

**CINNAMON RIDGE III CONDOMINIUM ASSOCIATION
ANNUAL MEETING
JULY 8, 2006**

I. CALL TO ORDER

The Cinnamon Ridge III Condominium Association Annual Meeting was called to order by Fred Davison at 9:05 a.m. on Saturday, July 8, 2006, in the Oro Grande Meeting Room.

Board Members Present Were:

Fred Davison, President, B302/C312	Larry Glover, Treasurer, B104
Grant Hogarth, Member, D221	Mike Black, Member, D222
Ray Yelle, Member, C214	

Owners Present Were:

Michael Pederson & Sandra Holmstrom, B101	Lee & Deborah Johnson, B103
Kathy Glover, B104	Kevin Donofrio, C112
Greg & Helen Wren, C113	Mark Witecki, C114
Fred Sousek, D122	Robert Tomsy, B203
Bob Tettero and Patrick Quinlen, B204	Marie Revak, C214
Jean Pilon, D222	Jim & Cindy Shaw, C313
Brent Duckworth & Corinne Kusa, B301	Michael Salbenblatt, B302/C312

With eighteen units represented in person and proxies received a quorum was reached.

Representing Summit Resort Group were Peter Schutz, Kevin Lovett and John Crowell. Erika Krainz of Summit Management Resources was recording secretary.

II. PROOF OF NOTICE

Notice of the meeting was sent in accordance with the Bylaws of the Association.

III. APPROVE PREVIOUS MEETING MINUTES

It was noted that on the first page Larry Glover should be identified as the Treasurer.

Jim Shaw made a motion to approve the minutes of the July 9, 2005 Homeowner Meeting as amended. Ray Yelle seconded and the motion carried unanimously.

Fred Davison said the Board Meetings would be held in October, January and April and he invited any interested owners to attend.

IV. FINANCIALS

Kevin Lovett mentioned the Association operates on a calendar fiscal year.

A. Year-to-Date Review as of May 31, 2006

The Association had an Operating balance of \$7,267, with \$18,490 in the Reserve money market account and \$50,201 in the Reserve account.

The May Profit and Loss statement reflected that the Association was \$7,545 over budget in the Operating account. This variance was mainly due to legal fees, utilities, snow removal and repairs and maintenance. Marie Revak asked why the Legal Fees account was so high this year. Kevin Lovett explained that there were attorney fees for document preparation for compliance with Senate Bill 100.

Fred Davison said there were also legal fees related to actions against an owner who decided not to comply with the rule regarding gas grills. The fees could be charged back to the owner but the cost to collect would be more than the amount due. He explained that the Association prohibited grills on the decks for safety reasons. He personally witnessed an unattended grill with flames reaching as high as the deck above. Electric grills are permitted. Kevin Lovett was asked to check with the insurance agent to determine if this prohibition might lower the premium.

There was general discussion about the Reserve Fund balance. An owner asked what the minimum Reserve balance should be. Fred responded there should be at least \$55,000 – 60,000. He added that based on upcoming projects, there would probably need to be a dues increase as well as a Special Assessment.

Larry Glover noted that the buildings were continuing to age and it is increasingly expensive to keep the buildings in good condition. The water heater, for example, was budgeted for replacement in 2007 but failed in 2005. The projected replacement cost was \$12,000 but the actual cost was \$15,000. Fred said there are projections for the next twenty years for replacement of the common elements of the building and the Board tries to budget for those items each year.

B. 2005 Year-End Review

As of December 31, 2005 the Association had an Operating balance of \$21,459, with \$18,181 in the Reserve money market account and \$55,613 in the Reserve account.

The December 2005 Profit and Loss statement reflected the Association ended the year \$9,251 ahead of budget in the Operating account. The variance was mainly due to savings in utilities, snow removal and insurance. The Operating surplus was transferred to Reserves.

Fred Davison said it had been an unusual year due to fluctuating utilities expenses. The snow removal budget was based on the preceding five years but snowfall this past winter far exceeded the historical average.

V. MANAGING AGENT'S REPORT

A. Completed Projects

1. Replaced fire panel in B Building (an unbudgeted project). Changed monitoring company from Apex to Allied.
2. Replaced C Building hot water heater.
3. Installed roof snow bars on B Building.

