

SAWMILL CREEK CONDOMINIUM ASSOCIATION
ANNUAL HOME OWNERS MEETING
June 29, 2002
Breckenridge, CO

Owners present included:

Jack & Ree Goth	403	Orville Cook	404
Betty & Hank Coll	204	Michael Jasiak	116
Jenell Todd & Herb McCormick	101	Gene Pipkin	406
Linda & Dana Covert	112	Larry & Libby O'Brien	401
Dick & Molly Logsdon	210		

Chad Christy, Keith Kroepler, Dennis Vander Schaff, and Brian Juchno also attended representing Great Western Lodging.

I. CALL TO ORDER

The meeting was called to order on June 29, 2002 at 10:00 a.m.

II. ROLL CALL AND PROXIES

Nine units were represented in person and thirty-four proxies were received. As mandated in by-laws a majority was represented, a quorum was reached.

III. APPROVAL OF MINUTES FROM JUNE 16, 2001 ANNUAL MEETING

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

IV. PROPERTY MANAGER'S REPORT

A. Projects Completed

Chad Christy spoke of the highlights of Projects Completed for 2001-2002.

1. Steam Cleaning of all the common area walkways
2. Removal of the fencing around the transformer and painting the transformer for improved appearance
3. Refinishing of the Sawmill Creek sign located on Park Avenue
4. Touch-up painting of the exterior fascia, walkway railings, front doors, front door trim and exterior wooden stairs
5. Installation of directional hallway signage
6. New unit door numbers
7. Installation of new tile and counter tops in the spa bathrooms
8. Installation of new tile on the elevator floor
9. Concrete repair to both sides and surface of the bridge
10. Dredging of the area below the bridge for better water flow changed it from 1 foot to 4 feet
11. Pressure washing of all the building side stairwells
12. Various stucco repairs to all the building walkways
13. Staining of the pond railings
14. New summer planter boxes installed on the pond railings
15. Annual spring plantings to increase number of perennials in landscaped areas
16. Installation of new landscape area on the northeast area around the existing aspen grove

Unanimous comments of all attendees were that the grounds and total appearance of Sawmill Creek looked excellent. Chad commented on how much Matt (the on-site manager) enjoys working on the grounds and takes personal pride in the complex.

B. THREE-YEAR PROJECT PLAN

This has been adjusted slightly from 2001.

Items planned for 2002

1. Item IA. Elevator landing areas on each floor to be either carpeted or tiled to match, estimated cost of \$2,500 to \$4,000.
2. Item IB. Replacement of the northeast walkway/stairs to Park Avenue, estimated cost of \$4,000. Project is planned for mid July.
3. Item IC. Replacement of the stream lining to the bridge area, estimated cost of \$15,000. There are numerous cracks and an area where a hole has developed. The stream lining was put in around 1986-87. Options include either replacing the existing structure or researching a more natural rock lining. The hope is that this will eliminate some of the icing problems that we have as well.
4. Item ID. Installing a heat system below the bridge to prevent winter ice buildup, estimated cost of \$4,000.

Items to be considered for 2003

5. Item IIA. Dredging the pond area to remove debris and to restore it to its original depth, with an estimated cost of \$12,000 to \$15,000. This will need to be done approximately every 10 years or so.
6. Item IIB. New elevator door and operating system, estimated cost of \$16,000 (current replacement cost of \$14,300). This item was on the project list for last year and has been moved back a year. It will be completed within the next one or two years. The original door system motor has been replaced several times.
7. Item IIC. At some point the bridge will outlive itself and need to be replaced. This has been researched in the past and this replacement needs to be addressed in an uncertain number of years.
8. Item IID. Continued touch up painting of the building, estimated cost of \$2,000.
9. Item IIE. Concrete repair or replacement along the pond railing, estimated cost unknown. There is a concrete walkway that comes to a stop at a concrete patch, which is disintegrating. Current thinking is to create a deck area at water level so people could enjoy the day and feed the fish.

Items to be considered for 2004

10. Item IIIA. Complete building painting, estimated cost between \$70,000 and \$90,000. The south side will certainly need to be addressed if not the entire complex. A lot of touch up painting is done but there are areas that are not easily accessible. The south and west face take a lot more sun stress, so those sides only may be painted.
11. Item IIIC. Upgrading the irrigation system to be completely automated, estimated cost of \$10,000. Removal of all hoses, visible sprinkler heads, etc. A question was asked in regards to possibly upgrading the system a little bit at a time rather than all at once. Chad agreed that upgrading the system sections at a time would be beneficial. The question was asked if the sprinkler system on the north side had been corrected so that it wasn't seeping in the garage anymore. Further comments stated that the water was in fact dripping into the storage room. It was suggested to look at the minutes from about 3 years ago because it was believed that this issue was to be taken care of while under East-West management. It was supposed to have been torn out. Chad commented that the project should be researched immediately. There was also a question as to

whether the overlay or underlay barrier had been damaged so that the water came down through that layer. In the past it had been discussed that the sod should be torn up to that layer and re-doing the barrier. It was also suggested that it should be sloped away from the building. It was commented that there is a lot of corrosion and there is a question as to whether there is any structural damage. Attendees confirmed that the past management company had not followed through on this issue.

