

**CINNAMON RIDGE III CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
October 22, 2011**

I. CALL TO ORDER

Mike Black called the meeting to order at 9:10 am.

Board member Fred Davison attended in person. Mike Black, Kevin Donofrio, Mike Pederson and Bob Tomsy attended via telephone. Kevin Lovett was present on behalf of Summit Resort Group and Peter Schutz attended by phone.

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 March 26, 2011 Board meeting were reviewed. Fred Davison made a motion to approve the minutes of the March 26, 2011 Board Meeting; Mike Pedersen seconded with all in favor, the motion carried.

IV. FINANCIAL REVIEW

Kevin Lovett gave the following financial summary:

September 2011 Close Financials

September 2011 close financials report \$32,898.89 in operating, \$19,938.42 in the Money Market reserve account and \$47, 591.49 in the Alpine Bank reserve account.

September 2011 close P &L reports that we are \$1,626 under budget in operating expenses.

Areas of major variance year to date were reviewed to include:

- 6090 Legal Fee \$1000 under
- 6150 Administrative expense \$990 under
- 6155 Site Manager Hours, \$5210 over
- 6210 Cable TV \$1666.85 under (it was noted that this was due to timing of payments - no actual underage)
- 6215 Internet \$1193 under (it was noted that this was due to timing of payments - no actual underage)
- 6230 Electric \$1019 over
- 6235 Spa Electric \$936 under
- 6255 Contingency \$1323 under
- 6360 Snow Removal \$1135 over
- 6670 R &M \$924 under
- 6740 Upper spa R &M \$1375 under

2011 Projected year end

In accordance with projected expenses for the remainder of the 2011 fiscal year, a surplus of \$2858 was forecasted for 2011 year end. The Board discussed plans for the projected surplus; the decision will be made in mid December 2011.

Proposed 2012 budget

The Board and SRG reviewed the preliminary 2012 operating budget.

Areas of change from 2011 budget to 2012 budget include:

Revenues; no change to total dues budgeted; however, a reallocation (decrease of monies allocated to reserves) was discussed to combat projected expense increase on the operating side.

Monies allocated to operating items would increase by \$3957 and monies allocated to be placed into reserves would decrease by \$3957

Expense line items were reviewed line by line to include the following changes from the 2011 budget:

- 6010 Acct and tax prep - Decrease \$25 annual
- 6215 Internet - increase, \$112 annual
- 6060 Board Expenses - decrease, \$200 annual
- 6100 Management fee - increase \$17,820 annual "Flat fee structure"
- 6150 Admin fee - decrease \$3600 annual, this account retires with "flat fee structure"
- 6155 Site manager hours - overall decrease of \$13,650 annual with all sub accounts, this acct retires with flat fee structure
Note - overall "management fee" increase of \$570 with new "flat fee structure"
- 6210 Cable TV - increase, \$824 (4%)
- 6230 Common Area Electric - increase, \$1596, 31% (increase due to additional usage with new heat tape installed as well as rate increase)
- 6235 Upper Spa electric - decrease, \$1309 (decrease due to hot tub open/ close schedule)
- 6255 Contingency - decrease to \$1000, \$761 annual decrease
- 6410 Water - increase, \$868 annual (10%); the Snake River water District is preparing new rates or 2012 which are expected to include an increase
- 6660 Fireplace and Dryer vent - NEW expense line item. \$2730 to include \$1200 for gas fireplace inspections and \$1530 for dryer vent cleaning both to take place in 2012
- 6670 R & M - \$800 annual decrease
- 6830 Insurance - increase, \$112 annual
- 6710 Spa Water / sewer - increase, \$40 annual
- 6720 Spa Security - no change to line item expense figure, renamed to "Spa Security"
- 6740 Upper spa Repairs - no change to line item expense figure, renamed to "Upper Spa repairs"
- 6745 Lower spa Repairs - no change to line item expense figure, renamed to "Lower Spa repairs"

SRG will email the Board around December 10th with updated year to date expenses, final 2012 budget review in efforts to finalize and approve the 2012 budget.

Updated capital reserve plan - The Board and SRG reviewed the Capital Plan. SRG will email the Board revisions to the plan as discussed which include:

- extend years in plan out to 2022
- place \$4k in year 2014 and in year 2017 for overall roof repairs; remove \$20k from 2017 for C and D bldg roof work
- move \$1000 to year 2012 for unit D 124 subfloor commitment
- place \$10,000 in year 2012 for upper siding section replacement with hardiplank; this includes \$6k for the 3 areas already identified (one area on B bldg and two areas on D bldg) and includes \$4k for other upper siding areas in

which replacement is nearing; the plan is to take advantage of economies of scale by completing while contractor is mobilized.

