

RECORD OF PROCEEDINGS

**THURSDAY, JANUARY 19, 2006, 7:00 P.M.
WESTSTAR BANK, 1901 GRAND AVENUE
GLENWOOD SPRINGS, COLORADO**

**ANNUAL MEETING OF MEMBERS
OF
PARK EAST SUBDIVISION HOMEOWNERS ASSOCIATION, INC.**

The 2005 Annual meeting of members of Park East Subdivision Homeowners Association, Inc. (the "Association") of Eagle County, Colorado was called and held on January 19, 2006, in accordance with the applicable statutes of the State of Colorado, with the following persons present and acting:

ATTENDANCE:

Directors

Mark Butler, President

Jeri Durnan, Treasurer

Abdi Pirzadeh, Director, was unable to attend

Wayne Kirk, is no longer a Park East Homeowner, nor Director

One Director position is unfilled was unfilled at this time

Owners present

Sam Wright

Paul and Nancy Boyer

Curt and Mariette Purdy

Jim Thinnes

Rick and Melanie Rossow

Paul Turley

Christian and Rebecca Romeyn

Jay and Dee Tobin

Donald and Linda Helmich

John Patillo

Armando Gonzalez

Elisabeth Bohanon

Sandy Douglass

Todd Jacob

Marc and Deborah Isgrig

Ken Keister

Brian Kurtz

Bo Helmich

Charles Randall

Jeff Steck

Tatyana Eubank

William Durnan

Lash and Marlis Laursoo

Erin Martino

Owners represented by Proxy were:

Stan Seligman

Jim Frale

Judy Spasser

Marcus Taylor

Robert Chatmas

Alice Gustafson

Abdi Pirzadeh

Steve and Julia Novy

Scott Gauldin

Ronald and Carol Gair

Ron and Michelle Lloyd

Laura Blair

Bruce and Kris McKinnon

Darren and Jeanne Gallegos

Ann Burns

ALSO PRESENT WAS:

Keith Edquist, of Edquist Management and Real Estate, Association Manager

CALL TO ORDER

President Butler called the meeting to order at 7:10 p.m. He introduced himself and Jeri Durnan as Directors, noted that Director Wayne Kirk is no longer an owner and therefore no longer a Board member. He said also that Jim Thinnes, who was present this evening, had moved from Park East and that his Board seat was vacant. He thanked Mr. Thinnes

for his service to the Association. He then said there were only two items of business for the evening: approval of the 2006 budget, and election of 4 new directors for the Board. He said discussion of other matters could be addressed under old or new business on the agenda.

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. Manager Edquist stated that Notice of the meeting was waived by the presence of those in attendance, unless they were there for the purpose of objecting to Notice of this meeting.

CONSIDERATION

The minutes from the February 8, 2005 Annual Meeting were presented for consideration and approval at this time. It was moved, seconded, and all were in favor of approving the minutes as presented.

INTRODUCTION OF GUEST SPEAKER

Mark Butler introduced the first of the evening's guest speakers, Mr. John Cerise. Mr. Cerise is an irrigation specialist with Grand Junction Pipe Company.

Mr. Cerise spoke for about 15 minutes on wise water use and conservation of water, focusing on frequent adjustment of irrigation clocks depending on the growing season and weather. He encouraged running the irrigation clock manually during the spring, letting the turf stress a little and reach for water, which encourages deeper root growth. He also suggested measuring the water an owner's system delivers, by setting out something like a tuna can and letting sprinklers run for 15 minutes to see how deeply it fills. He said ½ inch of water is enough for most periods of the year, noting that water use peaks in July and August, the hottest parts of the summer season. He encouraged the installation of water sensors, which act to turn off a sprinkler system whenever it rains. Several types were shown, a couple of which cost under \$30.00. Frequent adjustments to irrigation clocks will reduce water use and result in better looking grass. He passed out to those present several information sheets on water use and control.

He also said that over watering is costly, and that if it is seen in the neighborhood, owners should "raise hell" with whomever is doing so; he said water running down the street should be looked at as money down the drains.

FINANCIAL AND MANAGEMENT REPORT

President Butler thanked Mr. Cerise for his presentation. He said also that owners could contact himself or Manager Edquist for assistance with setting irrigation clocks, and agreed that water use in the Association will be critical this coming summer in controlling costs. He then said that the second of the evening's speakers had been delayed by a traffic accident on the highway. This was to be Rick Lofaro, Executive Director of the Roaring Fork Conservancy, to speak on the activities of the Conservancy and how that work affects Park East.

He then introduced Mr. Edquist for the management report. Mr. Edquist began by thanking WestStar Bank for providing the use of the excellent conference room for the annual meeting. He introduced bank Vice President Ken Keister, also a Park East homeowner. Mr. Edquist then introduced himself and his company, Edquist Management and Real Estate.

