



**Cinnamon Ridge III
Board Meeting
October 5, 2022 – 3:00 pm
SRG Office/Zoom**

MINUTES - DRAFT

- I. Call to Order
 - A. The meeting was called to order at 3:01
 - B. The meeting notice was posted to the Cinnamon Ridge III website
 - C. Board members Mike Black, Mike Pedersen, Kevin Donofrio, Fred Davison and Andrew Vest were in attendance. Kevin Lovett and Steve Wahl from Summit Resort Group were also attendees.

- II. Owners Forum
 - A. Other than board members, no owners were present

- III. Approve minutes from 4/15/22 Board meeting
 - A. The minutes from the April 15, 2022, Board meeting were reviewed. A motion was made to approve the 4/15/22 board meeting minutes by Fred Davison, the motion was seconded by Kevin Donofrio and was approved unanimously.

- IV. Financial Review
 - A. Year to date review
 - i. August 31, 2022 YTD Financials. Kevin Lovett reported on the August 2022 month-end financials. The balance sheet reports \$8,525 in operating funds, \$19,860 in the Money Market reserve account and \$126,241 in the Alpine Bank reserve account (\$145,101 in total reserves).
 - ii. The P &L reports \$150,313 of actual expenditures vs. \$140,974 of budgeted expenditures resulting in a \$9,339 year to date expense overage or 6.6% over budgeted expenditures. YE projections are about 5% over budgeted expenditures.
 - 1. Areas of major variance:
 - i. Underage
 - 1. 6360 Snow Removal \$673 under
 - 2. 6400 Trash Removal \$636 under
 - 3. 6420 Sewer \$553 under
 - 4. 6430 Window Washing \$1,000 under
 - 5. 6740 Upper Spa Rep/Maint \$600 under
 - 6. 6745 Lower Spa R&M \$500 under
 - ii. Overage
 - 1. 6100 Management Fee \$2,070 over
 - 2. 6230 Common Area Elect \$1,018 over
 - 3. 6240 Gas \$4,374 over
 - 4. 6330 Grounds Maint \$1,265 over

- 5. 6650 Fire Protection \$2,677 over
- 6. 6670 Repair & Maintenance \$4,514 over,
(snow melt cable, B Bldg. boiler work, leak repairs, zone valve replacement #314, boiler inspections, sliding glass door weatherstrip adjustment 111)
- 7. 6730 Spa Supplies \$426 over
- 8. 6830 Insurance \$500 over

B. 2023 Draft Budget

i. The draft budget which was prepared by SRG and presented to the board includes total operating expenses of \$179,472 vs. \$162,766 LY, a 10.62% increase

ii. Operating Expense Variances

- 1. 6065 Annual Meeting Expense, -\$100 to LY because meetings are being conducted as Zoom meetings at a lower cost
- 2. 6090 Legal Expense, -\$315 to LY, DORA expense only
- 3. 6100 Management Fees, \$4,140 increase to LY, SRG increase which was approved by the board earlier this year
- 4. 6130 Other Expense, \$225 increase, Keystone Owner's Association fee
- 5. 6210 Cable TV, -\$90 to LY, 2022 estimated 3% increase over 2022 actual
- 6. 6215 Internet, \$932 increase to LY, 5% over estimated 2022 YE
- 7. 6230 Common Area Electric, \$1,130 increase, 17% increase.
- 8. 6235 Spa Building Electric, the upper spa is being replaced and will be changed from electric heat to gas heat. For 2023 the same account number will be used but the name will change to Spa Electric. The board is making an adjustment in both the Spa Electric and Spa Gas accounts to rebalance expenses in the 2023 budget. The draft budget amount of \$5,600 is changing to \$2,500 to account for the electric to gas spa heat change.
- 9. 6240 Gas, \$3,758 increase, a 23% rate increase
- 10. 6245 Lower Spa Gas, due to the change from electric to gas heat for the new upper spa, more is being allocated to this account for 2023. The 6245 account name will change to Spa Gas which will include gas for both the upper and lower spa. The draft budget amount of \$1,675 is changing to \$3,198 to reflect the anticipated change in gas demand and a 23% rate increase.
- 11. 6270 Firewood, \$100 increase to LY
- 12. 6330 Grounds Maint, \$125 increase
- 13. 6360 Snow Removal, the draft budget included a 20% increase in snow removal for 2023 or \$4,500. The board discussed using a composite rate increase of 10% coming to a \$4,125 expense for 2023. The snow removal hourly rate in the contract is only a 6% increase over 2022. The board is comfortable that a 10% increase for 2023 will cover all variable snow removal costs including snow hauling.
- 14. 6400 Trash Removal, \$281 increase

