

Cerise Ranch Property Owners Association

RECORD OF PROCEEDINGS

**Wednesday, January 14, 2009, 6:00 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 January 14, 2009, with the following persons present and acting:

- Eric Schmela, Association President
- Ted Borchelt, newly elected Vice President.
- Brenda Broxton, Treasurer
- Charles Capobianco Director
- Keith Edquist, Association Manager

Also in attendance were:

April Calabro-newly elected Director
Farrah Roberts-newly elected Director
Kim Poukish, Rocky Mountain Accounting Services, Association accountant

Meeting topics: Election of Officers and length of terms, financial and aging reports, lien status, contracts for services, DRB, RETA, irrigation ditches.

Owner's Open Forum

There were no comments from the owners/directors present.

Consideration

The minutes of the meeting of November 18, 2008 were reviewed and unanimously approved without changes or corrections. Also included in materials for the Board were notes on the Informational Meeting on the Real Estate Transfer Assessment held November 19, 2008.

Election of Officers

The Board elects its own officers. Vice President Gressett's term has expired. Therefore Ted Borchelt was elected Vice President, and was able to act at this meeting. April Calabro was elected Treasurer, replacing Kristin Boothe, and thus able to act at this meeting, and Farrah Roberts was elected Secretary. Farrah was unable to act at this meeting, as she will replace acting Director Broxton in February. Ted will serve a two year term to December of 2010, April and Farrah will serve three-year terms, to December of 2011. President Eric Schmela and Director at Large, Charles Capobianco, terms' expire December of 2009. Brenda

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Broxton's term ends February 28th of this year, and she was therefore an acting Director at this meeting.

This effectively establishes a staggering of terms for the Directors, as required in the By-Laws for CRPOA. Lastly, Todd Gressett will be removed as a signer on the Association's accounts, and replaced by April Calabro.

Financial Report

Kim Poukish distributed the financial reports through December of 2008. After discussion of the outstanding receivables/liens filed on 4 owners of 5 lots in Cerise, it appears there will be a surplus of 12 to 13 thousand dollars from the operations budget for 2008. The Board directed that this surplus be moved to the CRPOA capital reserve fund when all 2008 financial transactions are closed and some expenses are re-classed to operations from capital reserve.

There have been 3 liens filed by the meeting date, with two more to be filed the following day, totaling \$11995.08. This represents uncollected assessment income which would otherwise have contributed to the budget surplus noted above for CRPOA operations in 2008. One of these homes has been foreclosed upon by the mortgagor, and documents filed which may limit the Association's dollar recovery to assessments for the last 6 months only, or \$1200. Under Colorado law this is known as the Super Priority Lien, and allows assessment debt to be senior to all other debts of the owner with the exception of the mortgage and taxes on the property. Manager Edquist will forward information regarding this to the Directors.

Farrah Roberts asked if the balance of this assessment would be collectible, and Manager Edquist stated that he believed so, as a personal debt obligation of the owner. He suggested it would be necessary to engage an attorney to establish costs and the probability of success for this, and then the Board would need to make the decision to pursue this debt or write off the loss. The only other method of collection is believed to be service of a summons and complaint by the association upon an owner for the amount owed. Mr. Edquist recommended legal advice as to this procedure should the Board choose to take this course.

The Board stressed that collections will have to be actively managed in 2009, and requested monthly aging statements be provided to assist in monitoring payments. Management was asked to investigate the possibility of direct deposit of assessments to CRPOA accounts. Included in the Board materials for this meeting was the adopted "Collections Policy and Procedures" document. The Board was asked to review this for possible modification at the next meeting.

There were no further questions regarding the financial reports, and Kim left the meeting shortly after 8 pm.

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New Business

Keith provided hard copies of existing service contracts for management, landscaping, snow removal, internet service and trash collection to Mr. Borchelt, who had requested these prior to the meeting. Some were available only in hard copy at this meeting. Mr. Edquist was directed to turn all into digital files and forward them to all Board members for review. They will be discussed in more detail at the next meeting. Vice-President Borchelt said he felt all these service contracts should be looked at and possibly re-negotiated given the country's current economic climate.

Discussion passed to the need for a new member for the Design Review Board. Manager Edquist said he had spoken with three owners who were interested in the position. At length Keith was asked to send a general email soliciting new members for the DRB, and asking they come to a meeting this following Tuesday evening, January 20th, prior to the regular meeting of the DRB.

