

**SAWMILL CREEK CONDOMINIUM ASSOCIATION
ANNUAL MEETING
June 25, 2016**

I. Call the Meeting to Order

The Sawmill Creek Condominium Association Annual Meeting was called to order by Larry Pithan at 10:01 a.m. on Saturday, June 25, 2016 in the Park Avenue Lofts Conference Room.

Board Members Present Were:

Larry Pithan, President, #212
Steve Browning, Secretary, #203

John Bachman, Treasurer, #211

Owners Present Were:

Linda Sardi, #100
Geraldine & Tom Stronawski, #201
Rich Whittington, #204
Molly Logsdon & Kathy McCracken, #210
Joella Nauman, #303
Sabrina Hefley, #312

Michael & Dona Jasiak, #116
Anne Browning, #203
Bobbie & Bill Zanca, #209
Pam Pithan, #212
Rick & Pat Dame, #304
Ken & Kristin Wilson, #314

Representing Great Western Lodging were Keith Kroepler, Leanne Hamilton, Jeff Cospolich and Brian Juchno. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. Roll Call and Proxies

With 13 units represented in person and 26 units represented by proxy a quorum was confirmed.

III. Verification of Notice

Notice of the meeting was sent on May 17, 2016.

IV. Review and Approval of Previous Meeting Minutes

Joella Nauman made a motion to approve the June 27, 2015 Annual Meeting minutes as presented. Bill Zanca seconded and the motion carried.

V. Marketing, Town of Breckenridge Update and Real Estate Update

Jeff Cospolich reported that the Town of Breckenridge occupancy was up this year. There is construction underway on Highway 9 at the curve by Farmer's Corner to reroute and

straighten the road and increase the number of lanes. The construction should be completed sometime in the spring or early summer of 2017.

The Town of Breckenridge had scheduled construction of a roundabout at the intersection of Park Avenue and Four O'Clock Road for this summer but the only bid received for the project was about \$250,000 higher than the budgeted amount so this project has been postponed until next year at the earliest. The Town and Vail Resorts reached an agreement last year to guarantee \$3.5 million to address parking and transit solutions. The original plan was to build a parking structure on the F Lot in town, but after professional studies were completed it was concluded that a parking structure in that area might actually exacerbate the traffic issues. The Town is now looking at a more holistic approach, such as reducing car use and increasing bus ridership. It is hoped that posting the real time bus arrival schedule, improved lighting, more heated sidewalks, better electronic signage and message boards will assist in achieving this goal. Other ideas that have been discussed are additional gondolas from the parking lot north of town on Airport Road and from the ice rink parking lot.

Breckenridge Creative Arts was recently spun off to a separate entity. The majority of the funding is still provided by the Town. They continue to increase the number of events to elevate the cultural scene.

The average daily rate has increased 8% since last winter for all properties in Breckenridge. The short term rental base is increasing but the competition is very strong. There is a significant problem with workforce housing since many owners have switched from long term to short term rental. Industry reports indicate that Breckenridge is losing a bit of business to its competitive set, which includes Winter Park, Vail, Park City and Telluride. The lodging tax for the Town is about 10% ahead of last year.

Keith Kroepler provided a real estate update. Inventory is very low. Sawmill Creek is a very desirable property based on its location and dues. The last sale at Sawmill Creek was \$582,500 (98.9% of list price), which is close to the sales prices prior to the market decline, and the unit sold within 15 days.

VI. Financial Report

This report was given by Keith Kroepler.

A. *2015 Year-End Review*

Keith Kroepler said the Association ended 2015 with a post-audit loss of \$236.

There were three significant variances to budget:

1. Admin/Legal Expenses - \$3,106 actual vs. \$1,980 budget due in part to a \$1,300 expense for the FEMA Flood Zone map correction. The property is no longer in the flood zone.

2. Repairs & Maintenance - \$24,537 actual vs. \$14,428 budget. A number of expenses that could have been classified as Reserve items were left in the Operating Budget in order to preserve the Reserve balance. These expenses included bridge supplies, gutter repair, fire inspection, restroom sensors and fire code repairs.
3. Boiler & Pool Mechanical Repair - \$8,897 actual vs. \$1,675 budget due to boiler inspections and repairs required for state compliance.

B. Profit & Loss as of 5/31/2016

As of May 31, 2016 the Operating account was \$4,964 favorable to budget. Keith Kroepler reviewed the significant variances to budget:

1. Repair & Maintenance - \$5,085 actual vs. \$1,517 budget due to repairs to south garage ceiling for \$3,300 and a new sign. He anticipated this account would balance out over the course of the year.
2. Hot Tub Supplies/Chemicals - \$4,928 actual vs. \$3,181 budget. The solution strength of hydrogen peroxide has been reduced from 60% to 30% due to safety concerns so it has been necessary to purchase additional 55-gallon drums.
3. Insurance - \$11,266 actual vs. \$15,458 budget due to timing of the installment payment.

C. Approval of 2016 Budget

The 2016 Budget bottom line as presented was identical to the 2015 Budget with no dues increase.

Rich Whittington made a motion to approve the 2016 Budget as presented. Bill Zanca seconded and the motion carried.

VII. Property Manager's Report

This report was given by Brian Juchno.