15. 6410 Water, \$300 increase – SRG included a 3% increase in the draft budget or total budget of \$10,200. After creating the draft budget SRG accounting received a notice that Snake River Water District will be implementing a 12% increase for 2023. The board modified this budget line item to \$11,088 which is a 12% increase over the 2022 budget.
16. 6420 Sewer, \$452 a 3% increase
17. 6650 Fire Protection, \$99 increase
18. 6670 Repair & Maint, SRG originally had set a 46% increase or \$7,600 based on YTD actuals. It was determined that two zone valve replacement line items should be reclassified to reserve expense significantly lowered the YTD Repair & Maintenance actuals. Based on this, the board modified the 2023 budget line item to \$6,400.
19. 6730 Spa Supplies, \$108 increase
20. 6830 Insurance, \$2,160 increase, 10% increase beginning with April renewal
21. 6710 Spa Water & Sewer, \$134 increase the draft budget included a 10% increase to \$440. Because of the new spa equipment that is being installed, the board believes that there will be a savings due to fewer spa draining and refilling. The line item was modified to \$306 which is flat to 2022.
22. 6740 Upper Spa Repairs, -\$325 to LY
23. 6745 Lower Spa Repairs, -\$650 to LY
24. Modifications will be made to two account descriptions for 2023 to account for the conversion of the upper spa from electric heat to gas heat:
 - 6235 Spa Building Electric will be changed to 6235 Spa Electric.
 - 6245 Lower Spa Gas will change to 6245 Spa Gas
25. Updates and modifications to the Reserve Budget/Capital Plan discussed in the board meeting are being made by Mike Black and will be distributed to the board and SRG for review and comment. The final updated Reserve Budget will change the current reserve contribution placeholder amount (held over from 2022) shown in the Operating Budget.

C. Reserve and Capital Plan Budget

- i. The reserve and capital projects budget was reviewed line by line. The increasing costs of capital repairs and maintenance work, particularly on the aging plumbing and mechanical systems, were discussed. Based on the cost of the past year, and projecting for the years ahead, adjustments to these reserve and capital plan budget were made.

D. 2023 Dues Discussion

- i. In review of the increase of operating expenses and an increase in the various capital project costs this past year and looking forward to 2023, after much

analysis it was determined that 16% dues increase to \$584/mo for 2 bedroom units (3bedroom units are higher) is necessary to balance the two budgets.

- ii. The budget amounts and resulting necessary dues amount beyond 2023 will be reviewed later in the next fiscal year, as is customary, for the projected costs and economic conditions.
- iii. The dues increase for 2023 has been incorporate into the operating budget and its reserve contribution line item.
- iv. Notifications will be sent out to the ownership by Steve Wahl.

V. Managing Agents Report

A. Completed Items

- i. In unit annual sprinkler inspections
- ii. Fire extinguisher inspections
- iii. Added missing heat detector to B building, fire alarm system
- iv. Dumpster latch and siding repair
- v. Ordering additional heat mats for sidewalks
- vi. Fire Sprinkler system;
 1. In unit sprinkler head inspection completed

B. Report / Pending / Discussion items

- i. Leaks; the following leaks have occurred since last board meeting
 1. Unit 322 leak into 222; leaking toilet control panel, angle stop was shutoff, owner has been notified to repair the toilet. Upon inspection, the flooring in 322 is dry and no repairs are being planned. There was damage to the drywall ceiling in 222. The drywall repairs will be made including texturing and painting.
 2. Unit 201 running toilet, this appears to be resolved. Steve sent a message to the owner inquiring about what repairs were made to give some confidence to the permanency of the repair.
 3. Unit 224 leaking in to 124. Turner Morris made repairs to the roof including caulking around the vent stack. There is damage to drywall ceilings and walls in both 124 and 224. Both of these units have long term tenants residing there so repairs will be made working around the tenant's needs.
 4. 203 leak, pinhole leak in common wall. The copper pipe was repaired from the leak to the floor to help ensure no future pinhole leaks. Wall and damaged drywall was removed and has been replaced. Awaiting the completion of the drywall work and installation of a new vanity in the front bathroom. Insurance claim has been filed and the Farmer's Insurance adjuster has visited the site.

C. Completed

- i. 103/203 Insurance Claim Filing Board Approval

VI. Ratify Actions Via email

4/29/22 Empire Works Contractor Approval

5/2/22 #222 Remodel Request
5/1/22 Unit 122 Remodel Request
5/19/22 Hot Tub Carpet Approval
5/19/22 Hot Tub Boiler/Owner SA Notice
6/27/22 Outdoor Bench Question
6/28/22 Officer Position Vote
7/5/22 Annual Meeting Minutes Approval
7/8/22 Post Meeting Follow Up Approval
9/12/22 C114 Window Cover Request Approval
9/22/22 203 Insurance Claim Filing Approval

- A. A motion to approve the above actions via email was made by Fred Davison, seconded by Mike Black, and approved unanimously.

- B. The board recommended that the Cinnamon Ridge III Unit Modification Request form be modified to include having owners submit any proposed change of color when installing new window or sliding door coverings for review of consistency with the intent of the Rules and Regulations on such coverings.

VII. Old Business

A. Hot tub project

- i. The hot tub gate lock is programmed to not permit access outside permitted hours (10:00am ~ 10:00pm) for owners / guests. Programming is in place and should be the first review action by SRG if there are concerns with afterhours hot tub use.
- ii. Hot tub project tasks that have been completed include:
 - 1. Framing is complete
 - 2. Ice/Water shield has been installed
 - 3. Carpet has been installed
 - 4. Shelf bench was framed and decked
 - 5. Electrical permit has been submitted, expected approval on 10/7/22
 - 6. Plumbing is under way
 - 7. Metal work should begin next week
 - 8. The door must open to the outside, hinges will be relocated, and audio alarm installed on the door
- iii. Budget modifications have had to be made for overages including:
 - 1. EmpireWorks change order for framing modifications including replacing rotted sections was \$4,300
 - 2. The Health Department required additions to the mechanical drawing done by an engineer which cost \$2,500
 - 3. There will be a savings to the original \$4,000 painting estimate because SRG will be doing this utilizing their own staff
 - 4. The plumbing is currently budgeted at \$3,000, actual sump system plumbing revisions may not be necessary so this budgeted cost may not be incurred.
 - 5. The original electrical budget allowance was \$6,000, The County now is requiring that most of the original electrical work will need to be

redone thereby significantly increasing the scope and cost of the electrical work. -The bid of \$23,095 was approved by the board. Part of the original electrical allowance helps mitigate the impact of the electrical bid.

