

**CINNAMON RIDGE III CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
October 17, 2009**

**I. CALL TO ORDER**

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

Board members Larry Glover and Kevin Donofrio were present; Mike Black and Fred Davison attended via telephone. Kevin Lovett was present on behalf of Summit Resort Group.

**II. OWNERS FORUM**

The meeting notice was posted on the website. Aside from Board members, there were no owners participating in the meeting.

**III. APPROVE PREVIOUS MEETING MINUTES**

The minutes from the April 25, 2009 Board meeting were reviewed; Fred Davison made a motion to approve the minutes of the April 25, 2009 Board Meeting; Larry Glover seconds and the motion passes.

**IV. FINANCIAL REVIEW**

Kevin Lovett gave the following financial report:

Financial Report as of September 30, 2009

September 30, 2009 close financials report that Cinnamon Ridge III has \$42,224.59 in operating, \$19,768.40 in the Reserve Money Market Account and \$40,809.22 in the Reserve Account.

September 30, 2009 Profit and Loss statement reports that Cinnamon Ridge III is \$11,232.83 under budget in operating expenses year to date.

Areas of significant underage include:

6090 Legal Fee	\$1000 under
6235 Upper Spa electric	\$1232 under
6240 Gas	\$5727 under
6255 Contingency	\$1222 under
6745 Lower Spa Maint	\$1056 under

Areas of Significant overage include:

6155 Site Managers Hours	\$3591 over
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SRG prepared a spreadsheet listing actual expenditures for each budget line item for each month; October, November and December projected expenses were included to project a year end total underage of approximately \$13,000. The spreadsheet will be updated as months close to finalize year end operating expenses.

SRG will reclassify the \$100 annual meeting room rental expense from account 6060 to account 6065.

SRG will investigate the \$151 expense posted in June to account 6065.

#### Proposed Operating Budget 2010

Two draft budgets were presented. No increase to dues was called for on either. The difference between the drafts is acct 6215 Internet and acct 6255 Contingency; the reason for this is Comcast has ceased the Transport only internet program and is proposing to put a modem in each unit for \$21.99 per unit; the Contingency account is used as an emergency fund and is also used to balance the budget.

Areas of change from the 2009 to the 2010 proposed budget were reviewed as follows:

6010 Accounting fee – Proposed draft presented no change to this budget expense line item. The Board reviewed and approved.

6215 Internet – Proposed draft version 1 does not include any revisions at this time. Proposed draft version 2 proposed an increase of \$5160; this would include the placement of one internet modem in each unit. SRG reported that competitive bids are pending; SRG will report to the Board and a decision will be made in December 2009 when finalizing the budget.

6030 Audit and Tax – Proposed draft presented no change to this budget expense line item. The Board reviewed and approved.

6050 Bank Service Charge - Proposed draft presented no change to this budget expense line item. The Board reviewed and approved

6060 Board Expense – Proposed draft presented a decrease of \$1080 annually. The Board reviewed and approved this line item budget.

6065 Annual Meeting Expense – Proposed draft presented no change to this line item. Upon review, the Board agreed to decrease the annual meeting budget figure to \$600. SRG will revise this figure.

6090 Legal Expense - Proposed draft presented no change to this budget expense line item. The Board reviewed and approved

6100 Management fees – Proposed draft presented an increase of \$528 annual (3%); upon review, it was decided to keep the budget figure at the 2009 rate (no increase). SRG will revise this figure.

6110 Office supplies – Proposed Draft presented a decrease of \$120 annual. The Board reviewed and approved

6155 Site Managers Expense – Proposed draft presented an increase of \$3750. It was stated that the 2009 budget allowed for \$9900 of site managers expenses. At \$20 per hour, this gives 495 hours per year. 12 mos per year, this gives 41.25 hours per mos. At 4.3 weeks per mo, allows for 9.5 hours per week = 1.35 hours per day.

2010 proposed increases to \$13650 of site managers expenses. At \$20 per hour, this gives 682.50 hours per yr. 12 mos per year, this gives 56.8 hours per mos. At 4.3 weeks per mo, allows for 13.26 hours per week = 1.88

hours per day. Upon review, the Board approved the increase to the \$13,650 total annual budget figure. The Board also requested a Landscaping subaccount be added. It was also noted that SRG will work to improve the tracking of the site managers completed tasks.

6210 Cable TV – The proposed draft presented a \$2196 annual increase. The current contract with Comcast is expired; the proposed new rate is \$33 per unit per month which is up from the current fee of \$28 per unit per month. The Board reviewed and approved the budget figure; SRG will report to the Board the bid and plan from Resort Internet.

6220 Common area cleaning – this line item will be removed from the budget.

6230 Common area electric – The proposed draft presented a \$507 annual decrease; the proposed figure was based on actuals plus 3% increase. The Board reviewed and approved this budget figure.

