

CINNAMON RIDGE III CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
January 7, 2006

Board members present were Fred Davison and Larry Glover. Participating via teleconference were Mike Black and Grant Hogarth. Owner Mike Pederson (#101B) was also present. Board member Ray Yelle joined the meeting in progress.

Representing Summit Resort Group were Peter Schutz and Kevin Lovett. Erika Krainz transcribed the minutes from tape.

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I. CALL TO ORDER

Fred Davison called the meeting to order at 9:00 a.m.

II. APPROVE PREVIOUS MEETING MINUTES

Grant Hogarth made a motion to approve the minutes of the October 15, 2005 Board Meeting as presented. Mike Black seconded and the motion carried.

III. OLD BUSINESS

A. Fire Panel

Mike Black met with Allied Security. Allied provided an estimate for replacement of the fire control panel in Building B. Mike said Apex was asked in writing to provide a bid but has been unresponsive. Apex also missed a scheduled meeting regarding the fire panel. The contract with Apex expires November 30, 2006 with a thirty-day cancellation clause. Allied does not want to install the new panel unless they will have the monitoring contract as well. If Apex will not release the Association from the contract and requires a buyout, Allied has offered to split the cost of the buyout. Kevin believes, however, that there are clear grounds for cancellation of the current contract for non-performance. He plans to schedule the installation of the fire panel with Allied for February 1, 2006. He will send a certified letter to Apex giving notice of cancellation of the monitoring contract as of February 28, 2006. He will pay the February Apex monitoring fee, but will have Allied begin monitoring February 1, 2006 (no charge for the first month). Mike will provide additional information pertaining to the date the RFP was requested and the date of the meeting when Apex did not show or give notification that they could not attend. Fred Davison pointed out that the non-performance was related to installation of a new panel does not really pertain to the monitoring contract. If, however, it was Apex who notified the Board that the panel needed to be replaced, the subsequent lack of response to the Board's requests regarding this issue might be grounds for cancellation. Fred noted that the remaining Apex contract cost would only be about \$800 total. Kevin does not have a copy of the current contract; he has requested it three times in the past two weeks but has not received a copy or a return phone call. He suspects there might

not be a signed contract. Kevin was authorized to send the cancellation letter to Apex. Fred asked Kevin to get the agreement with Allied in writing.

Mike Black made a motion to authorize Kevin to move forward with having the Building B panel replaced by Allied (\$1,686) and to have Allied provide system monitoring (\$74.85/month), service (\$52/hour and \$78/hour after hours), and to perform the testing and inspections (\$33.83/month). Larry Glover seconded and the motion carried.

B. Safelok System

Kevin Lovett said management currently has access to all units. He has received and installed two replacement circuit boards and has purchased one spare for emergencies. New circuit boards are \$240. The company will replace them for half price, however, as long as the failed board is sent back. The turnaround time is a couple of days. Larry Glover said he contacted Safelok and was told that the current locks, at ten years old, are at the point where they start to fail. He was told the circuit boards could be upgraded for about \$3,000 (for all the locks on the building). Fred Davison did not feel it would be fiscally wise to spend \$3,000 on the locks at this time. Kevin will ask Safelok if the failed circuit boards can be upgraded to the new boards at the same price (\$120). He will also create a spreadsheet to track lock failures.

C. High Speed Internet

Options for high speed service are:

1. Comcast - An individual subscription costs \$45.95/month, including a modem and full support.
2. Comcast - A bulk contract for all units would be \$29.95/unit/month, including a modem and full support.
3. Comcast - "Transport Only" service would be \$10/unit/month plus \$10 additional for each building after the first one (\$20 total). Comcast would install one modem in a unit or in a common communication room and broadcast the signal via antennae to all units. Total cost would be \$320/month. Service would be a bit slower than individual modems. This option would not include any support.
4. SRG - "Transport Only" service similar to option #3 above but installation would be done in-house. The cost would be \$49.95/month for one modem plus the costs for broadcasters and antennae (approximately \$150 per broadcaster and antenna). This option would not include any support. The risk in this option would be that it will not be known how the system will work until it is actually installed. He noted, however, that SRG has been successful in this type of installation in two other complexes. Total cost would be \$50/month plus the initial equipment charges (approximately \$900). Even if a Comcast connection is needed in each building, the cost would only be \$150/month or approximately \$1.40 per unit per month.

