

**SAWMILL CREEK CONDOMINIUM ASSOCIATION
ANNUAL HOME OWNERS MEETING
June 28, 2003
Breckenridge, CO**

Owners present included:

Larry Engel	105	Larry & Pam Pithan	212
Brian Erley	112	Jack Goth	403
Steve Browning	203	Orville Cook	404
Hank & Betty Coll	204	Joe & Lois Friesen	405
Kathy & Richard Peat	207	Gene Pipkin	406
Kathy & Molly Logsdon	210		

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

I. CALL TO ORDER

The meeting was called to order on June 28, 2003, at 10:00 a.m.

II. ROLL CALL AND PROXIES

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

III. APPROVAL OF MINUTES FROM JUNE 29, 2002, ANNUAL MEETING

Jack Goth 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. Building Insurance

Chad reported that three years ago there was a flood situation from the attic area above unit #316, in which it flooded twice within eight weeks. Due to the amount of the insurance claim, this situation prevented Sawmill Creek Association from being in the primary insurance market, leaving the association in the secondary insurance market. The building insurance increased from \$12,000.00 to \$42,000.00 annually. Chad was pleased to announce that the insurance policy is now back in the primary market with a savings of close to \$25,000.00 this year. The policy is now \$18,400.00 annually and Chad credited Keith with working very closely with the insurance broker, Gary Longballa, to create this savings for the association.

B. 2002/2003 Projects Completed

Chad reviewed the projects completed during the past 12 months, with a few of the highlights being:

1. Stream Lining: The stream had a concrete liner that made it look more like a storm run off culvert. The liner had broken down over the years and was completely removed and replaced with a more natural rock lining. The lining was completed this past spring after the snowmelt. Hank Coll asked Chad to update the owners with information regarding the water flow into the stream. Chad explained that ground water creates an ice glacier that builds up against the bridge every winter. The increase in ground water is due to the amount of

additional development and building that has been occurring upstream over the years.

2. Irrigation: Matt, the on-site manager, has spent a lot of time re-locating the sprinkler heads to ensure the water is no longer spraying into the garage area. Additionally, some of the gutters have been replaced or repaired as well.

Hank Coll commented that the building looks very good, better than it ever has.

C. 3-Year Project Plan

Chad reviewed the current 3-year project plan:

1. Items to be considered for 2003
 - a. Elevator and Landing areas on each floor: It was decided to continue the pattern on the elevator floors out to the landing areas. The board approved this project for the end of the summer. Estimated cost of \$2,500 to \$4,000.
 - b. Replacement of the concrete stairs to first level: In the last few weeks, it has become more apparent that this project needs to be addressed on a structural level. This will be addressed this year as well. Estimated cost of \$8,000 to \$10,000.
 - c. Ice melt system for under bridge: this project will more likely be completed next year, after the pond has been dredged. Estimated cost of \$4,000.
 - d. Dredging of the pond: remove debris and restore to original depth, estimated cost of \$15,000 to \$20,000.
2. Items to be considered for 2004
 - a. Continued touch up painting of the building, estimated cost of \$2,000.
 - b. Concrete repair or replacement along the pond railing, estimated cost unknown.
 - c. Asphalt overlay of the driveway entrance, estimated cost of \$10,000.
 - d. Deck area over steps going to pond, estimated cost of \$6,000 to \$8,000.
 - e. New elevator door and operating system, estimated cost of \$16,000. This project may be moved to 2003.
3. Items to be considered for 2005
 - a. Complete building painting, estimated cost between \$70,000 and \$90,000.
 - b. Upgrading the irrigation system to be completely automated, estimated cost of \$10,000.
 - c. Replacing the bridge linking the parking areas, estimated cost unknown.
4. Items to be considered for the future
 - a. Electronic Key Card System, current estimated cost of \$32,000.
 - b. Replacing the walkway carpets
 - c. Update exterior walkway lighting

ADDITIONAL DISCUSSION ITEMS

Hank Coll encouraged each of the owners to check out the stairs by the pond and to visualize a deck with a barbeque, the view, etc., and to give feedback to the board members or Chad.

It was asked whether failed windows were the owners' responsibility; Chad answered yes. Windows are the owner's responsibility. Jack Goth stated that if owners want to change the type of windows, etc., that they would need to get approval from the board.

It was asked how the re-routing of Colorado Highway 9 would affect Sawmill Creek. Chad stated that next summer the stoplight on North Park Avenue and Hwy 9 will be removed and a roundabout will be put in place. As for the rerouting of Highway 9 to Park Avenue, the reason for the Town of Breckenridge's request for this change revolves around trying to make Main Street more pedestrian friendly. The exact timeline for this project is unknown at this time.

Kathy Peat asked whether the flaking in the garage would be attended to in the year 2003. Chad said the association would take care of the matter this year. The flaking is due to the rise and fall in temperatures.

V. FINANCIAL REPORT

The financial report was presented by Chad and was as follows.

A. 2002 YEAR END

Profit and Loss Budget vs. Actual for 2002, the association had a net income of \$3,660.89, under budget.

