

**SAWMILL CREEK HOMEOWNER'S ASSOCIATION
BOARD OF DIRECTORS MEETING
February 6, 2009
Breckenridge, CO**

Jack Goth, Orville Cook, Karen Svetlic, Larry Pithan, John Bachman, and Thomas Kohler attended via teleconference call.

Keith Kroepler, Brian Juchno and Jackie Gottschalk represented Great Western Lodging (GWL).

Topics of Discussion:

I. Call to Order

The meeting was called to order at 3:12 p.m.

II. 2009 Budget

Operating comparison shows the 2008 budget, 2008 actual and 2009 budget. There is a \$13,000 deficit that will be written off to the prior year's retained earnings. The IRS wants to see a zero budget each year; money allocated to reserve can no longer be moved from the reserve account to pay regular bills unless taxes are paid on that amount. If the Board approves an increase, the increase will go into the operating budget only.

The budget that GWL has put together shows no dues increase from January to March, and a \$50 increase for the remainder of the year. This budget was as tight as possible. At the annual meeting it was mentioned that the HOA was already showing a \$9,000 deficit, and by year end it worsened to a \$13,000 deficit. The 2008 budget forecasted a \$4,000 deficit. The elevator monitoring and security inspections were not budgeted for in 2008; these items alone were \$11,000. These items have been budgeted for in 2009. If something happens to the hot tubs, the reserve account funds can be used.

At the annual meeting a \$50 dues increase was discussed, and there was no disapproval from the owners at that time. The only alternative to the increase is to have a special assessment when the HOA is over budget again. Or take reserve funds the first six months and put into operating.

There are no capital expenditures expected in 2009. In 2010 or 2011 the board needs to think about dredging the pond again. Most of the run off is from the ski area, so when it rains there is a lot of mud and rocks coming off the ski slope. Brian has talked to the town and they are not willing to help in any way since Sawmill altered the stream into a pond. Another option is look at turning it back into a stream if the association wants to get rid of the pond and pond expense. When last dredged it cost \$33,000, today's cost would be about \$38,000.

If implementation of a dues increase does not happen there will be a shortage of about \$24,000 for the budget. There is no way to make up this amount based on the numbers. There are retained earnings that can be used, but then the association runs the risk of not having the money in the account to pay the bills.

John Bachman motioned to approve the 2009 budget as is with the \$50 dues increase to start April 2009. Jack Goth seconded the motion. All voted in favor to approve the dues increase and the 2009 budget as presented.

GWL will send a notice for the dues increase along with the budget to all owners next week.

Sawmill Creek's home value since 2004 has gone up 78%. In 2004 the value was \$263 per square foot. In 2008 the value rose to \$469 per square foot. Most other condominium values only went up about 30%. The exterior remodel certainly has had an impact.

III. New Business

The Board needs to look into whether or not the HOA should cover all unit insurance to make sure the entire building is covered inside and out. If this is done, the unit insurance will be covered by the dues. GWL will look into this prior to the annual meeting. We will schedule a meeting with the current insurance agent to discuss this matter.

Dose the Board want to write a whole new set of bylaws instead of trying to fix the current ones? Kent Willis is the lawyer that should be asked to assist with the SB 100 and bylaws documents.

There will be another Board meeting scheduled to discuss these items further when there is more information put together.

IV. Adjournment

The meeting was adjourned at 3:43 p.m.