6235 Upper Spa Elec – The presented draft included a \$1171 annual decrease. The Board reviewed and approved this budget figure.

6240 Gas – The presented draft presented a \$5546 annual decrease. The Board reviewed and approved this budget figure.

6245 Lower Spa Gas – The presented draft included no change to this line item. Upon review, the Board agreed to reduce the budget figure by \$500 annually. SRG will make this change.

6255 Contingency – Version 1 presented an increase of \$4050. Version 2, which included the increase for the internet change, presented a decrease in this line item of \$1110. This budget figure will be reviewed later as it is dependant upon the internet/ cable contract decisions.

6270 Firewood – The presented draft presented no change to this line time. The Board reviewed and approved.

6280 Landscape Labor – This line item will be removed from the budget.

6290 Landscape Contracts - The presented draft presented no change to this line item. The Board approved.

6330 Grounds maintenance – The presented draft presented no change to this line item. The Board approved. The Board also directed the changing of the name to Grounds Maintenance and Materials.

6350 Transportation – This line item will be removed.

6360 Snow Removal – The presented draft included no change to this line item. The Board reviewed and approved.

6400 Trash Removal – The presented draft included an increase of \$80 annually. The Board reviewed and approved.

6410 Water – The presented draft showed no change to this budget line item. The Board reviewed and approved.

6420 Sewer – The presented draft showed no change to this budget line item. The Board reviewed and approved.

6430 Window Washing – the presented draft included no change to this line item. The Board reviewed and approved.

6650 Fire Protection – The presented draft included no change to this line item. The Board reviewed and approved.

6670 Repair and Maintenance – The presented draft included no change to this budget line item. The board reviewed and approved.

6700 Spa Common Area Elec Gas – this line item will be removed.

6720 Spa Security – The presented draft presented a decrease of \$2000 annually. The Board reviewed and approved stating that the spa's will only be locked during the months of December, January, February and March.

6730 Spa Supplies – The presented draft included no change to this line item. The Board reviewed and approved.

6830 Insurance – The presented draft included no change to this budget line item. The Board reviewed and approved.

6850 Income Tax – The presented draft included no change to this budget line item. The Board reviewed and approved

6710 Spa water and sewer – The presented draft included no change to this budget line item. The Board reviewed and approved

6740 Upper Spa Maint - – The presented draft included no change to this budget line item. The Board reviewed and approved

6745 Lower Spa Maint – the presented draft included no change to this line item. Upon review, the Board agreed to reduce this line item by \$1000 annually per the new tub schedule (only have both tubs open December through April).

8010 Dues to reserves – the presented draft included no change to this line item. The Board stated that this figure will be determined once all cable and internet decisions are made.

SRG will retrieve all bid info for the cable and internet and make above stated adjustments to the draft budget. SRG will email the revised draft with cable / internet info by November 20, 2009. The budget will then be finalized by December 15, 2009.

## V. **MANAGING AGENT'S REPORT**

Kevin Lovett gave the following Managers Report.

### **Completed Items**

- Roof Painting complete
- Step painting complete
- Blue railing touch up painting complete
- Rekey of units – new keys sent to owners. SRG will get common area hot tub keys to Key to the Rockies.
- Saflok battery change – changed batteries in all unit locks. Kevin Donofrio suggested that this item be added to the maintenance schedule to be completed every 3 years.
- Winter prep
  - Secured plow contractor (same as last year)
  - Heat tape check
  - Water spigot shut off (those that are able to be shut off)

### **Report Items**

- Hot Tub area sewer pump was replaced.
- HB 1359, new reserve policy required by state legislature. The cost is \$220 for an attorney to draw up the new required policy. SRG will have the attorney draw up the

policy, get the policy to the Board. The Board will review and make any revisions and then send to the attorney to finalize.

-Dumpster enclosure – Adding a roof over the recycling section of the enclosure was discussed. The Board agreed that due to design issues and impracticality, a roof will not be added to the recycling area of the dumpster enclosure at this time. When the time comes to replace the entire enclosure, the addition of a roof will be discussed.

### **Pending items**

-Paint metal roof chimney caps – the painting of the metal roof chimney caps was reported to be 90% complete. SRG will see that the remainder of the project will be completed.

-Fireplace cleaning and inspections – the wood burning fireplace cleaning and inspections is scheduled for early November.

## **VI. OLD BUSINESS**

**A. Framing Deflection** – SRG gave the following framing deflection report:

-Clean out complete

-Plates grouted

-Restructuring of party walls complete. It was noted that when the plywood/drywall was removed from the party walls, the contractor found issues with the studs. The contractor noticed 4 issues with the studs. Some studs were missing (not installed). Some studs were removed either partially or fully (believed to be by the plumber). Some studs were not touching the plate (they were too short) and some studs were loose as they were in place, but not nailed.