4. Replaced mother board on upper hot tub.
5. Landscaping improvements. The owners recognized John Crowell for his work on this project.
6. Sidewalk repairs in front of C Building.
7. Replaced washing machine hoses.
8. Senate Bill 100 policies and requirements fulfilled.
9. Created SRG/Cinnamon Ridge III website at www.SummitResortGroup.com. The password is cr38.
10. Proactive cleaning and inspections of hot water heaters, boilers and mechanicals.
11. Birds removed from dryer vents.

B. Report Items

1. The building addresses have been officially changed: B Building = 60 Oro Grande Road; C Building = 72 Oro Grande Road; D Building = 84 Oro Grande Road; Hot Tub = 66 Oro Grande Road.
2. Keystone bus transportation would be available for Cinnamon Ridge III owners and guests at a cost of \$150/bedroom/year. This would equate to approximately \$10,200 per year for the Association. Use of the transportation system now requires a bus pass. Mike Black noted that Cinnamon Ridge III can still be advertised as “walk to the lift” per industry standards.

C. Pending Capital Items

1. Replacement of D Building hot water heater – \$12,000 budgeted in 2006.
2. EIFS (stucco) repair - \$3,000 budgeted in 2006.
3. Carpet Repairs in B Building - \$3,000 budgeted in 2006.
4. Asphalt Work and Seal Coat/Crack Fill - \$8,200 budgeted in 2006.
5. B Building Step Repairs - \$3,000 budgeted in 2006.
6. High Speed Internet Install - \$3600 budgeted in 2006

The total for all capital items budgeted in 2006 per the schedule is about \$36,000.

VI. OLD BUSINESS

A. High Speed Internet

Kevin Lovett provided four different options for high speed access.

1. Comcast in individual units - \$45.95/month.
2. Comcast for the entire building - \$29.95/month. This would include a modem in each unit and full support. This would be a more solid option than wireless.
3. Comcast “transport only” - \$360/month for the entire Association. This would include one modem per building and wireless access. There would be a \$3,225 fee for setting up a wireless system. It could be coded to secure access. There would need to be broadcast equipment in one unit on the middle floor near the center of each building.

4. ResortInternet Wireless - \$606/month (\$20/unit) plus \$7,385 and \$964 initial setup fee. This option would include full technical support.

Fred Davison said the membership indicated to the Board that it would be important to provide internet access in the building. The Board explored a number of avenues. The installation cost would be paid out of the Reserve account. Fred said the Board would make the final decision based on the owner input. Jim Shaw was concerned about putting in a system without technical support. Patrick Quinlen said the third option was the industry standard.

Mike Black pointed out technology is constantly changing. He thought the third option would provide adequate coverage.

Patrick Quinlen pointed out that usually problems are related to the user, not the equipment or modem. Tech support often cannot actually help.

In a show of hands, the owners unanimously indicated they would prefer the third option. Kevin Lovett was directed to arrange for the installation through Comcast. He will notify the owners of any units in which antennae will be placed. Once it is set up he will provide all owners with the access instructions. The Board asked him to try to have the project completed by the end of the summer. Fred pointed out the dues would increase \$10/month for each owner.

B. Common Area Gas Grill

Ray Yelle said he was asked to put together a proposal for a communal gas grill. He was given a budget of \$1,000. After some preliminary work on the project he realized that was not enough funding to create a nice area. The Board is looking to the membership for ideas on how to enhance the property, i.e. what owner would like and what the Association can afford.

An owner noted that if the area was not enclosed, passers-by could use the grill or picnic table and potentially create a noise issue for the adjacent units. Ray said it might make sense to put it inside the fence by the gas hot tub but that area would have to be expanded. An owner suggested putting the grill gas on a timer. Jim Shaw said he did not see the value of adding this type of feature.

Fred Davison asked owners to indicate their support for pursuing a grilling area. In a show of hands, none of the owners were in favor so the project was abandoned. The owners thanked Kevin Lovett for his work on this project.

C. Future Budgeting

Larry Glover reiterated that the ageing property was going to require more and more maintenance. This will reduce the balance in the Reserve Fund. Some adjustment needs to be made going forward to accomplish the projects scheduled while maintaining a reasonable balance in the Reserve Fund. There was about \$50,000 in the Reserve account as of the end of May, but this did not reflect the cost of the new

hot tub mother board. Upcoming projects for the remainder of this year total \$30,000 – 40,000.

Larry said the Board believed a Special Assessment of \$800/unit would keep the Association financially stable and provide adequate coverage for an emergency. The Board would also like to increase the dues by 9% plus the \$10/month for wireless internet. Fred noted that compared to many other Associations, Cinnamon Ridge III was in pretty good shape in terms of the Reserve Fund balance.

