

Cinnamon Ridge III Association
Annual Homeowners Meeting
July 5, 2003
Keystone, Colorado

Board Members Present: Fred Davison, Larry Glover, Mike Black and Frank Schrage

Owners Present

Kathy Glover, 103,104
Chris & Trish Marden 112
Mark Witecki & Smith 114
Roger Frame 211
Raymond Yelle 214
Gary Hogarth, 221
Mr. & Mrs. Schendl 223
Brent Duckworth, 301
Joe & Sally Nunez, 323

EWR Employees Present: Andres Garza, Kevin Graham and Jim Morgan

I. Call to Order

The meeting was called to order by the Association's president, Fred Davison, at 9:10AM

II. Roll Call & Certification of Proxies

The annual meeting was noticed to the owners via letter on June 3, 2003 in accordance with the Association's documents. A quorum exists when 51% or more of the homeowners are present at the annual meeting. 7 owners were represented by proxy and 15 were in attendance equaling 64.7%.

III. Election of Director

One position is open for election. The sole candidate who expressed interest was Larry Glover who was re-elected.

IV. Approval of 2002 Annual Meeting Minutes

Motion made by Mike Black and seconded by Frank Schrage, the minutes of the 2002 annual meeting were approved as submitted.

V. President's Report

Fred Davison reported on the accomplishments of the past year. Most notable was finishing the hot tub replacement project. Mr. Davison recognized Kathy & Larry Glover for their overall organization and oversight of the project and further, Chris Marden for his work contribution to the construction of the deck. Funding for the project, which was approximately \$30,000 came from the reserve fund.

Also of primary importance was the replacement of the fire system sprinkler heads, which were replaced under the manufacturers re-call.

The board is currently engaged in upcoming projects, which will be undertaken in the next 18 months, including re-painting the building, deck repairs, dumpster enclosure repairs. These projects will place financial needs on the Association that will require funding above that of the current assessment level.

Mr. Davison further reported that East West Resorts has exercised its option under the management contract to terminate the agreement effective 8/31/03. Prospective management companies are currently being interviewed.

VI. Financials and 2003 Budget

Reviewed was the 5/31/03 financial statement. Jim Morgan reported the operating fund balance has remained largely constant at \$5000. The reserve fund has increased this year from \$26,767 to \$32,454 as there were no expenses incurred this year. A review of the 2003 year-to-date income statement showed the association approximately \$5500 behind budget due in most part to snow removal expenses and spa security. Savings were achieved in utility costs.

There are no owners past due in assessments.

Discussion ensued regarding how to resolve the 2003 shortfall and how to accomplish various capital projects. There continue to be a number of unknowns including utility costs, insurance prices, and management fees associated with the new company. Additionally, there are capital projects on the horizon including repainting the buildings (Buildings were painted 5 years ago, and C & D have weathered, B was painted using another product). Another project that is requiring immediate attention is repair of decks at building B units 301 & 302.

Larry Glover reviewed the assessment history of the association. Dues were originally at \$320/homeowner/month. They were reduced to \$300 after C&D were built. Dues were increased to \$320 again at the start of 2002, largely in light of increasing gas prices. In light of the increased expenses year-to-date in 2003, the Association is again at the point where increased dues are needed to meet obligations

Ray Yelle questioned if there is a percentage of property value that should be in the reserve and are we at that level? The reserve analysis is built from the ground up (what is to be replaced, in what condition is it, when is it scheduled to be replaced, what is the replacement cost) and reserve requirement is calculated from those assumptions. The actual percentage held on hand is then determined via the practice of the Association.

Mr. Davison, as mentioned earlier, reviewed again the upcoming projects. The board has established a goal of completing building painting, repairing the decks and adding gates to dumpster enclosure by the end of 2004. At that time, the board expressed a goal of having \$50,000 in the reserve fund to accommodate the replacement program.

In light of the above documented discussion, a motion was made by Larry Glover and seconded by Mr. Black to increase dues \$30/month effective 8/1/03 and place a special assessment of \$500 with a due of date 8/1/03. The motion was unanimously approved by all homeowners present.

VII. Project Update

Dumpster Enclosure Gates – the board has proposals in hand. The project is now scheduled for 2004.

Deck Repairs – In building B there are two decks (units 301 & 302) that are sloped into the building which it's creating water leaks in the units down below. These decks need to be re-sloped in order to solve the water leakage problem. Discussion ensued regarding the need to repair the decks in order to protect against leaks. The actual solution has yet to be determined. The project will be scheduled prior to painting the buildings.

Roof Concerns – It was reported at prior meeting that there appears to be a sag in the roof line of Building C. This same roof line condition was noticed approximately three years ago and Mike Black investigated the roof framing at that time from the attic space. He had reported that the 'sag' appeared to be as a result of the original method of construction and framing alignment at the rafter joints for that portion of the roof and is not a result of failing framing members. The

exterior appearance of the roof line has not appeared to have changed. Mike Black and Larry Glover will re-investigated the roof framing from the attic space and report their findings. Sprinkler System – The sprinkler heads in all buildings were all replaced under the manufacturer's recall. This project was done on 7/3/03. Mike Black asked for follow-up documentation related to the project, including; was glycol completely replaced, or was the existing fluid re-used and to what freezing temperature protection is provided? Can we get certification in writing? The building B address on the invoice is not correct. What is the status of the ceiling and wall repairs in 124?

Were the spare heads also replaced? Confirm and document the scope of the head replacement, was it all buildings and all heads or only some heads. Do we have documentation of the model numbers of the new sprinkler heads?

Is there a new written warranty on the labor and the product?

Management is currently following up on these questions and is to report back to the board.

VIII. Old Business

Status of the repairs to the sprinkler system – see report under Project Update.

Transportation bus stop - The Association entered into an agreement with Snake River (and other local associations) to provide transportation for guests from the stop in front of the property. The association's contribution to this agreement was increased due to the withdrawal of one association. There was a subsequent reallocation to the existing costs. It was further noted that the route service was reduced at the same time as the Keystone assessment collection increased. The plan is revised on an annual basis and the 2003/04 plan has yet to be determined.

Status on the Taxing District for the Base Area - It was reported at the last meeting that a special district was being formed to generate funds for the base area. As of the most recent information reported by Frank Schrage, there are issues involving the Lake area and the River Run area, but at this time, the area including Cinnamon Ridge is not under any tax proposal currently on the table. Any changes to this position that become known will be communicated to the members as it becomes necessary.

IX. New Business

Painting Estimates - The board is currently obtaining estimates for this project.

Management Company - Kevin Graham, vice president for East West Resorts, addressed the decision to terminate the contract. The relationship dates back to East West Resorts' acquisition of Snow Country Property Management. The decision, while difficult to make based on the professional and personal relationships with the members of the board, was exclusively based on the economic decision to be more profitable in the Keystone office.

X. Determine 2004 Annual Meeting Date

The next homeowner meeting is scheduled for July 3, 2004.

XI. Adjournment

The meeting adjourned at 11:30.