

**SAWMILL CREEK CONDOMINIUM ASSOCIATION  
ANNUAL MEETING  
June 23, 2012**

I. Call the Meeting to Order

The Sawmill Creek Condominium Association Annual Meeting was called to order by Larry Pithan at 10:02 a.m. on June 23, 2012, in the Park Avenue Lofts Conference Room.

Board Members Present Were:

Larry Pithan, #212	John Bachman, #211
Kathy Svetlic, #302 (via teleconf.)	Steve Browning, #203

Owners Present Were:

Michael & Donna Jasiak	#116	Kathy & Molly Logsdon	#210
Geri & Tom Stronawski	#201	Pat Dame	#304
Scott Benson	#204	Kristin & Ken Wilson	#314
Kathy & Richard Peat	#207	Jack Goth	#403

Proxies were received from:

Gregg Koldenhoren	#101	Joella Nauman	#303
Randal Smith	#107	Howard Claussen	#305
Su Parker	#108	James Way	#307
Stephanie Martinez	#109	Jeffrey Aron	#308
Paul Allen	#111	Paul Allen	#309
Lee Terry	#112	Janet Burgess	#310
Joan Wright	#114	Pam Swift	#315
Edward Rogers	#115	Thom Stalcup	#316
Lynda Monaco	#202	Libby O'Brien	#401
Thomas Kohler	#205	Orville Cook	#404
Todd Burnidge	#214	Joe Friesen	#405
Garret Scherkenbach	#216	Gary Vander Haagen	#408
Bryanne Wallace	#301	Pam Pithan	#212

Representing Great Western Lodging (GWL) were Keith Kroepler, Jackie Gottschalk, Jeff Cospolich and Brian Juchno. Erika Krainz of Summit Management Resources was recording secretary.

II. Roll Call and Proxies

With 12 units represented in person and 25 proxies received, a quorum 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

Mike Jasiak made a motion to approve the June 25, 2011, annual meeting minutes as presented. Jack Goth seconded and the motion carried.

V. Financial Report

This report was given by Keith Kroepler.

A. *2012 Budget Overview*

The Association ended 2011 with a loss of \$8,876. This triggered a dues increase for 2012. Keith Kroepler commented that the insurance premium had increased from \$36,100 to \$50,378, based on a building value of \$20,675,000. A new appraisal was done and the value was adjusted to \$18,350,000. The insurance agency, Neil Garing, was contacted about a new bid. They insure over 700 HOAs. They could not provide a bid for the current year due to the \$100,000 loss in Units 114, 214 and 314. They would be willing to provide a quote next year and they anticipate they should be able to get the premium down closer to \$40,000, assuming the leak repairs are effective. After the appraisal, Farmer's Insurance was able to reduce the premium to \$43,000, but the budget is based on a premium of \$37,890. Keith noted that Repair and Maintenance in 2011 was \$14,300, to cover the cost for the upper stream repairs from last year flood. This is not reoccurring so not included in 2012 budget.

B. *Profit & Loss at 5/31/2012*

As of May 31, 2012, the Operating account was \$1,339 favorable to budget. Overages in the Legal account are from the FEMA issue with flood zones. Boiler and Hot Tub Repairs are also over budget. This is from Spa repairs that were needed.

There have been a number of fairly significant claims. One was for a frozen pipe that leaked in the attic. The Board will consider doing further investigation to make sure there are no other areas with inadequate insulation. Brian Juchno said one area was identified this past winter and that there was a frozen water line in a kitchen sink. The problem occurs when units are unoccupied in cold weather and are not heated adequately. GWL is trying to find a way to track down where the pipes are located.

The balance of the Reserve Fund was \$65,400.

C. *Approval of Finance Report*

Molly Logsdon made a motion to approve the financial reports as presented. Ken Wilson seconded and the motion carried.

VI. Property Manager's Report

This report was given by Brian Juchno.

A. *2011/2012 Completed Projects*

1. Did some cobblestone work in front of the building and worked on the patio and seating area on the back side of the north building.
2. Some areas of hand rails were repainted. The ice melt tore through the paint on the rails. This will need to be done every few years.
3. A Reserve Study was done by an independent contractor. They came in and inspected all common elements of the building and then put a study together. This study includes the life span of the common elements, replacement cost and then when that item needs to be replaced in the future. This helps us to estimate what needs to be done each year. Most items are 15 to 20 years out.
4. There was major flooding of the pond last summer. Part of the upper stream was deposited into the pond. Brian worked with the Army Corps of Engineers to remediate the damage. The Army Corps of Engineers wanted the remediated area to be useful, so we created the picnic area. The upper part of the stream and banks were repaired, and the lower stream and banks were also repaired. The total project, including the picnic area & associated stream repairs and landscaping, cost \$80,000. This will reduce the costs of future dredging of the pond. To dredge the pond each time it cost \$40,000 to \$50,000. With the completion of the stream project, the pond/stream dredging will now only cost about \$4,000-\$5,000 every couple of years. In the picnic area there is a grill, picnic table and two Adirondack chairs. GWL will be installing lighting for winter time when it gets dark earlier.

Brian Juchno was recognized by the owners for his work at the property and all he did for the stream project and keeping to a budget.