FINANCIAL AND MANAGEMENT REPORT

He said that association management is his only business, and provided the following contact information:

970-928-8428 **office and fax**
970-390-8401 **cell phone**
kedquist@usa.net **email address**

He said he had recently terminated his management with another association and was looking for additional associations to manage. He noted that the cell phone and/or email were the most effective ways to contact him.

He encouraged owners to contact him regarding association operations or association concerns. Manager Edquist then seconded Mr. Cerise's comments in regard to water use and over watering. He said the first line of problem resolution in the Association should be contact with one's neighbors about the issue, whatever that is. With that communication in mind, he handed out an authorization form for owners present to complete. This will result in a Directory for Park East owners, so that people can know their neighbors by name. He also encouraged those present to provide an email address to facilitate Association communications.

Manager Edquist then briefly noted the process of budgeting for the Association. He said owners are assessed for the expected cost of services and nothing beyond this. He said this means that being overbudget at the end of the year means any budget shortfall must come either from reserves, or be assessed to the owners in the following year. He said that Park East is overbudget for 2005 by about \$3500 to \$4800, depending on year end closing of accounts. He said that over watering this coming year could cause an overbudget situation again for 2006, and therefore encouraged wise watering practices and watching for over watering as a neighborhood. He said owners could expect watering regulations for the coming watering season.

He then said that prompt payment of assessments is critical to the operations of the Association. He said that assessments were due in full when assessed at the beginning of the year. He said if it were necessary for an owner to make payments in installments, owners could expect an explanation of what payment policy and interest rates would be in 2006 on the billing statements. He then briefly went over the agenda and accompanying materials so that owners could more easily follow the budget discussion.

In terms of operations, he said there was a common component to the assessment, which included a contribution by all owners to a replacement reserve. He said other components, including an estimated cost for irrigation water used, made up the total cost of ownership. There is a cost for trash service, and there are 25 lots who also have a payment included in their assessment for collection and pumping of sewage up to the city sewer mains. He said he checks the operation of the sewer lift weekly, and that one of the pumps did have to be removed and rebuilt this past summer. Only owners who contribute to the expense of the sewer maintenance and reserve accounts were charged for this work.

This discussion brought up a question for Mark Butler regarding the spreadsheet used to calculate estimated water use for each lot, and began the discussion of the proposed budget.

APPROVAL OF BUDGET

Mark explained that the water use was calculated based on the square footage of each lot, minus areas of the house, driveway and sidewalks. There is also an assumption made about the proper amount of water use per square foot per week. In response to another question regarding the cost of water, Mark stated that the City of Glenwood had adjusted the raw water rate, which earlier in the 2005 summer was costing more than use of domestic water to owners, down to \$1.00 per 1000 gallons of use. He said also that the City was no longer billing on a tiered rate system, which also reduces water expense.

There followed a question regarding the proposed line item expense for irrigation system maintenance and repairs. This line item is proposed to increase to \$8000 from the \$3000 budgeted last year. Mr. Edquist stated the proposed number is based on last year's actual expenses, which exceeded \$7900. He said the intent for 2006 is to reduce this overall expense, by contracting with a different provider. He said that the common irrigation lines are highly pressurized and encouraged owners to call if and when they see line breaks.

There followed a question regarding the summer meeting in which metering of irrigation water by the City was named an option. In discussions with the Board and management, the City was not willing to consider installation and metering of raw water. This meant that to install meters for each home, the Association would have had to contract for installation, then for monthly reading of meters. The costs were determined prohibitive, and the uncertainty remained that the City might not accept either the meters or the readings from the Association.

There was another question regarding the City's actual operating costs for the raw water lift system, and whether or not the City's utilities rate study has been completed. Mr. Edquist said that after the City agreed to reduce the raw water rates, the Association had not been as involved with this process. He said as water season approaches, he will be in touch with the City's operational personnel. There was a request made to follow up on the rate study with the City, which the Board and management agreed to do in the coming months.

Manager Edquist said he has a home irrigation system, and felt the costs for Park East water were favorable in comparison. He said he sets his system for 6-12 minutes per zone, every other day, or 3 or 4 times per week, adjusts it for rainy and hot periods of weather, and finds this adequate. He said there is little need to water after September 15, as grass is beginning to go dormant for the winter. He also said watering less in spring and fall is a good water conservation practice, saving heavier water use for the heat of the summer in July and August. Again, frequent adjustment of your system is important.

Treasurer Durnan noted the Board and management were very active over the summer in working with the City on the water rates. An owner requested that the owners all be emailed a notice if the Board is going in front of City Council on Park East matters, noting this is effective in getting the Council's attention. President Butler noted that the City does want the raw water rate to be less than that for domestic water, in order to reduce pressure on the water and wastewater treatment facilities.

