

**SAWMILL CREEK CONDOMINIUM ASSOCIATION
ANNUAL MEETING
Park Avenue Lofts conference room
Breckenridge, CO
June 25, 2011**

I. Call the Meeting to Order

The Sawmill Creek Condominium Association Annual Meeting was called to order by Larry Pithan at 10:06am on June 25, 2011, in the Park Avenue Lofts conference room.

Board Members present were:

Larry Pithan, #212

John Bachman, #211

Owners present were:

John Kosanovich, #116

Molly & Kathy Logsdon, #210

Nim Halfon, # 101

Scott Benson, #204

Kara Bachman, #211

Pat & Rick Dame, #304

Ken Wilson, #314

Lee Terry, #112

Proxies were received from:

James Peterson, #102

Kurt Krantz, #103

Stephen Scavatto, #105

Randal Smith, #107

Sue Parker, #108

Stephanie Martinez, #109

William Jackson, #110

Paul Allen, #111 & #309

Edward Rogers, #115

Geraldine Stronawski, #201

L. Monaco, #202

Stephen Browning, #203

Thomas Kohler, #205

Kathy Peat, #207

Gregory Rosa, #208

William Zanca, #209

Bryanne Wallace, #301

Karen Svetlic, #302

Joella Nauman, #303

Howard Claussen #305

James Way, #307

Jeffrey & Rita Aron, #308

Janet Burgess, #310

Thom Stalcup, #316

Elizabeth O Brien, #401

John Goth, #403

Orville Cook, #404

Joe Friesen, #405

Daniel Berrong, #407

Gary Vander Haagen, #408

Representing Great Western Lodging were Keith Kroepler, Jackie Gottschalk, Jeff Cospolich and Brian Juchno. Emma Stanbro of Summit Management Resources was recording secretary.

II. Roll Call and Proxies

With nine units represented in person and thirty-one proxies received, a quorum of forty units was reached.

III. Verification of Notice

Notice of the meeting was sent in accordance with the Bylaws.

IV. Review and Approval of Previous Meeting Minutes

Two corrections to the list of Homeowners present were noted by Jackie Gottschalk. Bryanne Wallace, of unit #301, was at the meeting not LeeAnn Hennbest. Also Kathy Logsdon's name was recorded incorrectly as "Karen".

John Kosanovich made a motion to approve the June 26, 2010, Annual Meeting minutes with the noted changes. The motion was seconded by Nim Halfon and carried.

V. Financial Report

This report was given by Keith Kroepler.

A. *2011 Budget Overview*

Last year's Operating account ended very close to budget with a slight loss of \$240. The 2011 Budget is also a zero balanced budget and similar to last year's. There was no increase to the dues. Keith Kroepler noted that the Insurance line item was budgeted for \$30,000, but will actually be approximately \$37,000. It is not known at this time how this discrepancy will affect the bottom line.

B. *Profit & Loss as of May 31, 2011*

As of May 31, 2011, the Operating account was \$4,527 over budget. This is due primarily to overages in the following accounts:

1. Boiler & Hot Tub Mechanical Repair - \$1,204 over budget
2. Hot Tub Supplies/Chemicals - \$2,360 over budget. Brian Juchno explained that due to government regulations, the peroxide chemical solution used in the spa is now over 50% weaker, which results in the use of larger amounts. Before the 9-11 terrorist acts, a solution which was over 50% peroxide was available. Now it is less than 30%. In addition, the price of the chemicals has increased.
3. Cable - \$680 over budget due to cable upgrades.
4. Trash - \$911 over budget

The balance of the Reserve Fund was \$109,228.

C. *Approval of Finance Report*

Ken Wilson made a motion to approve the financial reports as presented. Lee Terry seconded the motion and the motion was carried.

VI. Property Manager's Report

This report was given by Brian Juchno.

A. *2010/2011 Completed Projects*

1. The new sign was installed in front of the building and the planting area was enlarged and upgraded. The sign can now be clearly seen from all four corners of the street.
2. Landscaping and plantings were done around the sign to improve appearance.
3. The paver project in front of the building was completed.
4. The wooden stair treads by the grill area were replaced with metal treads.
5. Wireless internet (WiFi) has been installed throughout the building, and has been well received by guests.
6. Heat tape installation above the stairwell is in progress and will be completed shortly.
7. High Definition (HD programming) television channels are now available.
8. Heat tape was installed on water lines above Unit 314 which caused a leak last year.
9. GWL is looking into installing heat tape and gutters on the back side of the North building because of ice build up on the decks.

B. *Pending Projects*

1. Continue beautification of the property.
2. Add a seating area at the back of the building.
3. The railings around the pond and the nearby staircase railings are rusting due to the ice melt product. The railings will be sanded down and repainted. The ice melt product responsible for the damage was only used minimally this year.

An owner asked if the pond was re-stocked with fish. Brian Juchno replied that it was not necessary as most of the fish survived.

