

Cerise Ranch Property Owners Association

RECORD OF PROCEEDINGS

Wednesday, September 10 2008, 7:00 P.M.,
Clubhouse, 0159 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 September 10, 2008, with the following persons present and acting:

- Todd Gressett, Vice President.
- Brenda Broxton, Treasurer
- Charles Capobianco - Director
- Keith Edquist, Association Manager
- Eric Schmela, Association President, was unable to attend
- Kristen Boothe, Secretary, Director, was unable to attend

Meeting topics: West End Ditch Company update. Update on banking changes, update on landscape weed control and entry lighting. Report on needed changes due insurance carrier review of facilities. Update on DRB and July 08 financials, assessment aging report. Revised Borne Engineering Reserve study update, discussion of reserve funding and 2009 budget timeline.

Owner's Open Forum

Brenda Broxton brought forward an anonymous complaint regarding bright exterior lights on a house on Larkspur Drive.

Consideration

The minutes of the meeting of August 12, 2008 were reviewed and unanimously approved without changes or corrections. Keith noted that the banking investment proposal from Kim Poukish, Rocky Mountain Accounting was appended to the minutes. The Board acted to move the Association's accounts from US Bank to American National Bank due to more favorable interest rates available there.

West End Ditch Company

Todd Gressett advised the Board again about the West End Ditch Company, where users on Sunflower Loop propose a diversion of the Harris-Reed ditch to service a multi-user pump setup which would bring irrigation water to participating users at this end of the subdivision. Todd said that the owners of Lot 58 were eager to get this project underway and that they were hiring a surveyor to set out the easement for the re-alignment of the present ditch easement over portions of association common space on lots 57 and 58, with a pump location on lot 58. He stated that they had agreed to file the proper documents in regard to the WEDC.

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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.

Management Report

Keith said the entry lighting at the entry was complete, and that he was working with the landscaper to be sure irrigation watering does not hit the lighting at night when it is on. Todd asked if the lights could be shielded more from the highway and Edquist was to look into this. He said also that a light had been added to illuminate a large spruce near the post boxes, and indirectly light the box area. It may be necessary to add additional lighting for this area. This light is on a timer and comes on about 8 pm and goes off at 2:30 am.

Last, he said landscaper Hazard had completed cutting on the east end of the property, that the revegetated areas near the clubhouse and pond had been fertilized and treated for weed growth, and that the spruce trees in front of the clubhouse would shortly be cleared at their bases for a more maintained appearance. He also said the cleaning of the ditches which come towards the highway on Larkspur in several locations would be done next week. Manager Edquist will notify owners who are affected by this in advance. He said finally that there would be further weed control efforts after a week or two of frosts in September. This is largely to control the Canada thistle, which spreads by roots. Private lots have been sprayed for the season, but owners have not yet been billed for this.

The Board packet included a report on recommended changes in policies regarding Clubhouse use and contracts with vendors, as well as some recommendations regarding the Clubhouse electrical system and its fire protection. Edquist was directed to take care of the electrical and fire extinguisher recommendations. He said he would investigate the recommendation that vendors name CRPOA as an "additional insured" on certificates of insurance, but that he does presently require proof of insurance before a vendor can work for the association. The final recommendation was for legal review and creation of a contract regarding Clubhouse rentals. No action was taken by the Board at this meeting, except to agree that such a contract was advisable.

In regard to the DRB, Keith reported that owners of lots 53, 48, 12 and 7 were inquiring about return of Completion deposits for these lots. DRB will be meeting only once per month, on the third Tuesday of each month for the near term future. Next DRB meeting is set for September 16th.

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The Board then reviewed the July financials and the assessment aging report. Keith has contacted owners who are in arrears for the assessments, and will update the Board on their status at the next meeting. The only item of significance noted on the July financials was the reduction of insurance expense, which he said was due to the change in carrier and consolidation of the policies.

Keith said the change of banking was moving forward. He and Todd signed new signature cards this evening. He said accountant Poukish had asked US Bank to match the interest rates offered at American National Bank, but they were unable or unwilling to do so. ANB is holding open the rates in Kim's 8/12 proposal until signature cards are complete.

Old Business

Mr. Edquist said the above ground irrigation systems existing on lots 3 and 21, were to have been removed by the Developer on both lots since the last Board meeting, and that issue was now moot.

Keith said the Association has terminated the electric service located on lot 21. That pump runs via the home panel on that lot, and the billings were for a minimum charge. The other pump billing now goes directly to owner Broxton. The Board determined in its last meeting to pay one half of the accumulated billings incurred from the read dates of 6/13/2006, and 10/11/2006, with the remaining billings being the responsibility of owner Broxton on lot 27. These respective amounts are \$48.60 and \$400.12 through July 14, 2008. These amounts will be added to the quarterly assessment for Lot 27.

Manager Edquist said the owners of lot 45 had been called about the stone and culverts stored on that lot and had determined to bring in their Final Review materials to the DRB next week. The owner of lot 38 was contacted and wants to come to the next Board meeting to state his case in regard to the materials still stored there. He was informed that fines were still in effect, but he stated he would not be paying any fines. He did miss an opportunity to address the Board on this earlier this summer when one of its meetings was postponed. He was not able to attend this evening.

New Business

Manager Edquist passed around a revised preliminary Reserve Study from Borne Engineering, saying that it was more accurate in presenting the association's present reserve contributions, and projecting what those should be in order to have the funds necessary to improve and maintain the HOA. The revised study proposes that assessments increase by \$60 per month beginning next year, and increase thereafter by 3 percent per year through 2028 in order to pay for all necessary repairs and replacements. That would mean a quarterly increase of \$180 next year, if the budget otherwise remains flat.

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There followed a lengthy discussion as to how to meet these needs, the effects of higher or lower assessment levels on homes sales, and the potential effects of a transfer tax to benefit CRPOA on home sales. This discussion also addressed the need for budget preparation and a timeline to the annual meeting in December. The Board finally determined to meet again in two weeks specifically to talk through its options, and then to try to hold a general meeting of owners on October 8th to explain the reserve study conclusions and gather input on how this is perceived and how funding the reserve should be accomplished.

Mr. Edquist said he would contact Borne to see if they could not run some other scenarios with the assessment reserve contributions, and if they might be able to prepare a PowerPoint presentation of their materials.

The date of the next Board meeting was proposed as September 24, with the regular October meeting on October 8th, 2008.

There being no further business to come before the meeting, the meeting was adjourned at 9:20 pm.

Respectfully submitted

Keith Edquist, EMRE LLC, Association Manager

CERISE RANCH PROPERTY OWNERS ASSOCIATION, INC.

Eric Schmela, President
