

**SAWMILL CREEK CONDOMINIUM ASSOCIATION
ANNUAL HOME OWNERS MEETING
June 25, 2005
Breckenridge, CO**

Owners present included:

Jim Levi	100	Bill Zanca	209
Herb/Jenell Todd-McCormick	101	John & Kara Bachman	211
Jim & Paula Peterson	102	Larry & Pam Pithan	212
Paul Cooper	104	George & Janna Kiser	215
Ruth & Randal Smith	107	Phil & Lee Ann Henbest	301
Gregg Carlson	109	Mike & Karen Svetlic	302
Wm. Christian B. Jackson	110	Pat & Rick Dame	304
Brian Erley	112	James McKinney	307
Gary Warren	114	Woody Barela	312
Dale & Suzanne Schlinsog	201	Cathy O'Hollearn	401
Steve Browning	203	Jack Goth	403
Kathy & Richard Peat	207	Rose Mary & Orville Cook	404
Joyce & Bob Christianson	208	David Berrong	407

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

I. CALL TO ORDER

Larry Pithan called the meeting to order on June 25, 2005, at 2:10 p.m.

II. ROLL CALL AND PROXIES

Twenty-seven 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. (Unit #401 represents 2 units).

III. NOTIFICATION OF MEETING NOTICE

IV. APPROVAL OF MINUTES FROM JUNE 26, 2004, ANNUAL MEETING

Jack Goth motioned to accept the 2004 Meeting Minutes, Brian Erley seconded the motion, all were in favor and the motion was passed.

A. Correction to 2004 Meeting Minutes: Brian Erley was present at the meeting, but was not listed as present on the minutes.

V. FINANCIAL REPORT

The financial report was presented by Keith Kroepler and is as follows.

A. Profit and Loss Budget vs. Actual – January through December 2004

1. Line Item 8025 – Insurance, shows a savings due to the ability to drop the flood insurance.
2. Net Income of \$19,130.72, which was transferred to the Reserve Fund Cash account.
3. Line Item 8100 – Repairs and Maintenance, had a savings of \$10,987.52.

B. Profit and Loss Budget Overview – January through December 2005

1. The association is currently budgeted to show a profit of \$4,955.84 for 2005.
2. The Reserve Income is budgeted for \$50,380.00

C. 2005 Budget vs. Actual 1/1/05 - 5/31/05

1. Line Item 8025 – Insurance, shows a savings of \$1,928.50 due to the cancellation of the flood insurance.
2. Line Item 8100 - Repairs and Maintenance, shows a savings of \$2,973.89.
3. Line Item 8345 – Electric, is over budget by \$2,988.81 due to the cost of electricity, not usage.

D. Balance Sheet as of May 31, 2005

1. Line Item 1025 - Reserve Cash Account, balances to Line Item 3550, Replacement Fund Balance in the amount of \$113,775.12.
2. Line Item 1200 – Accounts Receivable, shows a credit balance due to some owners paying dues in advance.

It was asked how the Sawmill Creek HOA financials compared with other associations. Keith answered that the association is profitable. Great Western Lodging manages the repairs and maintenance without “nickel and diming” the association, enabling the association to profit at year end. Chad commented Park Avenue Lofts 2 bedroom unit dues begin at \$800.43 per month.

Larry Pithan made a motion to approve the 2004 financials. Orville Cook seconded the motion, all were in favor, the motion was passed.

VI. PROPERTY MANAGER'S REPORT

A. 2004/2005 Projects Completed

1. The bridge was torn apart and rebuilt with steel pieces to upgrade and repair it.
2. The pond was dredged, and 3-4 feet of debris was removed from the bottom of the pond.
3. Stairwell touch up painting was also done.

B. 2005 Projects to be Completed

1. The roof membrane on the garage on the left has rusted and the concrete is disintegrating. If the renovation project does not go forth next year, this project will become a major priority.
 - a. A temporary patch may work for the time being.

The town is under major road reconstruction and in the process will improve the crosswalk in front of Sawmill Creek.

VI. NEW BUSINESS

A. Exterior Renovation

1. Larry Pithan recapped that the project will include exterior renovation, windows, patio doors, entrance doors, elevator replacement, hallway carpeting,
 - a. The elevator needs to be replaced, but the association hopes to wait until next year for any major repairs. It is believed that the current situation will hold out for 1 year. The estimated cost of replacement is \$92,000.00.

