

**CINNAMON RIDGE III CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
October 14, 2006**

I. CALL TO ORDER

Mike Black called the meeting to order at 9:00 a.m.

Board members present were Larry Glover and Mike Pederson. Board members participating via teleconference were Mike Black, Fred Davison and Ray Yelle.

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

II. OWNER'S FORUM

Kevin Lovett explained this agenda item was included for compliance with Senate Bills 100 and 89 to give owners the opportunity to speak at Board Meetings. There were no owners present at this meeting.

III. APPROVE PREVIOUS MEETING MINUTES

Fred Davison made a motion to approve the minutes of the April 8, 2006 Board Meeting as presented. Ray Yelle seconded and the motion carried unanimously.

IV. FINANCIALS

A. Year-to-Date Review

As of September 30, 2006, the Association had \$35,872 in the Operating account, \$18,797 in the money market Reserve account at Alpine Bank and \$36,007 in the savings Reserve account at Alpine Bank. The Association was operating \$198 under budget mainly due to savings in common area cleaning, electric, gas, the Contingency Fund, landscape labor and landscaping contracts,

Kevin Lovett noted the \$27,000 Special Assessment still needed to be transferred from Operating to Reserves.

Kevin said there were no delinquent owners.

B. Proposed 2007 Operating Budget

Kevin Lovett reported that he had added new accounts to the 2007 budget. Two of the accounts that were added, "Site Manager Expense" and "Administration Expense" would provide separate accounts for Kevin and John's billable hours. Currently, these hours exist in the accounts where they were charged. The board will discuss this further. Contributions made monthly to the reserve account were returned to \$1380 per month after the increase in dues effective August 2006. Monthly Contributions to the reserve account will remain the same for 2007 as the revised budget of August 2006.

Kevin reviewed each expense line item in the 2007 Proposed Operating Budget. Accounts that changed from the 2006 Budget included:

1. Internet – \$4,320 increase. New account.
2. Accounting Fee - \$335 increase. New account for tax preparation expense.
3. Audit – \$350 decrease as no audit scheduled for the coming year.
4. Board Expenses - \$250 decrease. Moved Annual Meeting expenses to a new account.
5. Annual Meeting Expense - \$1,000 increase. New account.
6. Office Supplies – no change. Larry Glover noted the current expense was 300% over budget. Kevin Lovett will research the overage and report to the Board.
7. Administration Expense - \$3,000 increase. Kevin explained he had broken out several accounts to more accurately reflect the fees for himself and the on-site Manager.
8. Site Manager Expense - \$9,000 increase. See comment above. Mike Black was concerned about having enough detail regarding the specific work done charged to each category, mainly for future budgeting purposes. Kevin Lovett said he would work out a way to define the tasks with adequate detail in the general ledger.
9. Cable TV - \$390 (4%) increase per the contract.
10. Common Area Cleaning - \$3,000 decrease due to reclassification.
11. Common Area Electric – \$2,144 decrease, offset by upper spa area.
12. Upper Spa Electric - \$996 increase. Kevin was directed to reallocate the total expense over all months of the year based on actual usage so there it accurately reflects the fluctuation depending upon the season.
13. Firewood – decrease by \$500 based on current year's actual.
14. Landscape Labor - \$1,550 decrease based on reallocation of the on-site Manager's expenses.
15. Landscaping Contracts - \$2,500 decrease based on reallocation of the on-site Manager's expenses.
16. Roof Snow Removal – nothing budgeted. Kevin was directed to budget some amount for this service. He will determine last year's actual cost.
17. Fire Protection - \$2,500 decrease based on new provider's rate.
18. Spa Routine Maintenance - \$3,000 increase. New account.
19. Insurance - \$738 increase per historical trend.
20. Lower Spa Repair/Maintenance - \$1,475 decrease based on actuals. The Board agreed the repairs should continue to be tracked separately.
21. Replacement Accrual - \$4,095 increase based on new annual contribution.

Kevin will make the revisions as discussed and provide a new draft to all Board members. He will also make adjustments to the Contingency Fund as needed in order to create a zero-based budget.

V. MANAGING AGENT'S REPORT

A. *Completed Items*

1. Dues were increased effective August 1, 2006.
2. Touch up painting on steps, concrete sills and in hot tub areas.
3. Creation of new owner packet.
4. Drainage work on planter bed in front of B104.
5. Roof and siding repairs on C Building.
6. Sidewalk railing installation on C Building.

B. *Capital Project Report*

1. EFIS repair and painting completed. \$3,000 spent as budgeted.
2. B Building step repair completed. \$777 spent vs. \$3,000 budget.
3. Asphalt and drainage work completed. \$11,900 spent vs. \$11,070 budget.
4. D Building hot water heater installation completed. \$12,751 spent vs. budget of \$12,000. Kevin will contact Tom Hill to determine why he put in a hot water heater instead of a stainless steel tank and heat exchanger as discussed previously.
5. Internet installation completed. \$2,118 spent vs. \$3,600 budget.
6. Motherboard replaced in upper tub. \$1,205 spent vs. \$2,000 budget.
7. Roof snowbar installed on B Building. \$1,400 spent as budgeted.
8. Overall, \$33,151 was spent on capital projects vs. \$36,070 budget.