12. Item IIID. Asphalt overlay of the driveway entrance, estimated cost of \$10,000. We could have the asphalt sealed. Sealing it would be a more inexpensive way to maintain an appearance. The comment was made that the patchwork is holding up pretty well. There was a major patch done about 2 years ago down the center and it's holding up well. The comment was made that it has not been seal coated; sealing will be performed for both maintenance and sealing purposes.

C. FUTURE ITEMS FOR CONSIDERATION

1. Item IVA. Electronic key card system, estimated cost \$32,000. Chad stated that he felt a key card system was more of a luxury than a necessity, especially because of the cost of the project.
2. Replacing the walkway carpets. We feel that this project is a necessary cosmetic item and will need to be replaced once the carpet has lived out its full life. We feel that it will be necessary in another 2-3 years.
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.

ADDITIONAL DISCUSSION ITEMS

Some in attendance asked to have the carpets vacuumed and more often. Chad stated that the carpets are vacuumed constantly. Brian noted that the carpets were just steam cleaned professionally in June. Chad stated that at least one floor was vacuumed every day, and he also pointed out that the building was almost 75% occupied at this time as well, which would contribute to the carpets not looking freshly vacuumed all the time. Another comment was made that the big vacuum purchased by the Association does not seem to work very well. Chad stated that it does have some problems on the uneven surfaces, and that the problem will be researched.

A request was made to clean the elevator more often. Chad said that the elevator is mopped every day. Brian commented that the contractors that are in and out of the complex do not pick up after themselves and, as a result, the elevator takes a lot of abuse. Brian commented that the elevator door is painted nearly once per week because of the abuse it gets from the traffic. Extra attention will be given to the elevator floor and carpets.

It was asked if Great Western Lodging could get a security deposit from the contractors. Chad stated that it would not be manageable due to the fact that there are almost always contractors in some of the units and Great Western Lodging is unaware of their schedules. There is not a problem with cleaning up after contractors, or vacuuming and mopping as needed.

Brian said that the tile grout in the elevator does need to be re-sealed again. This will be completed when occupancy is down in the fall.

Chad commented that there are fewer quiet times during the summer months than there used to be in order to accomplish all of the projects that require less traffic.

It was said that since Great Western Lodging took over, the overall look of the entire complex is really nice and the flowers dress up the property nicely. Chad said that he had been corresponding with Andreas of East/West and he even commented on how nice the building looked as well.

Various attendees also mentioned that Matt is doing a great job and that it is good to have Matt, Heather and Brian on-site. Chad said that he feels that having on-site management is an important aspect. Attendees also said that the complex was "First Class" and that the operations staff had great attitudes. Chad said that the tell tale sign of the turn around point is the fact that the real estate community is back into the project. Great Western Lodging has pushed the rental side as well as the community side. Chad stated that Great Western Lodging is very enthusiastic to be here.

Jenell Todd stated that she was very happy that she did not have any items missing from her unit this year and the higher standard of cleaning is greatly appreciated.

GENERAL DISCUSSION

Chad said that he has copies of the Tetra Tech report to be submitted with the 2002 minutes. The report/pictures explain the 4-foot glacier like flow down to the bridge. This will be addressed as well as the lining in the stream. A comment was made that there must be somewhere to slow the water down. Ground water is the problem in the winter, which has increased in water flow from 10 years ago. Great Western Lodging needs to take everything into consideration.

Last year it was stated that the Association would not be in any position for a discount on building insurance. The Sawmill Creek HOA will have to stay with high insurance costs for another twelve months, and next February the Association will continue shopping and try to get the rates reduced. Today's insurance market is one with more buyers than sellers, which is called a "capacity crisis". The upshot is any account with loss problems or fire risk (Colorado this year) is at the mercy of the seller of the insurance.

Fifteen of fifty-three owners have received a letter from their mortgage company stating that they need to have flood insurance. It comes down to the terms of each individual mortgage company. The latest quote that we received was \$6000/year for the Homeowner's Association to have flood insurance. This would be quite a large expense to the Association at this time. Mike Jasiak urged owners to check their appraisal paperwork. If the appraisal states that their unit is not in the flood zone, then the owner should not have to get flood insurance. It was suggested that the association get flood insurance and possibly bill the homeowner's for it. Due to the minority of owners affected by flood insurance, attendees agreed to have individual owners pursue further by writing letters to their Congressman. Hank Coll suggested that homeowners research their status with each individual title company.