5. Qwest - High speed internet service is not available in Keystone

Mike Pederson volunteered to help Kevin pursue option #4. Kevin was asked to provide a proposal in writing to the Board for approval as soon as possible.

D. *Common Area Gas Grill*

Cost estimates provided run from \$600 – 1,000 for a 60,000 BTU gas grill supplied by a hard gas line. Larry Glover noted that putting the grill by the hot tub would be inconvenient for occupants of Building D due to the distance. The Board agreed to table this issue for the winter and to address it in the spring in the context of a complete plan for the common area, including landscaping. The Board asked management to make contact with Neils Lunceford to start the process, i.e. provide Neils Lunceford with site plans. The Board discussed inviting neighboring Associations to participate.

E. *Sidewalk Railing*

The old sloping sidewalk at the west end of Building C was removed and was replaced with a stepped sidewalk. The original railing does not fit the stepped sidewalk and it will need to be altered and either fastened to the concrete or anchored in the ground next to the concrete. The concrete should not be drilled when it is frozen. Peter Schutz suggested tabling this issue until spring. Mike Black did not think a railing was required per code although a good safety feature to have. He recommended setting the railing in concrete next to the sidewalk instead of drilling into the concrete to avoid any potential for damage to the edge of the sidewalk concrete.

Fred Davison noted that changing the sloped sidewalk to steps possibly eliminated the ADA access to the lower level. Mike did not find anything on the building plan to indicate that particular sloped sidewalk was designated as the ADA access. The edge of the steps should be painted yellow in the spring. Kevin will further research the ADA access issue.

F. *Roof Repairs and Snow Rails*

Turner Morris will complete the repairs on the small roof on Building B as soon as possible. The vent cap project has been completed. There are a couple of areas on the front side of the buildings where the snow accumulation should be removed. Kevin Lovett was authorized to have the snow removed from the roof.

Larry Glover provided information about the SNOWBAR system, a snow retention bar that is installed on the roof to prevent snow sliding. The SNOWBAR representative recommended installing two rows of bars on the section of roof over the Building B parking lot. The cost for the SNOWBAR material would be approximately \$12/foot for the product plus \$25/foot for installation. The total cost for 135 linear feet would be \$4,995.

Turner Morris provided a bid of \$6,637 for five rows of 135 linear feet total and a bid of \$9,197 for five rows of 220 linear feet total plus 17 linear feet above the entryway. Kevin would like to meet with Turner Morris on site to review the bid; he believes the linear feet in the bid might exceed the actual size of the roof.

Larry also thought the Board should consider adding a row of SNOWBAR with heat tape below it on the back side of the building to reduce the amount of snow falling onto the decks.

Kevin was directed to get a revised proposal for the front side of Building B. If the system is installed and works well, the Board can consider adding a row to the back of the building. While Turner Morris is on site, Kevin will have them look at the bituthane and flashing repair work that is needed. Larry thought it might be possible to eliminate leaks coming in from the decks by adding flashing between the deck surface and the threshold, sealing the flashing under the threshold and covering it with bituthane.

G. Fireplace Inspection/Repair

This project is complete and all fireplaces are working. Larry Glover mentioned that the inspection report indicated the back walls of some fireplaces were cracked and needed to be replaced. Kevin Lovett will review the inspection sheets and contact any owners with problems to determine the status of their repairs. Fred Davison said the Board wanted to facilitate having any necessary repairs made and bill the owners since any damaged fireplaces are a safety concern.

H. Units 302/202 Deck and Unit Repairs

Kevin Lovett said once the leaks were stopped he would proceed with repairs to the siding and trim. Larry Glover asked Peter Schutz to follow up on the damage to Unit 202. He thought there was only minor damage to the drywall, but then received a bill for \$800 for repair to the threshold. Peter said the threshold damage might have been a separate issue.

I. Dryer Vent Hose Inspections

This project has been completed.