- b. The estimate last year did not include the new cab, hydraulic pump or door frame.
2. The project is currently at the schematic design phase. The architectural plans were sent to four different local general contractors. The contractors presented the architectural review committee with proposals with past completed projects, previous history and estimates of costs.
 - a. The review committee interviewed each contractor. Based on the interviews, Travis Construction represented the best value and experience. The committee selected Travis construction to do further work.
 - b. In May, the committee asked Travis Construction to refine their estimated costs.
 1. Travis Construction met with all their subcontractors, and they walked the property many times. They found some unknown conditions during this process but they made sure they had those costs covered. The number from Travis is at \$1.7 million and they feel very comfortable with that number. Some line items are still estimates but the project is too far away for total accuracy.
3. The next process would be to finish the drawings, flush out a lot of the details and then early next year, Travis Construction would turn the current estimate into hard bids.
4. The contract is called a cost plus with a guaranteed maximum. The guaranteed maximum means the costs will not go over the maximum, but if the costs come in below, that will be what the association will pay.
5. It is possible to offer an incentive for the work to be completed early, as well as penalties if the work isn't completed in a timely manner.
 - a. The general contractor's reputation is on the line to complete the work in a timely manner.
 - b. Travis Construction is currently doing the exterior renovation of Ski Hill Condominiums.
 - c. It is also up to whomever the association selects as a supervisor to make sure the construction is on the timeline the contractor presents.
 1. Great Western Lodging is interested in the position of supervising the timeline and construction. Chad Christy has experience with this and would like to offer himself and Brian Juchno for the position.
6. Travis Construction estimates \$1.7 million, the architectural fees are estimated at about \$35,000.00, the sub-consultant fees have an allowance of \$5,000.00 (possibly a structural engineer, supports for the new stone, when things are opened up, there may be some structural upgrades needed, etc.). Builders Risk insurance is budgeted at about \$2,500.00. The elevator renovation already has \$50,000.00 budgeted but an additional \$50,000.00 may be needed if total replacement is approved. There is a \$25,000.00 allowance for the on-site owner's representative. The total is about \$1,870,000.00.
7. The recommended assessment is for \$35,000.00 per unit. Larry Pithan is very comfortable with this number, the reserve fund is also a backup which contains about \$113,000.00 as of today.

8. It was asked if there are any other large projects foreseen within the next 5 years. Chad answered there may be some projects that will arise, but they wouldn't be anything too large and the association will be saving money in the repairs and maintenance due to the renovation.
9. An owner also asked why the square footage of each unit wasn't being taken into consideration. Larry answered that the units with the lofts do not offer that much additional work, therefore he does not feel it's necessary to charge by square footage. All previous assessments have been based equally on all units with 401 counted as two units.
10. It is anticipated the property will increase in value tremendously after the renovation.
11. One owner suggested the project be completed in phases due to the large amount of the assessment and loss of revenue during to the renovation.
 - a. The repair issues with the building alone would cost about 50% of the total renovation just to repair the items needed. It is a lot of money, but the amount the units will increase in value should surpass the lost revenue and the assessment amount.
 - b. Doing the work in phases will add to the total cost and will increase the amount of the building's down time.
12. The Board of Directors had suggested 2 payments initially, with the first due in January of 2006 and the second due in April of 2006. The owners requested more than 2 payments and possibly a later due date.
13. There is some concern over the project's cash flow and the timeliness of the assessments being paid by the homeowners. If payments are not received, is there going to be difficulty in paying for the project?
 - a. Larry said the by-laws specifically state that if a unit has past due payments owed, a lien and foreclosure can be placed against the unit.
 - b. Travis Construction will need money up front for materials.
14. The double unit, #401 will be assessed a double assessment. The unit has twice the square footage.
 - a. The developer created one unit out of two, the owners of #401 bought into the unit knowing it was considered two units, therefore there is no legal way to avoid a double assessment.
 - b. Larry Pithan feels a double assessment is fair since there are 2 decks, twice the square footage and more windows.
15. It was discussed that perhaps the one bedroom unit #100 should be assessed a smaller amount due to the fact that the square footage is less, there are less windows, etc.
16. Chad Christy mentioned that the Board and the architectural committee have put a lot of time and energy into this project. He believes this project is the best solution for the association.
17. One owner, a real estate broker, commented that if this project was not approved by the association he would put his unit on the market because without this renovation, he sees only a downhill spiral as far as the value of the property is concerned.
18. The renovation will also attract a "higher class" of clientele to Sawmill Creek. Along with the clientele, higher rents will also be able to be offered.
 - a. Higher rents will also coincide with the fact that the interior of the units also need to be updated.

A motion was made that the Board of Directors be authorized to complete the exterior renovation project in the amount of \$1.85 million. The Board of Directors is authorized to execute the contract with Travis Construction and also for the Board of Directors to authorize the assessment per unit not to exceed \$35,000.00 per unit.. The Board of Directors is authorized to lower the assessment for unit #100 – the one bedroom. The motion was seconded, 24 units represented were in favor and 3 units represented were not in favor, and the motion was passed.

Dale Schlinsog motioned to authorize the Board of Directors to determine the payments not to be less than two payments (December 2005 and May 2006) and the Board of Directors would have the right to extend those payments. The motion was seconded, forty-six units were in favor, 4 units abstained, and the motion was passed.

VIII. Election of Board Members

- A. 2 Positions up for re-election
 - 1. Larry Pithan (last election date: 2002)
 - 2. Joe Friesen (does not wish to be re-elected)
- B. Nominations from the floor
 - 1. Brian Erley nominated Larry Pithan, the nomination was seconded, and Larry Pithan was re-elected.
 - 2. Tom Kohler was nominated, there were no other nominations, and Tom and Larry were voted in by acclamation. Tom Kohler has been elected to the Board of Directors.
 - 3. A special thanks to Joe Friesen for the many years of service on the Board of Directors.

IX. Next Meeting Date

- A. The next meeting will be potentially set for June 17, 2006.
 - 1. It was suggested to hold the next meeting the last weekend prior to the beginning of the renovation (sometime in April) to ensure the owners a place to stay while they are here.
 - 2. April will be a possibility, as long as it is in accordance with the Declarations and By-Laws, the meeting may be held in the spring.

X. Adjournment

Jack Goth motioned to adjourn the meeting, Brian Erley seconded the motion, all were in favor and the meeting was adjourned at 3:40 p.m..