

Cerise Ranch Property Owners Association

RECORD OF PROCEEDINGS

**THURSDAY, DECEMBER 20, 2007, 7:00 P.M.
CERISE RANCH CLUBHOUSE
CARBONDALE, COLORADO**

ANNUAL MEETING OF MEMBERS OF CERISE RANCH PROPERTY OWNERS ASSOCIATION, INC.

The 2007 Annual meeting of members of Cerise Ranch Property Owners Association, Inc. (the "Association") of Garfield County, Colorado was called and held on December 20, 2007, in accordance with the applicable statutes of the State of Colorado, with the following persons present and acting:

ATTENDANCE:

Directors

Eric Schmela, President
Todd Gressett, Vice-President
Brenda Broxton, Treasurer
Kristin Boothe, Director
Charles Capobianco, Director, was unable to attend

Owners present

Jon Roberts	Terry and Richard Cerise
Ed and Susan Petrocious	Virginia Beckman
David and Maureen Marrs	Shannon Meckley
Alexandra Halperin	Daniel Sadowsky
Spencer Boothe	Bill Green
Richard and Nina Stumpf	Andrew Gillis

Owners represented by Proxy were:

Robin Humble	Robert Walker
Doug Leibinger	Kirk Wheatley
Ted Borchelt	Benjamin Gozon
Mimi Ruderman	April Calabro
Dan Gruenfeldt	Peter Dolan
Shari Schoon	B.Russell Buck
Charles Capobianco	

ALSO PRESENT WERE: Keith Edquist, of Edquist Management and Real Estate, Association Manager
Kim Poukish, Rocky Mountain Accounting Services Association Accountant

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CALL TO ORDER

President Schmela called the meeting to order at 7:03 p.m. He introduced himself, and Directors Todd Gressett, Brenda Broxton and Kristin Boothe. He later introduced Manager Keith Edquist and Accountant Kim Poukish.

Manager Edquist stated that there was a quorum present as represented by those present and the proxies he had received for the meeting. Proper Notice of the meeting was mailed to the ownership. within the appropriate time frame as stated in the Declaration.

CONSIDERATION

The minutes from the December 11, 2006 Annual Meeting were presented for consideration and approval at this time. After a brief period for review, there was a motion, a second and without further discussion the minutes were approved as presented.

DISCUSSION OF BUDGET

Eric moved the budget discussion forward in the agenda in order to allow those who wished or needed to leave to do so.

Eric said that assessments for 2008 were proposed to increase to \$2400 per year per home from 2007's level of \$1884. He explained that the major areas of increase related to improved landscape maintenance, a reserve study, an increased reserve contribution from owners, and proposed improvements to the Cerise Ranch entry. He briefly explained the reserve study as a needed investigation into the long-term needs of the association in terms of maintenance of its assets, principally the roads and clubhouse. Manager Edquist stated he had a copy of the Reserve Study proposal from Borne Engineering if anyone wished to see it.

There was a question as to whether any additional funds were being collected from those owners currently building homes (i.e. a construction impact fee). President Schmela said the Board had given that idea consideration, but nothing of the nature was presently going forward. He said that transfer fees had been considered, and would like to gauge the owner's feelings about both these items, and other sources of funds, later in the meeting.

There was a question regarding the \$12,295 expense charged to reserves in 2007. This was used to install the clubhouse security cameras and the electronic pass key system which is integrated with the cameras. Eric stated this system was installed due to the prior incidents of damage to the clubhouse, or abuse of the facility. Manager Edquist explained that the system was activated by motion, and recorded

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DISCUSSION OF BUDGET

images--but not sound--to a hard disc. The images are also viewable in real time over the internet, and the pass key system involves coded electronic keys which allow identification of keys issued to individual users. The system records the key, time, and door on which it is used, and along with the camera images, this information is also recorded to disc. All key and image events are searchable and can be saved or printed.

Eric called for a motion to approve the budget for 2008 at this time. There was a motion, and a second, and the following discussion regarding water. There was a \$6116 figure in the approved 2007 budget which showed no corresponding expense (\$0.00 expense) in the 2008 budget. Mr. Edquist explained that the expense was re-named for clarification and was to be found elsewhere in the proposed 2008 budget, under the title "Basalt Conservancy District (Evaporative Losses). President Schmela explained that this expense related to the Association's water rights. He also said that the legal matters surrounding the water rights associated with the ranch had been settled among the developer, the POA, and the Mid Valley Metropolitan District, and that the Association was well supplied with rights to water. Part of the agreement calls for payment for evaporative water losses, some of which the Association will apportion to owners with water features.

There followed another brief discussion regarding the costs of management, and "why was that cost not going down" with the developer now out of control of the Board? President Schmela explained that the management costs were related to having Manager Edquist engaged to handle some of the affairs and operations of the Association, working with the Board of Directors. Mr. Edquist said he would speak further about those matters later in the meeting.

There being no further discussion or questions, President Schmela called for a show of hands in favor of approval of the proposed 2008 budget. A total of 15 owners present voted in favor of approval, with none opposed. Manager Edquist then stated that President Schmela had proxies in his name to vote. Mr. Edquist said there were 10 proxies marked in favor of approval, one proxy with no indication, which Eric could vote as he chose, and three proxies in his name not in favor of approval. Manager Edquist asked how the President voted these proxies, and was told 10 votes yes, one vote determined by his action as yes, and three as opposed to approval. The net result of the vote was approval of the 2008 budget as proposed.