Kathy Logsdon stated that she recently had a frustrating experience with the grills as one did not have a gas canister and the canister on the other grill ran out. Kathy

asked the Board to consider installing a permanent gas line to the grills. Larry Pithan replied there might be an opportunity to upgrade the grills and install a gas line as part of the potential pond project, which will be discussed later. Brian Juchno apologized and said he always has a stock of canisters in the office and this incident must have happened on a Sunday when the office was closed. It was also noted that gas canisters are sometimes stolen from the grills.

The owners recognized Brian Juchno, his staff and everyone at Great Western Lodging for their efforts at the property.

VII. Old Business

Larry Pithan stated that the Amendments to the Bylaws had been approved.

VIII. New Business

A. *Pond Dredging/River Conversion*

Larry Pithan reviewed the pond situation. The pond was last dredged three summers ago at a cost of about \$35,000. The pond is already filling up with dirt and silt and will need to be dredged again in the near future. The interval at which the dredging is needed has become shorter due to the construction on the mountain. The Town is still unwilling to help with the cost. The Board has been discussing the idea of converting the pond back into a stream. This would eliminate the costly maintenance and increase the amount of green space, which could be converted to a picnic/grilling area. The Board will research the logistics of implementing this project with the appropriate authorities to see if it would be both feasible and practical.

A homeowner suggested looking into the possibility of a cost recovery fee collected from the developer of the mountain construction to cover environmental issues that arise as a result of their construction. The Board agreed this was worth pursuing.

B. *Reserve Study*

The Board has approved contracting with a local engineer to produce a Reserve Study. The cost will not exceed \$3,100 and will be paid for out of the Reserve Fund. SB100 requires that a Reserve Study be done. The engineer will do the Reserve Study to SB100 compliance.

C. *Dues Increase*

Larry Pithan announced that initial budgeting projections indicate there will most likely need to be a dues increase next year in the amount of \$30 to \$50 per unit per month. This increase is mainly being driven by an increase to the insurance

premium due to recent claims and higher utility costs. There has not been an increase to the dues in several years and the Association continues to maintain a healthy Reserve Fund. Even with the increase, the Association's monthly dues will remain comparable with neighboring units such as Pine Ridge and Cimarron.

Lee Terry stated he thought it would be more tolerable to the membership if the Association dues were increased by a small amount annually to keep up with inflation, rather than in random large amounts. Larry Pithan replied that it has always been the Board's policy to keep the dues the same and only increase periodically as needed. The Board will take Lee Terry's suggestion into consideration.

It was noted that the upcoming Reserve Study might also affect budgetary numbers.

D. *Property Values*

Keith Kroepler stated that property values seem to be stabilizing and the bottom of the market may have passed. The higher end properties in Summit County were hit hardest by the recession. Five (5) Sawmill Creek two-bedroom properties have sold in the last year. The last sale was in January for \$439,000 with a previous low hitting \$418,000. There have been no foreclosures and there are no delinquent owners at this time. There are a couple of units currently listed for sale.

E. *Peak 6 Expansion*

The ski area is looking to expand by 550 acres on Peak 6. The currently proposed alternative (alt 2) would include a day lodge and chairlift. The expansion has received preliminary approval from the Forest Service. An Environmental Impact Study has been completed and is available for review and the deadline for public comment ends on August 26, 2011. More info, and an opportunity to make comments online, is at <http://www.breckenridgepeak6.com/>.

F. *Events/Visits*

Visits to the area and Sawmill Creek properties are looking strong for late July and early August. On Saturday, August 27th, Breckenridge is hosting Stage 5 of the USA Pro Cycling Challenge, which was initially launched with the help of Lance Armstrong and the Colorado governor. Stage 5 will start in Steamboat Springs and end in Breckenridge. The final route through town will have the racers approaching town from the north, turning onto Park Avenue (CO Hwy 9). They will then proceed south, passing right in front of the Sawmill Creek property before eventually swinging left back on to Main Street, and riding north for a finish on the corner of Wellington and N. Main Street. More stage-specific info is available at <http://www.breckprocycling.com>.

IX. Election of Directors

Two Board members have resigned from the Board. The Board reluctantly accepted the resignation of Jack Goth, who has served on the Board for 20+ years and is resigning due to his wife's mobility issues. Jack had two years remaining on his term and the Board appointed Steve Browning as his replacement. Jack Goth was thanked and recognized for his service on the Board and to the Association.

Tom Kohler's position expires this year and Tom has indicated that he is not interested in being considered for reelection. The Board had a meeting to discuss the number of Officers on the Board. The Bylaws state that the Board can consist of three to six Board members. Typically, Boards consist of odd number of members for voting purposes. The Sawmill Creek Board has been operating with six members and the Board has now approved reducing the number of Board members to five.

Larry Pithan's term also expires this year. The floor was opened for nominations. John Kosanovich made a motion to nominate Larry Pithan. The motion was seconded by Nim Halfon and carried. There were no other nominations and Larry Pithan was reelected by acclamation.

X. Set Next Meeting Date

The next Annual Meeting was set for Saturday, June 23, 2012.

XI. Adjournment

Lee Terry motioned to adjourn at 11:14 a.m. The motion was seconded by Kathy Logsdon and carried.

Approved By: Larry C Pithan
Board Member Approval

Date: July 22, 2011