



Cinnamon Ridge III
Board Budget Meeting
October 10, 2023 – 3:00 pm
SRG Office/ Zoom

Minutes

- I. Call to Order
 - a. The meeting was called to order at 3:02 p.m.
 - b. Meeting attendees:
 - Michael Black, President via Zoom
 - Michael Pedersen, Vice President via Zoom
 - Kevin Donofrio, Secretary/Treasurer via Zoom
 - Fred Davison, Director via Zoom
 - Andrew Vest, Director via Zoom
 - Donna Leonard, #203 via Zoom
 - Kevin Lovett, SRG attending at SRG office
 - Steve Wahl SRG attending at SRG office
 - Armani Zangari, SRG attending at SRG office
 - c. Quorum was achieved.
- II. Owner's Forum
 - a. The meeting notice was posted to the HOA website.
 - b. Donna Leonard #203 attended the meeting via Zoom. She joined the meeting after it began and left before the meeting ended.
- III. Approve Previous Meeting Minutes
 - a. 4/19/23 BOD Meeting
 - b. The 4/19/23 meeting minutes were not sent out to the Board in advance. The 4/19/23 meeting minutes were presented audibly.
 - c. There were no changes to the minutes made.
 - d. A motion to approve the 4/19/23 Board of Directors meeting minutes was made by Fred Davison, seconded by Michael Black, and passed unanimously.
- IV. Financials
 - a. August 31, 2023 YTD

August 2023 financials report \$5,597 in operating funds, \$19,982 in the Money Market reserve account and \$22,648 in the Alpine Bank reserve account (\$42,630 total reserves).

August 2023 P&L reports \$169,035 of YTD actual expenditures vs \$163,702 of budgeted expenditures, 3.3% over budget.

Significant variances to budget included:

*6230 Common Area Electric	\$1,615 over budget
*6235 Spa Electric	\$1,767 over budget
*6240 Gas	\$5,649 over budget
*6330 Grounds Maintenance	\$1,137 over budget

*6430 Window Washing \$1,000 under budget, no window washing was done

*6670 Repair & Maintenance \$6,555 over budget, prior to reclassing items

*6830 Insurance \$1,811 over budget

*Michael Black and Steve Wahl identified \$7,277.66 worth of R&M expenditures that qualify as reserve expenditures. These have been sent to SRG accounting for reclassification in to reserves. These journal entries will show on the October 2023 financials.

b. Reserve Transfers

Three months of reserve transfers were not made YTD. This was due to insufficient cash balances in the operating account. The monthly reserve transfer is \$5,400. March, April and May had monthly ending operating fund balances of \$4,273, \$2,607 and \$5,801. This started with a \$7,783 expenditure for the unit 101 pipe leak insurance claim and carried forward for multiple months. The reclassification action noted above will improve this condition considerably. The year-to-date reserve transfer shortfall is \$16,200.

c. Financials Discussion/Questions

- i. The lack of reserve transfers was a grave concern for Board members. It was noted that these issues need to be called out to the Board by SRG when the month end financials are released.
- ii. The Board asked that Steve Wahl prepare a cash flow analysis for the remainder of the year to determine if all, or part, of the reserve transfers will be able to be made up prior to yearend.

d. Reserve Budget & Capital Plan

- i. Line-item projections
 - Michael Black reviewed the most recent Capital Plan/Reserve Budget with the Board
 - All 2023 hot tub project expenses have been entered into the 2023 actuals field and are identified in Red.
 - Projected 2024 reserve expenditures are recorded in the 2024 field. 2024 planned reserve expenditures total \$80,000 including major exterior paint touchups, deck staining, asphalt patching and seal coating, 2024 RemoteLock renewal, dumpster enclosure repairs, boiler general repairs, polybutylene replacement accrual, building C glycol flush, building D water heater replacement, backflow upgrades, fire sprinkler maintenance and insurance deductible allowance.
 - The projected 2024 YE reserve ending balance is calculated at \$33,901. This is a low number, particularly given that the 2023 YE Balance is tracking toward a balance of only \$25,720. The plan is to work towards building this up to the level that has been historically found to be appropriate.
 - An increase in reserve contributions is being built into the 2024 budget. In addition to the annual increases that are programmed into the ten-year projections, this year it is necessary once again to add a "recovery surcharge".

-As the buildings continue to age (as an example, Building B has had multiple issues with aging domestic plumbing piping) there is the need for a reserve account balance to accommodate possible future expenses.

e. 2024 Operating Budget Review

- i. Primary operating expense line items changes included.
 1. Common area electric includes a planned increase based on a 5% rate increase expectation.
 2. An increase to spa building electricity based on the fact that the spas were out of use much of 2023 due to the hot tub replacement and improvements.
 3. Common area gas has a planned increase with a built in 5% rate increase.
 4. Spa gas has a planned increase due to additional use with the spas back in full operation.
 5. Grounds maintenance amount is based on YTD actual expenses.
 6. Snow removal is increased because the previous plowing company is no longer doing snow removal and all other service provider proposals are more expensive. This is based on the actual contract signed for 2023-24.
 7. Sewer has a decrease anticipated based on YTD actual costs.
 8. Fire protection is decreased since there were significant repairs done in 2023 which are not expected in 2024.
 9. Insurance is a wild card with increases hard to identify. A 15% increase has been projected.
- ii. There was also a \$21,828 increase in the total reserve contribution for 2024.

f. 2024 Operating Budget Discussion

- i. Fred Davison questioned why the HOA is paying \$500 for worker's comp insurance coverage. Kevin Lovett explained that this covers anyone doing work on the property including contractors. This is a precautionary measure. The Board can choose not to include this in future insurance renewals. Fred asked Kevin for a copy of the policy for further review.
- ii. A question arose regarding water and sewer expenses. The Board of Directors had questions about Snake River Water District pricing and how frequently SRG changes the hot tub water. Steve will investigate the rates and share the results with the BOD. SRG tests the chemical balance in the hot tub water daily and adjusts as needed. The hot tubs are drained and refilled based on the results of the water tests, but these drains/refills are not tracked at this time.
- iii. The Board discussed whether to forego window washing in 2024 due to budget constraints. It was determined that this line item would be zeroed out for 2024.
- iv. The Board asked that SRG put together simple financial summaries of the 101 and 102 insurance claims, so the Board has full disclosure of expenses and insurance payments.

- v. Andrew Vest expressed a concern that, in his opinion, the current budget process, and the allocations between operating and reserve planning, create a cycle of continued dues increases. He suggests allocating much more resources to the Repair & Maintenance operating fund and less to the reserves. He suggested that running more expenses through the operating budget will potentially result in fewer budget over runs. Any unused YE operating funds could be transferred to the reserve fund at year end. He suggested moving \$25,000 from reserves to M&R operating for 2024. This could reduce the number of dues increases to owners.
- vi. Michael Black disagreed and stated that, in his opinion, it is important to continue to keep big ticket items in reserves/capital plan where they have line-item identity vs. a single Repairs and Maintenance operating account where identity is much less visible and trackable particularly year-over-year. The existing format allows for the tracking of what items and areas of the complex are incurring costs (i.e. roofing, paving, painting, hot tub area, water heaters, other plumbing, heating systems, fire sprinklers, etc., etc.) including which buildings or features are incurring those costs. This tracking over past and current years is used for budget projections into the forward 10-year plan. He also disagreed with the thought that the single R&M account would reduce any dues increase. The costs are the same whether accounted for in the Operating or Reserve/Capital plan and the resulting dues requirement determination by the Board is the same.
- vii. Kevin Donofrio and Mike Pedersen noted that Andrew Vest's suggestion would be a big overhaul to the existing budget process. Prior to Covid, and the considerable and persistent cost increases in the County, the budget process worked very well and for many years the HOA found themselves under budget.

g. 2024 Operating Budget/Reserve Budget Vote

- i. After extensive budget discussion there was a motion to approve the 2024 budget based on the budget revisions discussed.
- ii. A motion to approve the 2024 operating budget was made by Fred Davison, the motion was seconded by Michael Black and approved unanimously.
- iii. The approved budgets include dues increase of \$131 yielding a revised dues amount of \$715 for standard two-bedroom units*. The allocation of the increase is:
 - 1. Operating Expenses increase portion: \$84 for standard unit per month.
 - 2. Reserve budget increase portion: \$47 per standard unit per month.
 - 3. Note: the three-bedroom units are higher.

V. Ratify Actions Via Email

-10/9/23 All Summit Plowing Contract Approval

-9/22/23 Unit 102 Insurance Claim Acceptance

-9/7/23 Request to Permit a Unit to plug in a Vehicle into the Common Electrical Source Denial

-8/7/23 2024 Management Agreement Approval

-A motion to ratify the Board Approved Action Via Email was made by Fred Davison, seconded by Andrew Vest, and approved unanimously.

VI. Old Business

- HT Area Ventilation; Michael Black has given Steve Wahl a recommended spec on a humidistat and an electric exhaust fan which will be installed in the HT pit to help manage moisture levels. Currently the humidity can get so high that water forms on the wood framing and equipment surfaces and that condition is detrimental to the new construction. The initial plan for static vents may not provide enough moisture control in this area, hence the action to provide powered ventilation when called for by the humidistat.
- HT T-Stat/Area Temperature Targets; the existing T-Stat settings will be monitored to ensure that the four electric baseboard heaters do not run unnecessarily this winter. While it is anticipated that the operational waste heat from the boilers will keep the HT pit area temperature adequately above freezing, the baseboard heaters are in place to serve as backup heating during the occasional colder conditions. New T-Stats with the ability for lower temperature settings will be installed.
- Lower HT Cover Status; Steve to follow up with The Hot Tub Company on an anticipated delivery date for the replacement lower hot tub cover and the air jet vents for the new hot tub.
- 101 Leak Project/Insurance Update; the board requested that SRG provide an insurance summary of both the 101 and 102 insurance claims showing expenses and insurance payments.

VII. New Business

- 2023-24 Heat Mats; the heat mats will be installed similar to last year. The 20' mat will once again be screwed to the asphalt hot tub path to keep it from creeping down the path. Steve will check if the mats that were once thought to be defective actually are operational now that it was discovered last year that taping the electrical cord connections to resist moisture infiltration stopped the mats from tripping the circuits. The mats that were thought to be defective had been replaced under warranty by the manufacturer so there is likely quite a collection of functional electric mats to place in problematic ice buildup areas.
- Hand Snow and Ice Clearing; SRG will work toward the best possible snow pile placement on the north side of the buildings and also that the sidewalk gutter in front of the C and D buildings are plowed or shoveled to the best extent possible to mitigate ice buildup. It was noted that this northside environmental condition is difficult to keep clear during freeze/thaw cycles.
- Forwarding Info from Keystone Owner's Association (KOA); Steve Wahl will get on the KOA distribution list and share communications with owners. KOA circulates interesting information from time to time, particularly with the transition to the Town of Keystone governance.

VIII. Next Meeting Dates

- i. Budget Ratification Meeting
11/14/23 @ 3:00
- ii. January BOD Meeting
1/8/23 @ 3:00

IX. Adjournment

- i. A motion to adjourn was made by Fred Davison, seconded by Mike Pedersen, and approved unanimously.
- ii. The meeting adjourned at 5:57.