A. 2015/2016 Completed Projects

1. A grate system was installed on the bridge to allow for dredging underneath on an annual basis. As part of this project, the heat system was disconnected. The deteriorating concrete on either side of the bridge was replaced. Dredging was completed from above the bridge to the dam. An allocation of \$2,000 – \$4,000 will need to be included in future annual budgets for this project but an attorney for the Association is exploring the possibility of recouping some of the expense from other entities upstream or building a holding pond by the uphill property border.
2. Painted all of the walkways. The project was completed about \$8,000 under budget.

3. The property sign was replaced after the original sign was stolen.

B. Pending Projects

1. Repair heat tape as needed.
2. Continue with landscaping improvements, including planting of willows along the stream.
3. A new professional Reserve Study will be completed. The existing Study is four or five years old and an update is recommended every three to five years. The schedule and costs for projects will be adjusted as appropriate.

Owners made the following comments:

1. An owner asked about the status of the hot tubs. Brian Juchno said there has been careful management of the chemicals in an effort to prolong the life of the equipment. The staff has completed certification classes. The chemical balance of the water is monitored regularly. There have been occasional leaks but the shells are in pretty good condition. The hot tubs are scheduled for replacement in the Reserve Study in 2019. Switching from a hydrogen peroxide to salt water sanitation system is not feasible due to the volume of use.

VIII. Old Business

A. Noise Issues

Larry Pithan said there have been some owner complaints about noise from the units above them. Larry explained that there was not much that can be done about this problem. The building is wood frame construction and transmits sound easily. Brian Juchno said spray-in foam would be cost prohibitive because the support beam bays are not linear so multiple holes for spraying the foam would have to be drilled and patched. The Board is looking into adding some requirements for cork and rubber insulation when hard surface flooring is installed. The Board is researching what types of materials are available and will be adding this requirement to the Rules and Regulations. He noted that carpet is the best material for preventing sound transmission and areas with existing carpet should remain carpeted. Adding carpet runners on the hard surfaces is also helpful. All in attendance were in agreement that both buildings have noise issues because of the wood frame construction.

B. Cable Television System

Steve Browning said there are widespread problems with the cable system. Operation of the multiple remotes is problematic and there is no on screen program guide. Brian Juchno explained that Pine Ridge and Sawmill Creek created a partnership in the late 1980's called Four O'Clock Cable to provide cable service along Four O'Clock Road before cable was readily available in the area. The coop still exists and Sawmill Creek is still a partner and benefits financially through

reduced rates and free cable boxes. A Board controls the equipment, signal, distribution and service contract. The individual at Pine Ridge who has been overseeing the system is no longer there. Brian said the Board wanted to compile a list of complaints and issues to present to the Four O'Clock Cable Board. An owner commented that the reception and programming was better than the previous provider. An owner said she had problems with the internet timing out. She was advised to contact Sundial directly. The Board will draft a letter to the cable company. If the issues cannot be resolved, the Association will have to look at other options such as Comcast or DirecTV for the property, which will be more expensive than the existing system. The Boards of the other Associations participating in the cable coop will be contacted.

C. Smoking

Larry Pithan said the property is a "no smoking" complex but there are ongoing problems with violations. Brian Juchno asked owners to contact the building management office to report smoking violations and the offending party (regardless of management company) will receive a written notice that includes a warning regarding fines for continued violations. The Association is only able to fine the unit owner but Great Western Lodging can issue escalating fines to rental guests in the units they manage. There are a couple of designated smoking areas along the perimeter of the complex on town property to discourage smoking in the units. All in attendance were in agreement.

D. Dogs

Larry Pithan reminded the owners that all dogs must be leashed. Pet owners were asked to ensure that their pets do not relieve themselves on the carpet, close to the building or in the parking lot because it is unsightly and destroys the vegetation.

IX. New Business

A. Insurance Renewals

The Board received a new replacement cost appraisal for the property. The appraisal was \$20.8 million and the property is insured for about \$21 million. The insurance cost increased slightly.

B. Feeding Wildlife

An owner suggested posting a copy of the town publication that explains why wildlife should not be fed on the website. In addition, signage that reads "Do Not Feed the Foxes" will be added by the "No Smoking" signs and verbiage will be added to the Rules and Regulations.

C. Recycling

There are recycling bins by the garbage but no signage identifying the various bins. Brian Juchno said the recycling was single stream and the recycling company

removed the signs. A suggestion was made to install larger bins. Brian Juchno will follow up on this item.

D. Hot Tub Temperature

An owner commented that the water in the hot tub was not hot enough. Brian Juchno said he has checked the temperature several times after receiving complaints and it has always been 104 degrees, which is the level mandated by the state. The water is cooler after the tub has been drained and refilled, but signage is posted when this occurs. Owners were asked to inform the management office regarding hot tub issues.

X. President's Comments

Larry Pithan said this year was the ten-year anniversary of the renovation. The Association spent \$2.088 million on the renovation (an assessment of \$35,000 per owner). The plantings are maturing, the new property sign is beautiful and the building exterior looks good. He recognized Great Western Lodging for their work at the property.

XI. Election of Directors

The terms of Karen Svetlic and Steve Browning expired. Both indicated their willingness to serve additional terms. There were no other nominations from the floor. The two incumbents were reelected by acclamation.

The owners thanked the Board for their service.

XII. Set Next Meeting Date

The next Annual Meeting was set for Saturday, June 24, 2017.

XIII. Adjournment

A motion was made to adjourn at 11:57 a.m. The motion was seconded and carried.

Approved By:


Board Member Signature

Date:

