration was replaced.
10. Item IIIB, an upgrade of the irrigation system to an automated system. Approximately 1/3 of the current system has been torn out this year due to broken or torn lines. The current system is somewhat homemade and pulls water from six different taps resulting in decreased water pressure and requiring excessive attention. An automated system would be instrumental in returning the lawn to good health with minimal labor intensity.
11. The first item to be considered in 2004 is IVA, the complete painting of the building. Jack Goth expressed concern about waiting until 2004 especially considering the sun exposure on the south side of the building. Touch ups will be necessary every year between now and then.
12. Item IVB, a new elevator door and operating system will be necessary by 2004 if not sooner. However, looking at the other projects lined up over the next three years, this is appropriately placed close to last in terms of priority.

C. FUTURE ITEMS FOR CONSIDERATION

The following items were discussed as future projects:

1. Electronic key card system, estimated cost \$32,000. The estimates put forth in the 2000 meeting reflected the cost of only one door per unit, which does not take into account the ski closet doors. In the past a survey was to be sent out to determine whether or not this was something the homeowners wanted to pay for but there was never any follow through. This is more of a luxury than a necessity but will improve security.
2. Replacing the walkway carpets.
3. Updating the exterior walkway lighting. The entrance from the driveway to the south building needs more light. Chad discussed dressing up the exterior to make it warmer. Adding some Christmas lights creates definition and lighting throughout the ski season.
4. Replacing the stream lining above the bridge. The current installation was done at least ten years ago.
5. Discussion of homeowners purchasing china, glassware, etc. from Great Western Lodging in order to alleviate recurring costs of replacements was discussed. This may guarantee a consistent level of quality goods provided to the renter. Doing this loses some individuality, but Chad suggested providing two or three choices for each homeowner to pick from. This is a great convenience from a management point of view but would require an initial deposit from the homeowners. Research will ensue.

D. ADDITIONAL DISCUSSION ITEMS

Discussion of the overall quality of the Sawmill Creek complex was pursued. There are some wholesale vacation groups that are hesitant to send guests to Sawmill

Creek because of past experiences with both clientele and the previous property management company. Great Western Lodging is putting its reputation on the line by guaranteeing that Sawmill Creek will be different this year. Great Western has provided a certain level of service to these wholesalers and is telling them that Sawmill Creek will be up to those standards thus increasing homeowner income by increasing our sales. Sawmill is a quality building that lost business because there was not quality management in place. Great Western's goal is to turn this around and maintain inventory and maintenance of the grounds.

Several owners spoke about noise problems after 10:00p.m with the large groups in the past year. Chad suggested that all noise problems should be addressed by calling the police. Breckenridge police are very serious about enforcing the town noise ordinance and will respond immediately.

V. FINANCIAL REPORT

A. 2000 YEAR END

Overall the association was \$17,915.00 over budget. This was from an operating point of view and did not take into consideration capital expenditure that occurred. Asphalt repair was not included in the budget. The negative \$19711.15 repair and maintenance line listed in the Sawmill Creek Association Income statement is explained by the following:

The total for maintenance and repairs was \$42,913.00. The previous agent was using reserve funds that needed to be reclassified. The actual amount spent on maintenance and repairs was \$23,292.00. Because the money needed to be reclassified to balance out the reserve funds, the line item appears as -\$19711.15.

B. 2001 CURRENT

The largest single change in the 2001 budget is line item 8025. Sawmill Creek had almost \$88,000.00 in claims filed between 1999 and 2000 that effectively made the association uninsurable in the primary market. Building insurance was between \$15,000.00 and \$16,000.00 including the O and E policy for the board of directors. Our current policy increased to \$40,428.00 due to our claims of the last three years. Our building insurance will remain high until January 2003 based on these previous claims. If the association can go forward without any claims, we can reenter into the primary insurance market and the rate will drop.

This year's budget was projected to be at a loss of \$13,125.00. Projections through May 2001 showed an expected over budget of \$5,829.00, the actual over budget was only \$55.34 showing an improved ability in gauging expenses. The association current has \$62,797.00 in the bank and we are debt free. There was discussion of raising dues by \$50.00 effective January 2002 in order to stay ahead of projected costs and to avoid an assessment fee in the future. This increase is expected to cover all the operating cost increases and proposed budget for 2002, but will not augment reserve funds for the next three years.

VI. NEW BUSINESS

A. INSURANCE

The building insurance is primarily under of current declaration. Due to the recent increase in premiums, Chad suggested we research a change in the

declarations to reflect that unit owners must carry interior insurance coverage to allow the building insurance to be only used if damage is caused by items carried within the walls or other common areas. If damage were created to another unit from within that unit, then the owner would be responsible for the cost to repair. It was decided that further research into this change was necessary but the overall feeling was that this was a good idea.

Additionally, Chad brought to the meetings attention that the average age of the water tanks in Sawmill is 10 years; the average life of a water tank is 12 years. Chad strongly recommended putting in a group bid for hot water tank replacement. Upon contacting homeowners about tank replacement it was requested that the association include a recommendation of minimum amount of content insurance for every unit in the building. Great Western Lodging brought building insurance up to a level so that in the event of a fire, flood etc. the building would be rebuilt up to today's code. Consensus was agreement on the recommendation to the board on the way Sawmill Creek has been reinsured.

B. CABLE

The TV system is currently set up as a cable feed with satellite reception. The association purchased its own satellite system, which gives us the opportunity to sell service to other complexes thus reducing our operation costs. Our channel access is limited in that we cannot access channels unless everyone that prescribes to the system has access to channels. It is estimated that we can lower our costs \$5.00 per month per unit or keep the costs the same and add three HBO channels. Consensus was to keep the costs the same and add more channels.

VII. NEXT MEETING DATE

Kathy Peat made a motion for the meeting to be held on the last Saturday in June. It was agreed that the next meeting would be held on June 29, 2002

VIII. ADJOURNMENT

With no further business Jack Goth made motion to adjourn. Joe Friesen seconded this motion and the meeting was adjourned at 12:44p.m.