C. *Pending Items*

1. Carpet replacements/repairs.
2. Annual fireplace cleanings and inspections. The wood fireplaces need to be done every year but the gas fireplaces could be done every other year. Kevin will contact the Fire Department for a recommendation.
3. Unit 114 Saflok installation.

D. *Report Items*

1. Certa Pro recommended Cabot Semi Transparent or Semisolid oil stain for the back decks. Mike Black recommended staining two decks, one with each recommended product, as a test. Johnny will do this staining this fall with a light cedar color and the results will be reviewed in the spring.
2. The dryer vent ducts were last cleaned in May 2004. A bid of \$40/unit (\$1,360 total) has been received from Max Vac. The Board decided to have Johnny do the cleaning in-house with a shop vac for better quality control and cost savings.
3. Senate Bill 89 was recently passed to simplify and clean up some issues in Senate Bill 100. Kevin will resend copies of the revised policies and the one new policy to the Board for review. If there are simple changes, Kevin can make them, but anything complicated should be reviewed by the attorney.
4. Hired a carpet installer to attempt to repair the carpet in B Building. Due to the sticky backing on the carpet, all repairs were not possible as either

the carpet or flooring would have been damaged in the process. The installer recommended replacement of those areas instead of repair.

E. Apex Security

Kevin Lovett said there were non-performance issues with Apex. Written notice was sent to Apex for termination, but the original signed contracts outline specific termination procedures and the contracts for two of the buildings had already renewed automatically. The contract for the third building had a later renewal date and has now officially been terminated. Apex wanted to hold the Association to the agreement, i.e. payment through November, for the other two contracts. Notice was previously sent for termination, so ResortQuest has not paid the remaining invoices through November. Apex has sent the bills to collection. Mike Black has drafted a letter in defense of the Association's position for Board review that he will send to Apex and the collection agency.

F. Winterization Status

Greg Wieble, the same contractor as last year, will be plowing the property. Ice melt has been ordered and the heat tapes will be activated. The in-unit thermostats have been checked and adjusted for the winter. The irrigation system has been blown out.

G. Responsibility for Back Decks

The Association has historically been responsible for the repairs and maintenance of the back decks as required by normal wear & tear and exposure to the elements. The repairs and maintenance have been performed by the Association since they are part of the building envelope which must be kept in good repair for weather tightness and structural integrity and to maintain uniform architectural appearance. After review of excerpts from the governing documents regarding responsibility for the back decks provided by Kevin Lovett, it was unanimously reaffirmed that the Association is to remain responsible for back decks, i.e. replacement of carpet and staining.

Owners are financially responsible for repairs to back decks due to negligence or excess wear and tear. Any repairs of damaged areas that an owner may propose to arrange to be accomplished by themselves must be approved by the Board and inspected by the Association's management company.

There was general discussion regarding how the Board should handle owner requests for permission to either recarpet or stain their back decks individually in advance of the scheduled maintenance program. The Board ultimately agreed to handle such requests on a case by case basis.

VI. OLD BUSINESS

A. Carpet Replacement Plan

Kevin Lovett said C and D Building carpets were in good condition and did not need to be replaced at this time. B Building second and third floors and common

areas have the worst carpet. The hot tub area and B Building back decks are in bad condition. All bids include removal of the existing carpet and replacement with new carpet. Any repair work needed as a result of the carpet removal will be an extra expense on a time and materials basis. Kevin recommended doing the project in a staged approach; he thought a committee should be formed to select the carpet and to obtain finalized bids. The Board felt they should select a bichethane backed carpet or one that would be compatible with that type of carpet to prevent problems with the height and the thresholds. Larry Glover volunteered to research carpet options. Kevin will add carpet for the hot tub area, B Building front halls and back decks to the Capital Reserve Plan for next summer.

VII. NEW BUSINESS

A. Report on Walkthrough of Property

Larry Glover reported that it was a great property tour. Issues identified included:

1. There is some dry rot under the hot tub. Need to have a contractor take a look and make a recommendation for correcting it.
2. The east end of the D Building has some roof edge issues. Kevin Lovett will have Turner Morris inspect it.
3. B Building boiler room floor is deteriorating. It needs to be cleaned up and patched. This project will be done in the spring.
4. The wooden supports for the D Building copper water line manifold must be replaced with steel supports per the Fire Department. The contact points between the steel supports and copper pipe will need to be insulated to prevent electrolysis.

Larry concluded by saying the facilities looked as good as he had ever seen it and he was extremely pleased with the overall condition of the property. He will take some digital pictures and send them to the rest of the Board.

B. Hot Tub Covers

A Board member recommended putting up a sign by the hot tubs reminding users to replace the covers after use.

VIII. SET NEXT MEETING DATE

Kevin Lovett will poll the Board to determine the best time for a Supplemental Board Meeting in December to review the Senate Bills 100 and 89 Resolutions and to approve the 2007 Budget.

The next regular Board Meeting was scheduled for January 20, 2007 at 9:00 a.m.

IX. ADJOURNMENT

With no further business the meeting was adjourned at 11:55 a.m.

Approved By: _____

Date: _____

Board Member Signature