Patrick Quinlen asked about the Association's history of Special Assessments. Fred explained the deck railings were originally paid out of Association funds but this depleted the Reserve Fund so there was a \$500 Special Assessment. A \$500 per unit special assessment was levied in 2003 and a \$500 per unit special assessment was levied in 2004 to help offset the cost of building painting which was completed in 2004.

Fred said the dues have not been increased regularly to reflect the annual 3% cost of living increase. Gas and electric are the two biggest increases for the coming year, as well as cable. Several owners indicated they would prefer a slightly higher Special Assessment in order to keep the dues below \$400/month.

Jim Shaw suggested illustrating graphically the level of dues against inflation and cost of living increases. Maria Revak proposed an annual inflationary increase.

The Special Assessment could be due half in September and half in October. A dues increase of \$45/month would increase total dues to \$410/month starting August 1. The two 3 bedroom units in Building D will be raised proportionally as follows: unit 322 will be raised to \$477/ month starting August 1 and unit 323 will be raised to \$505/ month starting August 1. The Board has agreed this is a necessity. Jim Shaw asked if this was enough. Fred said the Board believed it was, barring an unforeseen emergency. Some projects that were scheduled in future years had to be done early.

Larry Glover made a motion to increase dues to \$410/month starting August 1 for the 2 bedroom units, and to levy a Special Assessment of \$800, with \$400 to be paid in September and \$400 in October for the 2 bedroom units; unit 322 dues will be raised to \$477/ month and unit 323 dues will be raised to \$505/ month also beginning on August 1st; the special assessment for unit 322 will be \$932 and the special assessment for unit 323 will be \$986 both with half to be paid in September and the second half to be paid in October. Patrick Quinlen seconded. In discussion an owner asked if the Board had carefully examined possible cost cutting. The Board responded that they had. The motion carried unanimously.

D. Saflok

Fred Davison said management must have access to every unit in case of an emergency (such as a leaking pipe). Kevin Lovett said he had access to all units except one. Additionally, Mark Witecki said his unit did not have a Saflok. Fred

said locks were purchased for all units by the Association so there should be an extra lock for his unit somewhere.

E. Keystone Development

Marriott has signed a contract to build a fractional and whole ownership property in River Run. The gondola base station will eventually be moved across the river. An owner noted that it was a shorter walk to the lift from Cinnamon Ridge III than from the outer River Run parking lot.

F. Wetlands Walkway

Fred Davison said the walkway was built in the 1980's by the developer of Cinnamon Ridge I, prior to construction of Cinnamon Ridge III in 1990. The walkway has had various ownership issues. Nobody wants to claim it due to the maintenance involved. Some individuals have independently performed maintenance. About five years ago it was damaged by a group and it became basically unusable. Funds were obtained from somewhere and it was repaired. Frostfire's insurance carrier felt it was a risk in its then current condition. The County boarded it up and said it could not be used. Someone subsequently repaired it and the County approved its use again but the insurance company was not satisfied. It would have been a \$60,000 project to fix it to the insurance company's specifications. Cinnamon Ridge I wanted Cinnamon Ridge III to pay a portion of the \$60,000 repair since it was in front of the building. Cinnamon Ridge II would not participate. Cinnamon Ridge III does not want to claim ownership. Frostfire felt it should be torn down and asked Cinnamon Ridge III for \$7,000 for that project. Frostfire has convinced the insurance company that it is not their property.

VII. ELECTION OF DIRECTORS

There were two Board seats up for election. Larry Glover had agreed to run again but Grant Hogarth did not want to serve another term. Michael Pederson nominated himself to be on the ballot. The ballots were sent to all owners prior to the meeting. Ballots were tallied and Larry Glover and Michael Pederson were elected.

Fred Davison announced that Mike Black will serve as President and Ray Yelle will serve as Treasurer.

Owners were encouraged to contact any Board member regarding any issues.

VIII. SET NEXT MEETING DATE

Fred Davison thanked the owners for taking the time to attend the meeting and thanked the ResortQuest staff for their efforts on the Association's behalf.

The next Annual Meeting will be held on Saturday, July 7, 2007.

IX. ADJOURNMENT

With no further business, the meeting was adjourned at 12:05 a.m.

Approved By: _____

Board Member Approval

Date: _____