V. FINANCIAL REPORT

A. 2001 YEAR END

Profit and Loss Budget vs. Actual for 2001

This report has never been presented in a homeowners meeting in the last five years, which is a complete overview including the adjusting entries by our CPA. For 2001 we had a budgeted net loss of \$13,125.00. The actual net loss of \$10,553.00 included a non-cash expense item. When you look at the expense categories, line 8050 is a depreciation expense; therefore in actuality for a cash point of view, the Association was only at a \$6,909.00 actual net loss. Management cost was maintained and a few of the projects from last year were aggressively handled. Hank Coll questioned what fixed asset is being depreciated. There is no definitive answer because it was rolled over from East/West Resorts accounting. It will be written off in a period of three years.

B. 2002 CURRENT

We have a budgeted net loss of \$4,911.00 through May 2002, and is currently showing a net profit of \$11,675.00. Due to an insurance payment schedule of June 1, 2002 for \$11,112.00 the Association is actually at a net profit of \$563.00 or a positive \$5,474.00 year to date over budget. All bank accounts at First Bank have been closed and the monies transferred into Weststar accounts. The Association operates with very little in its checking account and transfers funds from savings as needed. A reserve bank account has been opened with a current balance of \$57,916.00. A portion of the monthly dues will automatically be deposited into the reserve account each month to equal \$19,000.00 annually. Due to the Association's future projects, a reserve fund baseline of \$40,000.00 needs to be maintained. It was discussed that there will be a dues increase in the near future to allow the reserve to grow. It was also discussed that fifteen percent of annual gross dues income would be a comfortable level to maintain. All members attending agreed to an increase to help subsidize previously outlined projects.

VI. NEW BUSINESS

A. AUTOMATIC PAYMENT PLAN

Twenty-two of the fifty-three homeowners are signed up for automatic payment withdrawal for Association dues. Ideally, there should be as many owners as possible in the system. Having more people on automatic payment will lower the cost or prevent the cost of account management from rising in the future. Additionally it provides the funds to the association every month on a timely basis. It is secured, executed on-line and with authorization for dues only. There has never been a double payment/withdrawal error in the fourteen months that the system has been in place. It is suggested that all owners sign up for the automatic payment system. At some point the board will want this to be a mandatory situation and the association will charge the homeowner a surcharge is not in the program. A unit banking information sign-up form is enclosed.

B. LAWSUIT

High Peaks Construction was secured two summers ago to replace the roofs and ice melt system. They stopped working before the completion of the punch list during the transition of East/West and Great Western Lodging. Months passed without conversation with High Peaks. Faxes and letters from our attorney were sent to them to let them know what still needed to be completed on the project. Last spring, High Peaks sent some blanket invoices (plywood- \$5,000, electrical -

\$8,000, down spouts - \$10,000) totaling up to about \$23,000 that they claimed was still due to them. The only item that was agreed that there was any payment due to them was the plywood. Price was not agreed upon, but the work had been done and details on footage, labor, etc. were needed. The only plywood work that was done was in the spa area. Months passed with no response, and at one point High Peaks Construction dissolved in the state of Colorado and then they reemerged. This spring it went back and forth with them telling them what was not agreed upon and asking for both parties to agree on a price owed. High Peaks Construction chose to file a suit against the association for the full amount of \$23,000. The ironic part is that there is a balance due to them for the final payment of about \$6,000. That \$6,000 was being held based upon their finishing the punch list which was about half of that. They never finished the punch list, so that \$6,000 they forgot about. They were never able to itemize their invoices. The Association retained an attorney, Letofsky and Dombrowski. They have responded to the summons stating the agreement on the plywood, but not the dollar value. There is disagreement with the electrical because no work was authorized and no one knows where \$10,000 of down spouts are located. At this point the attorney said that even if it does go to court, the judge would order it back to arbitration. The contract states that any additional work must be approved and invoiced but High Peaks is saying that these items were verbally approved. The next step will be a court date if High Peaks Construction pursues the lawsuit. The Association is in the right, but unfortunately it can be costly. There is no lien filed against the Association. Dana Covert documented the complaints and communication all along when the work was not completed. There had been an option in April to come up with a dollar amount; our attorney recommended that the Association should not make an offer because it was prepared to only offer \$3,500. A settlement is hoped for in the future.

VII. ELECTION OF BOARD MEMBERS

Larry Pithan submitted his request via e-mail to become a member of the Board of Directors. Hank Coll made a motion to nominate Larry Pithan, and Dana Covert seconded the motion. All members were in favor and the motion passed. Chad Christy gave special thanks to Larry O'Brien for his past services and contributions as a Board member.

By unanimous vote of all attendees, Jack Goth, Joe Friesen, and Hank Coll were submitted for re-election to the Board of Directors.

VIII. NEXT MEETING DATE

Jack Goth made a motion for the meeting to be held on the last Saturday in June 2003. Orville Cook seconded the motion and the next meeting date will be held June 28, 2003.

IX. ADJOURNMENT

With no further business Jack Goth made a motion to adjourn. Orville Cook seconded this motion and the meeting was adjourned at 12:15p.m.