- place \$5k in year 2013 for C bldg east side siding replacement and remove the \$15k from year 2013 for B, C and D siding work
- move carpet replacement expense allocations from 2013 to 2014
- place \$3500 in year 2014 for deck staining
- place \$500 in year 2011 and \$1000 in year 2012 for major touch up painting
- move \$750 for signage from year 2013 to year 2015
- move \$17,500 for B bldg railings from year 2016 to year 2022
- place \$4000 in year 2018 for asphalt seal coating
- place \$600 in year 2018 for asphalt striping
- place \$2500 in year 2017 for hot tub area carpet
- place \$1800 in year 2015 for upper hot tub cover
- place \$1800 in year 2015 for lower hot tub cover
- add \$600 to monies allocated for sewer lift station work in 2012 for the pipe bench / box cover
- move \$8500 for saflok from year 2012 to year 2014
- add monies to plan to earmark boiler/ mechanical repairs; \$5k added to years 2015, 2018 and 2021

V. MANAGING AGENTS REPORT

Kevin Lovett gave the following managing agent's report:

Completed Items include:

Hot tub seating, flooring replacement completed

Hot tub pump replacement -2 used pumps were installed for \$400

Gutter installs complete to the c and D building

Painting Staining

-C and D exterior decks were stained

-Touch up painting - the "\$500 touchup" painting was completed

Concrete Wall Thoroseal skim coat application was completed on the C building concrete stem wall.

Report Items

Hot tub sewer project - the hot tub area sewer line work is complete to include a new lift station. SRG presented the proposal from BW Enterprises to construct the double insulated "box/ bench" to cover the pipes on the inside of the hot tub area as well as the "box" to be installed to cover the sewer line vent pipe on the outside of the hot tub area.

Roof repairs have been completed by Turner Morris to include "before and after" emailed photos

Annual Boiler inspection, D bldg hot water heater report - Hilco completed the annual inspection of the boiler and mechanical systems; Hilco reports that the mechanicals are working properly. Hilco's inspection include a visual inspection of the D building hot water heater as, per its original install date, it is nearing the end of its life. Hilco reported that there were no visual signs of corrosion on the D building hot water heater tank. The Board agreed to keep an eye on the D building hot water heater and to order and replace upon its failure.

Siding and EFIS inspection, "tightening" and caulking - BW Enterprises has inspected the siding and EFIS and has completed "tightening" of the siding by way of screwing any loose boards; they

have also inspected the EFIS and caulked where appropriate. They report that there is one upper area on the B building and two upper areas on the D building where siding is in need of replacement totaling approximately 450 linear feet. The Board agreed to place monies in the capital plan for this work to be completed in 2012 and to include an allowance to complete replacement of the other upper siding areas that will need replacement within two years in order to take advantage of economies of scale. Any siding removed will be replaced with Hardiplank, cementitious siding as the "test case" Hardiplank installed above the C building roof has held up nicely over the past few years.

Fireplace, fire security and fire sprinkler system annual inspection status was reported as follows:

Fireplace (wood only this year) completed - report pending

Fire security – complete

Fire Sprinkler – scheduled for inspection and testing Oct 26, 27, 28

Fire Extinguisher - scheduled for inspection, 10-24-11

Winterization, Snow plowing 2011-12 -SRG reported that the irrigation system winterized, snow plow contractor (Great Western, same as last few years) retained

Hot Tub Schedule – one tub is running until December 1.

December 1, nightly lock up will start up again as well as the opening of both hot tubs.

Rekey mailer - In accordance with the "every other year" unit rekey, new keys were sent to all owners which will become active October 31, 2011.

Pending Items

"Spaghetti" heat tape install front of C and D concrete walls- SRG will purchase and lay heat tape on the outside of the C and D building concrete walls in efforts to melt snow away from the walls and prevent large snow build up.

Windows - SRG will inspect the following windows as potential issues have been reported:

B 103, possible bad seals

D 121, open/ closing issue

VI. OLD BUSINESS

There were no old business items to discuss.

VII. NEW BUSINESS

A. Property Management Agreement

The Cinnamon Ridge III/ Summit Resort Group Property Management Agreement is up for renewal this October 31, 2011. SRG and the Board reviewed the proposed renewal agreement. Upon review, Fred Davison moved to extend the agreement as proposed to include a 3- year renewal; Mike Pederson seconds and the motion passed. SRG will coordinate with Mike black this mid-November to sign the agreement.

B. Carpet "spot" cleaning - SRG will order a spot carpet clean of the common area hallways this Fall.

C. B Building concrete stem wall - The paint on the B building concrete stem wall is peeling; SRG will have the B building concrete stem wall scraped in the spring in preparation to apply a coat of the grey Thoroseal to also be accomplished in the spring.

D. Window wood work maintenance reminder - SRG will send out the unit window trim maintenance reminder in Spring 2012; Mike Pederson may have an alternate product recommendation.

VIII. SET NEXT MEETING DATE

The next Board of Directors meeting will be the January 14, 2011 at 9:00 am.

IX. ADJOURNMENT

With no further business, Fred Davison made a motion to adjourn at 11:20 am. Bob Tomsky seconded and the motion carried.

Approved By: _____
Board Member Signature

Date: _____