B. 2003 BUDGET OVERVIEW

Over \$50,000 is scheduled to go into the reserve fund this year and the association is currently on budget with this line item. Line 8025, Building Insurance, will have a substantial savings this year due to the decrease in the premium cost. The insurance savings will offset some of the upcoming projects reviewed earlier. Hank Coll wanted to make sure Keith was recognized for his hard work and a job well done regarding the savings with the insurance.

C. 2003 BUDGET/ACTUAL 1/1/03 - 5/31/03

The association was budgeted to be negative about \$3,800, but the actual was a positive of \$6,447.12. Line 8345, Electric, is showing over budget due to a cost increase this past fall.

D. BALANCE SHEET AS OF 5/31/03

Very little is kept in the checking account, the funds are transferred as bills are paid from savings. Since the ACH system was implemented, the dues have been paid on time and the association is always aware of the monies it will receive as dues payments every month. There are currently 5 units not on ACH, 2 of which pay the year in advance.

GENERAL DISCUSSION

When the roofs were completed, there was damage to the stairwell landings. Because of this damage, the Association held out the final payment to the contractor. The contractor had filed suit against the association for approximately \$25,000. The association settled in arbitration for about 50 cents on the dollar. No liens were filed on the property.

Kathy Peat asked if it was feasible for Great Western Lodging to automatically deposit statement checks in to owners' accounts. Chad stated that it is not possible with the software that Great Western Lodging uses, however, Great Western Lodging can deposit the checks manually if the account is local.

VI. NEW BUSINESS

A. REAL ESTATE VALUE

A Real Estate information spreadsheet was passed out to the owners at the meeting, which reviewed the current unit listings and the previous sales of units in the building.

B. GONDOLA AND PEAK 7 & 8 EXPANSION

The gondola was originally proposed to run caddy corner from the lot behind Town Hall to the base of Peak 7. The loading zone has now changed to the lot closer to City Market. The information provided by the Ski Resort is that the earliest the gondola will be completed is 2006. The town has granted a 20-year building permit for the building of the Peak 7 and Peak 8 development, which is longer than any other development permit ever issued. The real question as to the completion of the project is when will they actually begin building. Vail Resorts has recently acquired a ski resort in Nevada (Heavenly), on the border of California and they seem to be interested in developing the gambling portion on the Nevada side and the ski area on the California side. Peak 7 opened this year, one chair lift and no snow making as of yet; however, this summer they plan on implementing the snowmaking.

C. SKIER DAYS

Skier days for Breckenridge were down 3% this year, to 1,400,000 skier days. Vail was number 1 in the country for skier days with 1,600,000. Vail only does 200,000 more skier days than Breckenridge considering the difference in skiable acres of the 2 resorts, with Vail being twice the size of Breckenridge.

D. BIKES

It was suggested that a bike cage be accessible for guests to avoid bringing the bikes up to the unit and to ensure that the bikes are safe rather than just a bike rack.

E. GREAT WESTERN LODGING MARKETING PLAN

Hotels.com, Expedia and Travelocity are all web travel networks that Great Western Lodging is now enrolled with. There was hesitation to get involved with these types of firms due to the fact that the rates are more aggressive and are determined more by the firms than Great Western Lodging. The online companies are looking for lodging in one location, such as Sawmill Creek with 38 units available to them. Great Western Lodging has eased into the group market and with the on site management Great Western Lodging is confident that they will be able to continue to manage the groups without the problems reported with the previous property management company. Great Western Lodging was down this year almost 23%, whereas in comparison the Breckenridge Resort Chamber was down 40%. Sawmill Creek, in comparison to Park Place, is doing better with reservations. Great Western Lodging has terminated contracts with owners who had 2 bedroom units at various other properties to be able to market Sawmill Creek more efficiently.

GENERAL DISCUSSION

Matt will be moving in September and leaving Sawmill Creek. Please stop by and wish him well.

Jack Goth mentioned that Great Western Lodging has done a great job. He also wanted to point out Keith's efforts as well. Chad stated that Great Western Lodging enjoys managing Sawmill Creek.

VII. ELECTION OF BOARD MEMBERS

Overall, there are 6 members of the Board of Directors for Sawmill Creek. Two positions are available and Kathy Peat has volunteered to serve another term. From the floor, Orville Cook has been nominated along with Brian Erley.

Kathy Peat stated that she has been on the board for 2 or 3 terms, and was encourage by the interest of other unit owners to participate as a board member. Kathy offered to withdraw her name in order to give Orville and Brian a chance to serve.

No further nominations. Hank Coll motioned to close the nominations, Jack Goth seconded. All were in favor. Hank Coll made a motion to elect Orville Cook and Brian Erley on the Board of Directors, Kathy Peat seconded. All were in favor.

Jack Goth wanted to note a special thanks to Kathy Peat for her service on the Board of directors and for her time spent.

VIII. NEXT MEETING DATE

The last Saturday in June has been when the meeting was held the past two years. The next meeting date will be June 26, 2004.

IX. ADJOURNMENT

With no further business Hank Coll made a motion to adjourn. Orville Cook seconded this motion and the meeting was adjourned at 11:40a.m.