PRESIDENT'S REPORT

The business above concluded, Eric said anyone who wished to be on their way could now depart; no one left the meeting. He then recounted the recent meetings of the Design Review Board, the progress he felt that Board was making in Cerise Ranch and the revision of the Design Guidelines to reflect the changes in the community. He said the new Guidelines would go into

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effect on January 1, 2008 (this fact was also noted in the President's letter mailed with the proposed budget, December 6, 2007). He named the Design Review Board members as himself, Dave Marrs (present) and Ted Borchelt (present by proxy), and said Keith Edquist was acting as administrator. The new Guidelines, and other pertinent info, will soon be available at www.ceriseranch.com under Homeowner Information.

President Schmela then touched on the reserve study, which is a detailed look into the future relating specifically to each of the association's assets---most significantly the clubhouse, pool, and the roadways. The result of the study will be a detailed report projecting the lives of these assets and their expected future replacement costs. Eric said this would allow the POA to get a grip on future expenses, and also to review the work done in developing Cerise Ranch, as the company involved has an engineering basis, and will be looking at the overall aspects of the neighborhood within that discipline.

This led to a recap of the possible improvements to the Cerise Ranch entry, including signage, lighting, streetscape and roundabouts. Eric asked for owners input as regards any and all of these matters, or others seen as important to the overall appearance and value of the community. Eric also said that wetlands designations within the CRPOA had curtailed the opportunity to extend the berm along highway 82, despite having the fill dirt available at no cost. This project is comatose for the moment, but perhaps not dead yet. On any Association topic, owners may e-mail ideas to the Board members or management, and/or attend the monthly Board meetings where they may participate in discussions.

Eric then thanked the Board of Directors for their hard work over the last year, and also thanked Mr. Edquist, before moving forward in the agenda.

MANAGEMENT AND FINANCIAL REPORT

Mr. Edquist recapped his experience in management of associations, saying he had been in this type of business for 25 years, having managed condominium hotels organized as associations in Snowmass Village and Aspen, then having control of the property management division of the Cordillera development in Edwards, an 1100 acre second home/golf development. He said he felt he was well suited to this work, and encouraged the owners present to be free in contacting him about association matters.

He said associations were unique entities in that they are part community, part business, and part government. He knows of nothing else quite like them, and said he felt that the "government that governs least governs best". In that vein, he said he would always first consider if there were other authorities that might have jurisdiction over community problems, such as dogs at large, speeding on streets and etc. He felt it was not the association's duty in such cases to be the first or principal enforcer. He always encourages neighbor speaking directly with neighbor

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as a first step, and also is likely to make personal contact with owners before sending written communications.

He briefly covered changes in Colorado law governing associations, and mentioned two pages enclosed with the materials distributed at the meeting. One listed eight generic policies by name. The other listed the names and contact numbers of the Board of Directors and his management company-- Edquist Management and Real Estate, LLC, dba EMRE LLC. He said Colorado associations must pass a group of policies (collectively, "Responsible Governance Policies") that address homeowner's rights. Specifically, their right to know how their association operates. He said the Board would be working with him to set such policies in the first quarter of the coming year.

Manager Edquist recounted working with the Cerise landscaper over the past summer, and said rather immediate changes and improvements were made once that company began to get feedback on its work. He said he expected the landscaper to screen some of the utilities and pumps at the entrance next summer, and to continue to prune the cottonwoods upwards along Cerise Ranch Road. There will also be additional attention paid to cutting grass along the roadways and paths in the common area, the volleyball court, and improvements to the roundabouts.

Keith then spoke about the possibility of a single contractor engaged by the CRPOA to pick up trash. He said there was a favorable bidder, and asked for an expression of interest in this. While most owners present agreed that a single contractor would benefit the neighborhood, it ultimately proved premature to implement this program at this meeting. A vote taken indicated 5 owners present in favor of the idea, and 3 opposed. There is difficulty in implementation until the POA is more completely built out, with so many lots still vacant and not in need of trash/recycling service.

OLD BUSINESS

None

NEW BUSINESS

Eric led a short discussion on the upper ditch which supplies water to the homes on the north side of Larkspur Drive. He said the Association had no easements in place that would allow Association maintenance of the ditch line and piping, and that ultimately it would require the cooperation of all the owner/users of the water to collectively maintain it. All of the lot owners who use water from this ditch need to get appropriate easements in place, and then the Association may take over the maintenance of this ditch. Mrs. Cerise said the ditch was abandoned "long ago" prior to the acquisition of the ranch land by the developers.

Discussion passed to the implementation of a transfer fee as a revenue source for maintenance of the Association's assets. This is a common device used by many

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similar entities to fund capital reserves or to address specific expenses. There was consensus support expressed by most all of the remaining owners for the Board to investigate this funding mechanism, which is allowed under the CRPOA Covenants. Manager Edquist said he had experience in several larger associations where this has been successfully implemented, relieving homeowners of steadily and dramatically increasing assessments.

The Board is trying to meet on a regular schedule, generally the first Wednesday of each month, at 7pm in the clubhouse. The first item on the agenda is an owner's open forum. Please contact Manager Edquist if you wish to know the next meeting date of the Board of Directors.

Next Meeting: December 2008, location to be determined. Notice of the meeting date and location is always mailed to the ownership.

ADJOURNMENT

There being no further business to come before the Board or ownership, the meeting was adjourned.

Respectfully submitted,



Keith M. Edquist
Edquist Management and Real Estate, LLC
Secretary to the Meeting

CERISE RANCH PROPERTYOWNERS
ASSOCIATION, INC.

Eric Schmela –President