

Cerise Ranch Property Owners Association

RECORD OF PROCEEDINGS

Wednesday, October 1 2008, 7:00 P.M.,
Clubhouse, 0157 Cerise Ranch Road
Carbondale, Colorado

MEETING OF DIRECTORS

A meeting of the Directors of The Cerise Ranch Property Owners Association (the "Association") of Garfield County, Colorado was held on October 1, 2008, with the following persons present and acting:

- Eric Schmela, Association President, with written proxy from Gressett
- Todd Gressett, Vice President, arrived approximately 8 pm.
- Brenda Broxton, Treasurer
- Charles Capobianco - Director
- Keith Edquist, Association Manager
- Kristen Boothe, Secretary, Director, was unable to attend

Meeting topics: West End Ditch Company, landscape weed control, entry lighting. Insurance carrier review of facilities. Update on DRB, Revised Borne Engineering Reserve study, discussions of reserve funding, transfer assessment, and 2009 budget timeline.

Owner's Open Forum

No comments and no owners were present. Owner Richard Stumpf was out of town and unable to attend the meeting. Keith had sent email notification to him, as he wished to attend the Board meeting in regard to materials stored on lot 38.

Consideration

The minutes of the meeting of September 10,, 2008 were reviewed and unanimously approved without changes or corrections.

Management Report

Keith said he had received an email from Director Boothe indicating that she would like to resign from the Board. He said he would request a letter of resignation from her. At that point, the Board would have the ability to appoint someone to serve the balance of Kristen's term. There was also discussion of making the Director's terms concurrent with the budget cycle, rather than renewing in February.

Keith said the entry lighting at the entry was complete, and asked directors to comment on the post box lighting, which is indirect and may be insufficient. He said weed control was nearly complete, except for spraying Canada thistle again after a frost or two, when they will be pulling in the nutrients/herbicides into their

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roots. Private lots have been sprayed for the season, and owners will be billed for this on the 4th quarter statements. He said landscaper Hazard had begun work on the drainage ditches fed by the culverts under Sunflower Loop and Larkspur Drive, but that this was not yet completed. He said it is an on-going responsibility of the POA to maintain these drainages.

Management Report

Director Capobianco mentioned that an adjacent homeowner to him was considering replacement of the tumbleweed behind his home with alfalfa. This generated some concern in regard to irrigation and allowable plantings. The recommendation of the Board was for any such proposal to come to the Board for consideration.

Keith then said he had contacted the person living in Lot 2 CRPOA in regard to past due assessments. Long story short, the home is in foreclosure or soon will be. The Board directed Manager Edquist to file a lien for the POA assessments due on the property as soon as possible. Keith reminded the Board that this work is differently billed under his contract with Cerise. The Board authorized the filing, as these charges will be added to those due in assessments, finance charges and all other associated costs.

Discussion passed to the list of items needed in regard to the review of the property by the new insurance carrier's hired consultant. Mr. Edquist was asked to secure fire extinguishers for the Clubhouse, and to have the electrical breaker box and ground fault interrupter circuitry checked out by an electrician. In regard to the recommendation for a Clubhouse use policy or contract, the Board gave no direction at this time, but asked Mr. Edquist research for other such policies to model one upon. Keith said he would inquire of the insurance agents what adding the CRPOA as "additional insureds" would require on the part of insured vendors providing services. Last, the playground equipment was discussed, and management asked to establish costs for the recommended changes to the area.

The Board determined the pool would close for the season the week of October 13th. Management was asked to create a sign for posting on the door. There was discussion of unused funds in the present budget line item for landscape improvements and if they might not be directed to the planting of more trees on the berm east of the entry. Keith said he thought irrigation needed repairs on the berm. Directors asked if trees could not be planted in areas where they could reach groundwater. Keith and landscaper Hazard to try to determine direction by looking at irrigation repairs and where other trees might be planted in the common spaces, with the involvement of the landscaping committee (Capobianco, Marrs, Gressett, Schmela).

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There was discussion of the maintenance of the far east and west signage, and Director Broxton was asked if there were a possibility of bringing electric to the east berm sign from her adjacent property. Also discussed was the need to maintain the timbers over the irrigation ditches on the roadways. Keith was asked to determine costs for this work for planning in next year's budget, so the timbers do not grey out and look poorly. Crack sealing the roadways as a preventative measure was discussed and management asked to bring bids. Keith said he would revisit earlier bids taken this spring.

In regard to the DRB, Keith reported that owners of lots 53, and 12 had been inspected and their completion deposits returned. Lot 48 has also been re-inspected and is near having the completion deposit returned. Keith said he had done the dry-in inspection for Lot 23, taken pictures of the construction, and would be providing that information soon to the DRB.

West End Ditch Company

Todd Gressett had not yet arrived, so Keith recapped the information from the last meeting on September 10, in which Todd indicated that the owners of Lot 58 were spearheading this effort to establish a pump location, ditch company and proper easements across common areas to serve several Sunflower Loop owners.

Mr. Gressett represented in the last Board meeting that there would be no cost to the POA, and that all expenses in regard to securing the easement, operation and maintenance of the pump and ditch easement created would be borne by the owners benefiting from the irrigation water. He said it would be necessary to survey the easement, finalize it legally and amend the Cerise Ranch phase I plat. The West End Ditch Company may proceed, but is expected to keep the Board informed of all developments related to this use.

Old Business

Directors again reviewed the preliminary Reserve Study from Borne Engineering, and again began discussions of instituting a transfer assessment. Todd Gressett arrived for the meeting at about this point in discussions. Todd said he had spoken with realtor Karen Toth in this regard, and that Karen felt a transfer tax would have less effect on potential purchasers of property in the POA than would higher assessments.

Keith said he felt most buyers do look at assessments, often without consideration of an association's reserves. He said also that he had spoken with a Vail based realtor, resident of a similar association and one of its Board members. That source confirmed that most developments in the Vail valley have such a funding mechanism, and that the cost was nearly always split between buyer and seller. This person also said proceeds from the transfer assessment had allowed capital improvements to landscaping in the development, which led to rising property values.

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The Directors discussed these matters and came to the agreement that a transfer assessment is something they favor as a funding mechanism to address expenses identified in the reserve study. There was discussion of a simple percentage of each sale, a percentage which caps at a certain sales price, and a simple flat rate. Also discussed were the need to make sure succeeding Boards might not simply undo this assessment, and a corollary discussion about setting a “sunset” clause on it, which might run for the term (until 2028) of the present reserve study. Eric said he would contact the attorney in regard to transfer assessment common percentages and sunset clauses, and local realtors in regard to common percentages. Keith said he could also inquire about perception of such transfer assessments with local realtors.

The Board’s discussion again addressed the need for budget preparation and a timeline to the annual meeting in December. The Board determined to meet again at the end of October to talk through any new information and options, and then to try to hold a general meeting of owners in November to explain the reserve study conclusions and present the concept of a transfer assessment to the owners. Shortly thereafter, owners could be mailed a proposed budget for fiscal year 2009.

New Business

There was brief discussion of the snow removal contract for the winter.

The date of the next Board meeting was proposed as October 8th at 6 pm.

There being no further business to come before the meeting, the meeting was adjourned at 8:50 pm.

Respectfully submitted

Keith Edquist, EMRE LLC, Association Manager

CERISE RANCH PROPERTY OWNERS ASSOCIATION, INC.

Eric Schmela, President