J. Owner Work Day

A notice will be sent to owners informing them of the 2006 Work Day on July 8, 2006 from 1:00 – 5:00 p.m., following the Annual Meeting. The notice will be sent at the beginning of June and will also be posted on the website. The Association will buy the food and soda and owners will be asked to bring their own alcohol. Kevin Lovett will contact Oro Grande, The Inn and Gateway about meeting room space. Lunch will also be provided.

K. Complex Address

The new addresses have been recorded with the County and are reflected on the County website. The Assessor's office will reflect the change in about thirty days. The addresses are as follows:

Building B – 60 Oro Grande Road Building C – 72 Oro Grande Road
Building D – 84 Oro Grande Road Hot Tub – 66 Oro Grande Road

L. Unit 121D and 123D Status

Kevin Lovett says he now has keys and access to both units. The Board reviewed a letter from the attorney regarding access and the gas grill issue.

The Board agreed to proceed as recommended by the attorney and to send the letter to the owner of Unit 123D informing him of his right to a hearing. It may be necessary to schedule a special meeting for the hearing. A statement should be added to the letter indicating that the Board does not prohibited electric grills.

The hearing was set for Friday, January 27, 2006 at 4:00 p.m. Notice will be sent to the owner by regular mail with a copy by email.

M. Frozen Pipes

The frozen pipes have been repaired and the pressure reducer valve has been installed. Drywall repair is complete. Temporary space heaters have been placed in the Building B and D boiler rooms. They are turned on as needed. The intake vents were reinsulated in accordance with Hillco's recommendations. A verbal proposal was received to connect permanent heaters to the boilers in those rooms at a cost of \$1,500 – 2,000 per building.

N. Building C Leak

There was a small leak from the copper lines under Unit 112 last week. It caused minor damage to six floor tiles in Unit 112, which management will repair. Hillco has recommended replacing a few copper lines, which will be done. After a short discussion regarding copper piping, Larry will look further into the resent water leaks.

O. Window and Door Screens

There are currently some window and door screens in storage. Kevin Lovett will try to have them installed by spring. Kevin was asked to inventory the sliding screen doors to determine how many need repair.

P. Sprinkler Manifolds

The manifolds holding the sprinkler lines in the mechanical rooms are wood. (This has been re-inspected since the meeting and it has been confirmed that the manifolds in C and D bldgs. Are in fact metal; Building B needs reinspection). The Fire Department would like to see metal supports. It would be a straightforward replacement, but it is a low priority for this winter. This will be added to the spring project list.

Q. Front Sign Light

The front sign light is working. Prior problems were caused by a switch that was turned off in the crawl space of Building B. The photocell for the light is very close to the ground and could be buried by snow so Kevin Lovett will look into moving it or making sure the snow is cleared.

R. Senate Bill 100

The Colorado Senate recently passed new legislation regulating homeowner associations. SRG has set up a website for all SRG-managed associations. All association governing documents will be posted, as well as meeting minutes, monthly financials and meeting notifications.

There are seven required policies that every association must adopt. SRG hired an attorney to prepare the seven policies in accordance with the association's governing documents. The policies are related to:

1. Collection of unpaid assessments.
2. Handling Board member conflicts of interest.
3. Conduct of meetings with reference to applicable provisions in the Nonprofit Act or other recognized rules and principles if desired.
4. Enforcement of Covenants and Rules including notice and hearing procedures and the schedule of fines.
5. Inspection and copying of Association's records by unit owners.
6. Investment of Reserve fund.
7. Adoption and amendment of policies, procedures, and rules.

The Board will review the policies and will approve them by email in the next week or so.

There was general discussion about the posting of meeting minutes on the Summit Resort Group website. The Board agreed that since all minutes would be public record going forward, owner names should not be included (unit numbers can be included).

Mike Black noted the website indicated 36 units in the complex but there are actually only 34. The building addresses also need to be revised.

S. Insurance

Larry Glover requested that Bob Strong be invited to participate in the next meeting via teleconference to discuss how Senate Bill 100 might affect insurance.

IV. FINANCIAL REVIEW

A. Year-to-Date Review

Fred Davison had a question about the Grounds Maintenance account. Total expenses for the year were \$3,434.47. Peter Schutz reviewed the posting journal and found that all charges appeared to be for landscaping improvements and expenses.