Mr. Borchelt wishes to resign from the DRB, but will act until the Board names his replacement. This led to discussion of the proper number of DRB members, now set at three, but not to be more than 5, according to the Declaration. There was expression of a perception that current President Schmela should not be on both the Executive and the Design Review Boards. Eric said he felt Design Review to be the more important of the two positions he holds, in that he feels architectural review drives the quality of the community and, ultimately, its values. There was no resolution or action taken at this meeting, other than to seek other members for Design Review appointment, and to emphasize the importance of communication between the Boards. To this end, it was suggested at least one executive Board member should sit on the DRB.

Eric said new Colorado Law will soon require placement of carbon monoxide detectors in commercial and residential buildings. Edquist was directed to have a carbon monoxide detector placed in the Clubhouse mechanical room.

Keith then asked the Board to establish a regular monthly meeting date. Meetings of the Board will be held the first Wednesday of each month, at 7 pm in the Clubhouse. As always, the meeting will begin with an Owner's Open Forum.

Mr. Borchelt said there was a home under contract or about to go under contract for which he hoped the POA was holding a Construction Completion Deposit, as the landscaping was incomplete. Mr. Edquist confirmed that there was a \$5000 deposit on this lot and home. Mr. Borchelt was encouraged to disclose the need for DRB approvals on landscape and architecture for this home prior to the return of this deposit, if indeed he knows the property is under contract.

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Charles Capobianco said neighbor Dan Sadowski was interested in starting a community garden, possibly including sales to local restaurants. Charles also said that he had discussed with other owners a solar installation at Cerise that might sell electricity back to providers. Both might provide profit centers and income to the Association, possibly resulting in reduced assessments, but also setting Cerise apart as a more desirable community. The Board suggested Mr. Sadowski bring a proposal/presentation to the Board in regard to a community garden.

Old Business

The Real Estate Transfer Assessment was again discussed, followed by a motion, seconded and carried unanimously to institute a RETA as soon as possible, based upon the discussion and straw poll taken at the November 19, 2008 informational meeting for owners. Specifically, that would mean a transfer assessment of one half of one percent upon the sales price up to 1.5 million dollars, resulting in a maximum expense of \$7500. Eric was to update the “Notice of Levy of Transfer Assessment” for possible adoption and placement by the time of the next meeting of the Directors.

The need for work on the Upper Ditch easement question then began a long discussion on both this ditch and the proposed West End Ditch Company. While an easement exists for most of the length of the Upper Ditch across the lots on the north side of Larkspur Drive, sections of the ditch pipe and perhaps sections of the open ditch may or may not lie within that easement. Discussion followed regarding an owner’s or the POA’s maintenance responsibility for this ditch. In order for the POA to assume maintenance responsibility for the Upper Ditch, it must first be determined that it lies within an accessible easement on each lot it crosses. That would require the formation of a ditch company, or, at minimum, a determination –perhaps by survey- of where the pipe lies within the easement, and its overall condition.

The Board discussed maintenance responsibilities for the Upper Ditch. The POA presently maintains the Blue Creek and Harris Reed Ditches, though principally the Harris-Reed. Determining the responsible parties for maintenance of the upper ditch is a project the Board should address this year. Mr. Edquist also said it was related to the POA’s need to actively manage drainage along the roadways throughout the community. He said also that there were funds allowed in the 2009 budget for work on the drainage catch basins, culverts and ditch access easements. This work should be addressed and completed this spring, prior to thunderstorm season.

In regard to the previously proposed West End Ditch Company, Mr. Edquist stated that no actions had been taken since Todd Gressett reported to the Board last fall that he had given over lead on the project to owners of lot 58, Justin and Katie Erickson. Mr. Edquist stated that water coming to the west end of the subdivision is jeopardized by existing pumps in the Harris Reed ditch which do

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not include storage tanks. He said new construction coming through DRB is now required to install such storage, without which the Harris-Reed could be de-watered by the time it reaches the area of Sunflower Loop.

There being no further business to come before the meeting, the meeting was adjourned at 9:20 pm. The next meeting of the Board will be Wednesday, February 4th, 7 pm at the Clubhouse.

Respectfully submitted

Keith Edquist, EMRE LLC, Association Manager

CERISE RANCH PROPERTY OWNERS ASSOCIATION, INC.

Eric Schmela, President