There followed a question regarding the line item expense of the Roaring Fork Conservancy. President Butler noted this was an unavoidable expense to the Association, and part of the approval by the City of the Park East Subdivision. Mr. Edquist stated that the second of the night's speakers, Rick Lofaro of the Conservancy, had been invited to speak to this. He was unable to attend the meeting due to a traffic accident on Highway 82. Mr. Edquist recapped the actions of the Conservancy this past year, saying they had

APPROVAL OF BUDGET

directed \$6000 of the Park East 2005 contributions to a group called the Friends of Red Mountain, to aid in their efforts to restore the schoolhouse next to the park. He said this allowed the Friends to receive a matching \$5000 grant from the City towards the restoration. This action by the Conservancy was in response to the 2004 request of the homeowners. Mr. Edquist said also that the footpaths down to the river had been improved this past year. He said he had invited Mr. Lofaro to provide an overview of what the Conservancy does in protecting the watershed. He said that included the Frying Pan, Crystal, and the Roaring Fork rivers. He said the intent of inviting both speakers this evening had been to provide information to the owners about the Conservancy and the expense included in the budget by everyone's use of the raw water irrigation system. Both of these are significant components of the cost of ownership in Park East. There was then a request to acquire the Conservancy's budget and provide Park East an accounting of how Park East funds are used. Mr. Butler said there was probably no such specific a breakdown, but that the Board would follow this up.

Manager Edquist then asked the owners how they felt about trash service with the current vendor. There was overall satisfaction expressed. Mr. Edquist said he had negotiated with the vendor to cease charging for additional trash outside the containers; in turn he asked owners not to abuse this favor by frequently or consistently putting out extra trash. He then asked if there were general support for hiring a service to clear the sidewalks after a snowstorm. This was not supported. It was noted that there is a City ordinance regarding clearing walkways after a storm. Owners were encouraged to contact the City with a specific address if the abuse is chronic. Mr. Edquist was also asked to send a general email note to owners to clear walkways after a storm. He was also asked to send notification to all contractors building in the subdivision that they are also responsible for clearing walkways at their job sites of snow.

A brief discussion arose about the summer mowing of grass strips in connection with the above discussion regarding snow removal, as mowing, or lack thereof, was mentioned in the minutes of the previous annual meeting. This was recognized as a problem and an nuisance, but discussion of a course of action was deferred at this time. Jim Thinnis recommended a letter be sent to chronic offenders for failure to remove snow, or cut grass, both of which remain an owners responsibility to the community and neighbors.

There followed a discussion regarding management costs and responsibilities, and whether those costs could be reduced over time. Manager Edquist referred owners to the assumptions document (mailed to all owners before the meeting, and available in the materials handed out at the meeting) for a description of what is included in management services. He said further that, in his experience, an association the size of Park East would always require professional management. Jeri Durman said that the Board and management had spent a great number of hours on behalf of Park East in regard to the irrigation water rates in 2005, and felt the assistance of management was needed. She invited owners to become involved on the Board. Mr. Edquist said he viewed all owners as potential Board members, since some of the Board members terms end each year. He suggested that all owners should serve on the Executive Board at some time to better understand services, finances and operations.

Paul Boyer then made a motion to approve the proposed 2006 budget as presented. Libby Bohanon seconded, and the motion, and budget, was passed unanimously, without further discussion.

ELECTION OF DIRECTORS

President Butler stated that the next order of business was the election of directors. He said both he and Jeri Durman would stand for re-election, and said owner Melanie

Rossow had volunteered to stand for election. He said owner Abdi Pirzadeh had a year remaining on his term, and therefore only 4 directors were needed at present. He said owner Bruce McKinnon had resigned his Board position, that the Board appointed Jim Thinnes to that seat, and that subsequently Jim had moved from the neighborhood (he still owns a home here), and the seat was therefore vacant.

President Butler then asked for other nominations from the floor. Jeri Durnan nominated Nancy Boyer. There were no further nominations. The owners thereupon voted unanimously for this slate of candidates: Butler, Durnan, Rossow, Boyer.

Manager Edquist noted that proxy holders Mark Butler (various owners), John Patillo (proxy for Scott Gauldin), Bo Helmich (proxy for Steve Novy), and Jeri Durnan (two proxies for Abdi Pirzahdeh) also voted for this slate of candidates. Mr. Edquist noted that the Board elects its own officers each year, and Mr. Butler stated that the Board would meet to determine which of the newly elected members would serve the remaining one-year term of McKinnon/Thinnes.

OLD BUSINESS

None

NEW BUSINESS

Next Meeting: December 2006, 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

PARK EAST SUBDIVISION HOMEOWNERS
ASSOCIATION, INC.

Mark Butler –President