B. *Reserve Study*

Keith said there were no projects scheduled to be done in 2012, but there was \$36,695 included in the Reserve Study for the pond/stream/picnic area work (classified as an Additional Project). This was not part of the reserve study due to that the work was being done while the reserve study was being made. The Reserve Study reflects a projected positive balance until 2019, when the next roof replacement may need to be done.

C. *Pending Projects*

1. Great Western Lodging plans to paint the spa area to freshen it up some. This area gets used just as much as anything else around the complex. It has not been painted in 12 years.

2. GWL will continue to concentrate on the landscaping to keep the building looking its best.
3. The south side of the building has a few areas of buckling of the siding, so that will need to be repaired and painted.

VII. New Business

A. *New Insurance Premium*

An appraisal was done after the renovation work in 2006. The value at that time was \$13.1 million, about \$240/sq ft of living area. The most recent appraisal was \$18.35 million, or \$284/sq ft of living area. This seems to be a pretty significant increase when property values have actually decreased. This figure will be confirmed with the appraiser.

B. *FEMA Mapping Error*

Brian Juchno said Sawmill Creek was back in a flood zone. The old flood maps were hand drawn; FEMA is now using satellite imagery and the two methods do not line up. FEMA is aware of the problem and is working to correct it. Lenders may require flood insurance and this is an individual unit owner responsibility, not the HOA. The HOA Board had GWL consult an attorney and found out the following. There is an option for owners to obtain "Preferred Rate" flood insurance from FEMA for \$450 instead of \$6,000, if it is required by their lender. GWL will have a survey map done for every floor level. It will identify the specific elevations for each floor within the flood zone. Owners can obtain a Certificate of Elevation for their individual unit for \$300. If an owner is called by their mortgage company requesting flood insurance, the owner is responsible for any and all tracking of documentation and cost of flood insurance. The attorney is watching the situation. All information GWL gets from the attorney will be put on the association website, [www.gwlhoa.com](http://www.gwlhoa.com).

C. *Dues Increase*

It may be necessary to increase dues in the 3% range to cover the insurance premium and other operating costs. The recent large claim will drop off the record after three years and it will be possible to shop the market for better pricing. Jack Goth wanted to know if there could be a small special assessment instead of a dues increase. This will be looked at in September once we can look at the budget.

D. *Electronic Locks*

At least two owners are interested in switching to an electronic lock. It would be possible, but they would have to be keyed to the Master for emergencies. It was noted that some rental management companies, including Great Western Lodging, do not permit electronic locks. A policy has been drafted. It specifies that electronic locks would have to match the finish stain (nickel) of the other locks, they must be keyed to the GWL Master key, and they have to be accepted by each owner's rental management company. The biggest issue is that the locks have a number sequence

which grants access, and this sequence needs to be reprogrammed after each guest. They will need to be able to be keyed to the master which is a KwikSet lock. Brian Juchno can assist owners who want to replace their locks.

*E. Recycling*

The recycling bins were being emptied once weekly and they occasionally overflowed. There is now a floating schedule with two pick-ups each week during the busy times of the year.

*F. Attic and Hot Water Heater Inspections*

An owner suggested doing inspections of the attics above all the top floor units to ensure there is adequate insulation to prevent pipe freezes and checking the hot water heaters. Brian Juchno said he would do a visual inspection of the hot water heaters in the fall when the smoke and carbon monoxide detector batteries are replaced.

*G. Online Unit Ratings*

Automated reviews are sent to rental guests within five days of their departure. The response rate has been about 20%. The reviews are being published on the website and the feedback is forwarded to the unit owners.

VIII. President's Comments

Larry Pithan said he was proud of the building appearance. The pond work and sign were big improvements. The Board and owners expressed their appreciation for Great Western's efforts to keep the building looking perfect.

IX. General Updates

*A. Real Estate Update*

Real estate sales information was provided. Keith Kroepler said the real estate community feels that the pond project is a unique feature and they are selling it. He believes the last \$418,000 sale represents the bottom of the market. The rental market remains competitive but the property has a great location and the units have more square footage than the newer buildings. Features that are important to guests include wireless internet, flat screen televisions and updated bedspreads and window coverings.

*B. Town of Breckenridge Update*

The ski area does not have any major projects scheduled for this summer. It was a challenging winter and skier visits for Vail Resorts were down about 12%. The Town is planning to add a roundabout by the intersection of Four O'Clock Road and South Park Avenue, but this was postponed due to budget restraints. The summer bookings are up 30% over last year but the winter bookings are flat right now. Breckenridge will

host a start for the US Pro Cycling Challenge on Friday, August 24<sup>th</sup>, and there will be rodeos in the parking lot north of the town on six Saturdays during the summer. There will not be any fireworks this year due to the extreme fire danger.

X. Election of Directors

Orville Cook resigned from the Board after more than 10+ years of service. He was recognized for his work over the years.

There will be four Board members for the coming year. The Board will evaluate if there should be a fifth member.

John Bachman's term expired and he indicated his willingness to serve another term. Jack Goth made a motion to elect John Bachman. Mike Jasiak seconded. There were no other nominations from the floor and John Bachman was elected by acclamation.

XI. Set Next Meeting Date

The next Annual Meeting was set for Saturday, June 22, 2013.

XII. Adjournment

Mike Jasiak made a motion to adjourn at 11:28 a.m. The motion was seconded and carried.

Approved By:   
Board Member Approval

Date: July 13, 2012