-Squash blocking is currently being installed on the exterior walls

-Next, squash blocking will be installed on the party walls

-Then, plywood and drywall will be installed to completion

Randy Hodges, from Hodges Architecture, reports that, with the exception of the stud issue which was rectified, all is progressing as expected. SRG will obtain the estimated completion date from Tamarack Construction and report to the Board.

**B. Fireplace Conversion from wood to gas in the B building** – the proposed survey of the B building owners was reviewed. The Board reviewed and approved the mailing of the survey.

## **VII. NEW BUSINESS**

### **A. Officer Elections**

Fred Davison moved to reelect the slate of officers; Kevin Donofrio seconds and the motion passed. Officer positions are as follows:

President – Mike Black

Treasurer – Mike Pederson

Director – Fred Davison

Director – Kevin Donofrio

Director – Larry Glover

**B. B Bldg Heat system**

SRG reported that zone valves in the B building were not functioning properly. SRG had both Breckenridge Mechanical and Hilco investigate. Breckenridge Mechanical suggested that flushing the heat system was necessary. Hilco obtained a water sample (presented to SRG) and Hilco recommended not flushing the lines. Instead, Hilco felt that the zone valve bodies were clogged and in need of replacement. Instead of spending approximately \$1500 on the heat line flush, Hilco has replaced the 3 bad zone valve bodies for approximately \$250. Mike Black commented that perhaps other zone valve bodies in the B building may be experiencing the same clogging; SRG will discuss with Hilco to see if proactive replacement of all of the zone valve bodies is recommended or if it is better to replace as needed. Mike Black also recommended investigating the exercising of all of the zone valves in the complex as we come into the heating season. SRG will investigate this.

**C. Property Management Agreement**

SRG reported that the current agreement renews October 30, 2009. SRG presented the proposed agreement to President Mike Black for initial review. The Proposed agreement term is 2 year running from Nov 1, 2009 through October 30, 2011. The proposed agreement includes a 3% increase each January 1. The proposed agreement also includes an increase in the max rate for site manager from \$20 / hr to \$25 and an increase in the max rate for office / clerical from \$20 / hr to \$25.

Upon discussion, SRG agreed to waive the 3% increase for January 1, 2010. SRG pointed out the idea behind increasing the max rate for the site manager and clerical rate to \$25 was to simply avoid losing money while working at/ for Cinnamon Ridge III.

SRG will send the revised agreement to the Board and the Board will review amongst themselves. SRG will also inform the Board on increased business costs and overhead SRG is experiencing (such as workmen's comp insurance and health insurance).

**D. Comcast / Televisions Service/ Internet**

SRG reported that the Current agreement with Comcast has expired. The Current Rate is \$977.30 per month (\$28.74 per unit per month). The proposed agreement from Comcast is a 5 year agreement at \$1122 per month (\$33 per unit per month) with annual inflation increases. It was noted that it is \$3.50 per unit per month more if we wish to upgrade to HD.

The proposed agreement also includes the option of installing one modem in each unit for \$21.99 per unit per month. It was noted that the 2 yr contract for the Transport only internet system has expired and Comcast is not offering the transport only program any longer.

SRG is obtaining a proposal from Resort Internet to provide Satellite TV and Internet. SRG will send the proposal to the Board as soon as it is received.

**E. Capital Reserve Plan review**

The Capital Reserve Plan was reviewed. Changes approved included:

- B bldg roof painting - the addition of the B building roof painting expense to the budget and actual column for 2009
- Siding Replacement - the moving of the \$77k for the siding replacement from 2012 to 2014
- Painting actuals 2009 – the exterior mountain side painting actual expense will be split amongst the 3 buildings in the actuals column.
- Sewer Pump – the sewer pump expense will be paid out of reserves and shown as a reserve actual expense in 2009.
- Hot tub pump – this budget figure will be moved to 2010.
- Lower hot tub filter – this budget figure will be moved to 2010.
- Lower hot tub heater - this budget figure will be moved to 2010.
- Irrigation – this budget figure will be moved to 2011.
- Carpet – this budget figure will be moved to 2010; SRG will begin to obtain cost estimates for carpet replacement of the C and D buildings for 2010 as this was a project requested by the owners at the 2009 annual owner meeting.

**F. Hot tub schedule**

The Board discussed and approved the hot tub schedule. Both hot tubs will be open December 1 through April 15<sup>th</sup>. Only the upper tub will be open during other months.

**VIII. SET NEXT MEETING DATE**

The next Board Meeting is planned to occur in January of 2010. SRG will email Fred Davison in mid November to determine his availability. Once his availability is determined, the January meeting date will be sent.

**IX. ADJOURNMENT**

With no further business, the meeting was adjourned at 12:10 pm

Approved By: \_\_\_\_\_

Board Member Signature

Date: \_\_\_\_\_