

RECORD OF PROCEEDINGS

Wednesday, November 4, 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 November 4, 2009, with the following persons present and acting:

Charles Capobianco President
Ted Borchelt, Vice President
April Calabro, Treasurer
Farrah Roberts, Secretary
Dave Marrs, Director
Keith Edquist, Association Manager
Kim Clinco, Association Accountant

Meeting topics: Snow removal contract, No Trespassing signage in Dakota, Board terms and openings, drainage basin and revegetation, Basalt Water Conservation District expense, Dakota/Highline ditch issue, budget preparation.

Owner's Open Forum

There were no owners present to speak.

Consideration

The minutes of the prior meeting of October 14th were presented for approval, and approved as submitted.

New Business

Manager Edquist stated he had received a subrogation letter from MetLife Insurance in regard to the Schultze property in Dakota. He said he had notified Cerise agents Neil-Gering and insurer CAU and that they would respond to this letter.. McMillan Claims Service, Troy Gordon will respond at the direction of CAU. Cerise insurance has already denied any liability in regard to this claim, by correspondence dated August 21, 2009 CAU to Schultze

Mr. Edquist included a photo of "no trespassing" signage erected on Cerise owner

Broxton's property, presumably by one of the Dakota homeowners associations, most likely the townhomes, where a path passes between the Cerise and Dakota properties. After discussion, Mr. Edquist was asked to contact the Board of the Dakota Townhomes.

Board member terms were discussed, and directors Capobianco and Marrs terms will expire this December. The Board asked Edquist to send a general email to Cerise owners to solicit interest in serving on the Board.

Keith said he had spoken with Jim Frale and Yancey Nichol at Sopris Engineering, in response to previous conversations director Calabro initiated after contacting Harry Baum, Western Slope Utilities in regard to a fix for the collapsed pipe section in Dakota. Western Slope needed an engineer's evaluation prior to providing a bid for repairs. At the time of the meeting, it was not known on what basis Sopris would be employed or at what cost. Until this is determined, Sopris Engineering will hold off on visiting the site with Manager Edquist.

There was further discussion in regard to the search Mr. Edquist and the Patrick, Miller and Kropf law firm have conducted in regard to the maintenance of this changed ditch easement in Dakota. Keith said he had discussed this with local rancher Dennis Cerise, and former owner of the Dakota property Gloria Arnold. He had also spent time researching recorded documents related to the Dakota Partners LLC, the developers of the Dakota property. Aside from the recorded change of easement for the ditch, there has been no success in regard to establishing maintenance responsibility. Dennis Cerise believes he and/or the Arnold's would have required any open ditch buried for the benefit of the Dakota developer to be maintained in that section by the beneficiary of the changed easement.

The Board came to a consensus agreement to determine the cost of a repair to the piped ditch section and determine a course of action thereafter. Once a determination is made on costs and responsibility, the Cerise Board could meet with the Dakota Board. Director Borchelt was asked to research title on Lots 9 and 10, Block 2, Dakota Subdivision.

Pursuant to direction from the last meeting, Director Marrs brought an application to be notarized and signed by the Cerise Board, which will reduce the Basalt Water Conservation District contract with Cerise Ranch from 52 acre feet to approximately 21 acre feet. Director Marrs indicated this will leave the CRPOA with adequate rights, including the ability to sell the right to build water features to owners in the Association; and reduce the annual expense by nearly half. Mr. Edquist provided a \$600 application fee check payable to the District, and the Board determined to sign and notarize this application document and return it to the District.

Mr. Edquist said he had contacted CDOT in regard to highway signage for Cerise Ranch Road, but had not received a response as yet. He said he did not feel such signage in the Highway 82 median would be approved, as there is no such signage for Blue Lake or

Valley Road.

Revegetation of the drainage areas disturbed in maintenance of the same was discussed and the Board determined to have Twisted Tree landscaping do this work. Mr. Edquist reported that excavator AAAmazing had returned and completed redirection and rock work on the Larkspur right of way drainage at Lots 43 and 44, and regrading of the drainage on Sunflower at Lots 60 and 61.

There was brief discussion of the Board's inspection of the landscape and scope of work performed over the summer by Tom Hazard. Director Capobianco had walked the property in this regard. As this line item is significant in the budget and was to be discussed later in the meeting, nothing further was determined at this time.

Old Business

The Board determined to forgive interest expense on past due amounts from a homeowner, who at least has made attempts (in this difficult year) to pay up past due assessments. Mr. Edquist suggested the Board should revisit the Collections Policy, in that interest and late fee charges should be reviewed in light of the national and local economy. Mr. Edquist was directed to prepare to file an assessment lien on Lot 59, whose owner had been sent Notice of Default over 30 days ago.

Mr. Edquist wrote owner Roget Kuhn a letter in regard to Lot 16 and existing drainages and easements at that location, and copied this via email to the Directors. They asked again that Keith contact Mr. Kuhn and suggest he attend a Board meeting to discuss what he expects should be done on his lot.

Budget Work Session

The Board spent the balance of the meeting in a review of line item expenses which were adjusted in a preliminary draft of the proposed 2010 budget in October. Accountant Kim Clinco and Manager Edquist provided a new monthly spreadsheet format and revised assumptions document, along with new account codes. There was an immediate suggestion to set a number for the landscape maintenance expense, and to have the Board meet with landscaper Tom Hazard later to adjust and re-visit his existing contract. This allowed more productive discussion on the balance of the line item expenses.

There was a decision made to have landscaping broken into sub-categories, and a similar request to separate legal expense (both in 2009 and 2010) into categories for the Basalt Water Conservation District, and for the Dakota piped ditch matter. Also, prudently, the Board added a line item allowing for bad debts (uncollectible assessments) next year in view of the present difficulties in collection and the state of the local economy. Most of the significant reductions were made in the landscape contract line item amount (\$47,000 to

\$40,000) and the landscape improvements line item (“\$15,150 to \$0.00). The contribution to capital reserves was kept at a total of \$30,000 per year. The final result of this work was to reduce monthly assessments by \$25, and thus quarterly assessments from \$600 to \$525.

There being no further business to come before the meeting, the meeting was adjourned at 9:05 pm.

The next regular meeting of the Board will be Wednesday, December 2, at **6 PM, an hour earlier than usual**, in order to prepare for the annual meeting, which was set for Wednesday December 9th, time to be determined.

Respectfully submitted

Keith Edquist, EMRE LLC, Association Manager

CERISE RANCH PROPERTY OWNERS ASSOCIATION, INC.
Charles Capobianco, President

Cerise Ranch Property Owners Association