Fred noted there was a \$3,907 charge under the Reserve account and asked for an explanation. Peter Schutz said he would generate a report to provide additional information but he thought it might be the billing for the concrete replacement. Larry Glover was concerned because he did not have a copy of that check and did not recall signing the check. The Board policy specifies that all checks must have two signatures.

Larry noted that there was another expense that should be charged against the Reserves, i.e. \$612 for the engineering fees for the concrete project. Peter will have that transfer made.

Larry requested that he be notified whenever account numbers are changed.

Larry thought the interest amount for November was not correct. Peter explained the figures are taken off the bank statement by the CPA. The interest amounts for the entire year will be reviewed for accuracy.

B. 2005 Year-End Surplus

As a result of the reclassification of some expenses, the Association is projected to end 2005 with a surplus of \$7,013.57. Peter Schutz said the CPA recommended rolling the surplus into the Reserve Fund. Fred Davison said the Board felt the surplus should be rolled into the 2006 Operating Budget to offset the gas and electricity rate increases and to avoid the need for increasing dues or a Special Assessment. Kevin Lovett explained this could be achieved by transferring the surplus to the Reserve Fund and then reducing the annual contribution to the Reserve Fund by that same amount.

Larry Glover made a motion to transfer the 2005 surplus (\$7,013.57) to the Reserve Fund, and to reduce the 2006 Reserve Fund contribution by that same amount, prorated over twelve months. Mike Black seconded and the motion carried.

C. 2006 Proposed Budget

Larry Glover commented that it was very difficult to put together a budget without accurate numbers. Peter Schutz explained that when the budget was being drafted in October the figures appeared to be good.

Kevin Lovett reviewed the Proposed 2006 Budget. It did not include any dues increase. There is a one time energy surcharge, as discussed at the last Board meeting. The reduction of the Reserve Fund contribution as approved above will eliminate the need for the surcharge and he will make that adjustment.

Other adjustments included:

1. Audit and Tax - \$750 decrease based on actuals.
2. Legal – Add \$1,000 for Senate Bill 100 legal expenses.
3. Board Expenses - \$350 increase based on actuals and for owner picnic.
4. Management Fees – should be changed to 2.5% increase, not 3.2%.
5. Cable TV – increased 4.8% per contract.
6. Common Area Cleaning - \$600 decrease based on actuals.
7. Common Area Electric – increased 55% based on actuals and rates.
8. Upper Spa Electric – should be \$669 (2005 actual) plus the 30% rate increase.
9. Gas – increased 38%.
10. Lower Spa Gas – should be \$90 (2005 actual) plus 38% rate increase.
11. Landscaping Labor - \$1,850 increase (new account).
12. Landscape Contracts - \$2,500 increase (new account).
13. Grounds Maintenance - \$2,325 decrease due to reclassification of expenses in two new Landscaping accounts.
14. Snow Removal - \$1,750 decrease based on 45 plows at \$50/each.
15. Water - \$660 decrease based on actuals.
16. Sewer - \$2,128 decrease based on actuals.
17. Fire Protection - \$596 decrease based on actuals. The fees should be changed from quarterly to monthly.
18. Repair and Maintenance - \$175 increase based on actuals.
19. Spa Common Area Electric and Gas - \$260 increase based on actuals.
20. Spa Supplies - \$360 decrease based on actuals.
21. Insurance - \$99 increase based on actuals.
22. Spa Water and Sewer - \$20 increase based on actuals.
23. Spa Routine Maintenance - \$1,475 increase based on actuals. The Board directed Kevin to delete this account and to allocate the budgeted funds to the other two spa repair accounts.
24. Upper Spa Repairs and Maintenance - \$250 decrease based on actuals.
25. Lower Spa Repair and Maintenance - \$1,250 decrease based on actuals.
26. Replacement Accrual – reduce by the amount of the 2005 surplus.

Kevin will make the changes indicated above and email a revised copy to the Board. Approval of the 2006 Budget was tabled until the Board has the new copy in hand. The Board will approve the Budget by email.

V. SET NEXT MEETING DATE

The next Board Meeting was set for Saturday, April 8, 2006.

VI. ADJOURNMENT

With no further business, a motion was made, seconded and carried to adjourn the meeting at 12:15 p.m.

Approved By: _____ Date: _____
Board Member Signature