6. There have been approximately \$30,000 in change orders (includes the new electrical cost above) above and beyond the original \$154,000 project budget. The project performance is tracking with an accumulating uncommitted Contingency amount of \$7,000 and another likely uncommitted total line-item Allowances of \$7,000 to partially offset the cost overruns.
7. This leaves a \$14,000-\$18,000 budget exposure
8. However, particularly with the added electrical scope, the owners will be provided a hot tub facility which will be approximately 90% new
9. The new cover for the new upper hot tub has been procured and stained. This is a very robust roll-up style of cover which should last about 10 ~ 12 years vs a soft cover which needs regular replacement. There is consideration for the same type of cover for the lower hot tub, but the board will wait on this expenditure for the time being while the roll-up style cover is further evaluated.

B. HB1137 Policy Changes

- i. Policy updates are required due to the passing of House Bill 1137. Policies affected include; Collection, conduct of meeting and rule enforcement policies. The policy modifications presented to the board were made by Altitude Law and included a review of the existing Cinnamon Ridge III governing documents and old policies. One example of the collection policy change is that the former 6-month payment plan changes to no less than an 18 month payment plan. Also, the new conduct of meetings policy requires a 3-minute comment policy. This is inconsistent with how CR3 typically runs their meetings. Mike Black noted that the new policy states 'The board may deviate from the procedures set forth in this Policy if it in its sole discretion such deviation is reasonable under the circumstances'. These are examples of a deviation that can be made. This gives the BOD some leeway on the policies as written. There is an option to change policies if something unforeseen comes up. CR3 has been using the new prescribed conduct of meetings related to voting with the existing voting process mailed to owners for the annual meeting.
- ii. A motion to approve the policies as written by Altitude Law was made by Michael Black, the motion was seconded by Fred Davison and approved with four votes. Kevin Donofrio abstained from the vote.
- iii. Policies will be sent to Mike Black for signature.

VIII. New Business

- A. 2022-23 Snow Contract was approved by the board and the contract was signed by Mike Black.
- B. Bench discussion

- i. Possible locations of installing a bench or table which was suggested at the annual meeting was discussed. If installed by the hot tub fence, the bench needs to be 3+ feet away from the fence to prevent people from using it to climb the hot tub fence. An additional location option would be between C & D buildings near the rec path. This adds convenience but the view is not as good. There is also a location on top of the berm which may be less accessible to passersby. Note that the bench is intended to be for the enjoyment of CR III owners and guests, not general rec path users. Another question was whether any bench should be a style that does not allow anyone to sleep on it. The question arose about whether the board should spend money on this right now. Mike Black noted that a decision to provide a table or bench is not necessary. The board stated that there are more important capital expenditure priorities at this time. The bench topic is being tabled until a later date.

C. Firewood will be restocked

D. Heat mats

A 20' mat was ordered and is currently being stored in the B building boiler room. Cones were placed in front of the mats at the top of the hot tub path last year to prevent cars from parking on the mats. A suggestion was made to have the mats placed back from the front alignment of the adjacent sidewalk and to let the plow driver and the #201 renters know that the mats are there and not to plow over or park on the mats. It was determined that no cones will be installed, and a notice will be sent to owners and monitor if that approach is sufficient. The new single piece 20' mat is to be placed at the top of the hot tub path and the other segmented mats will be placed at building D where ice builds up each year. It was noted that the mats have worked quite well toward ice mitigation and reducing ice chopping efforts by the maintenance staff.

E. Extended Capital Plan Projects

It was determined that detailed review of this project list should be pushed out while the reserve budget year-to-year costs and y/e balances are further reviewed.

IX. Next Board Meeting Date

A. Budget ratification meeting

- i. November 21 at 4:00
- ii. Notification of ratification meeting, and a copy of the board approve budget, will be sent to owners as soon as the board approves the 2023 budget. This will be sent no later than Nov 7.

B. Next Board Meeting

- i. Thursday, January 5 at 2:00 - property walk
- ii. Friday, January 6 at 5:00 – BOD meeting

X. Adjournment

A. Motion to adjourn was made by Andrew Vest, the motion was seconded by Fred Davison and approve unanimously

B. The meeting was adjourned at 5:53