

RECORD OF PROCEEDINGS

**TUESDAY, DECEMBER 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 2006 Annual meeting of members of Park East Subdivision Homeowners Association, Inc. (the "Association") of Garfield County, Colorado was called and held on December 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
Nancy Boyer, Secretary
Abdi Pirzadeh, Director
Melanie Rossow, Director, was unable to attend

Owners present

Sam Wright	Paul and Nancy Boyer
Greg Knott	Martine Col
Brad and Becky Thayer	Robert and Michelle Schuckman
Abdi Pirzadeh	Elizabeth Bohanon
Marc Isgrig	Ken and Stephanie Keister
Jason Boston	Bo Helmich
Bill and Jeri Durnan	Lash and Marlis Laursoo
Mark Butler	

Owners represented by Proxy were:

Hilary Garnsey	Judy Spasser
Robert Chatmas	Alice Gustafson
Bruce McKinnon	Laurie Strong
Sandy Douglas	John Patillo
Jeffrey Ronning	Ronald Gair
Donald B. Helmich	Laura Blair

Amanda Gauldin -proxy in favor Ken or Stephanie Keister
Michelle Hagerman -proxy in favor Abdi Pirzadeh
Sean DeMoreas -proxy in favor Abdi Pirzadeh
Steve Novy -proxy in favor Abdi Pirzadeh

ALSO PRESENT WAS: Keith Edquist, of Edquist Management and Real Estate, LLC,
Association Manager

CALL TO ORDER

President Butler called the meeting to order at 7:10 p.m. He introduced himself and asked Board members Jeri Durnan, Abdi Pirzadeh and Nancy Boyer to stand and be recognized. He then asked those present to introduce themselves around the room. This complete, Mark introduced Manager Edquist. Mr. Edquist said that proper Notice of the Annual Meeting had been mailed to all owners. He said he had proxies from 16 owners, and that

NOTICE AND QUORUM

15 other owners were present in person. He said that although the attendance did not constitute a quorum of the Association's owners, the meeting would move ahead. He noted that under Colorado law, the proposed budget for 2007 would need to be actively rejected by 60 percent of the owners in order for it not to be approved at this meeting. He felt it unlikely that this would happen, with or without a quorum present, since the proposed increase was about 1 percent higher than last year, and since all owners had been mailed the budget and supporting documents prior to the meeting.

Mr. Edquist then said there were only two items of business for the evening: approval of the 2007 budget, and election of 2 new directors for the Board. Mr. Edquist said he viewed all owners as potential Board members, since some of the Board member's 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 of Park East. He said discussion of other matters of interest to owners regarding the association or association services could be raised at any time during the meeting, and encouraged owners to do so.

CONSIDERATION

The minutes from the January 19, 2006 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.

ROARING FORK CONSERVANCY

Mr. Edquist introduced the evening's guest speaker, Mr. Rick Lofaro, Executive Director of the Roaring Fork Conservancy. Rick said he was President of the local Trout Unlimited Chapter and also serves on the Board of the Roaring Fork Outdoor Volunteer organization.

Mr. Lofaro presented a brief overview of the Conservancy and its work in the Roaring Fork watershed. He said the Conservancy was 10 years old, administered over 1450 square miles of the watershed, comprised of the Crystal River, Frypan River and the Roaring Fork rivers. This is a land area about the size of the state of Rhode Island, and within that area the Conservancy holds many conservation easements totaling close to 250 acres. Of those easements, Park East's is over 8 acres of riparian habitat along the Roaring Fork. He said there was 1820 lineal feet of rivershore, to which the Conservancy encourages public access.

He said also that the Conservancy creates, maintains and restores the signage along the bike trail pertaining to the Park East conservation easement. Beyond that, it monitors and encourages the health and cleanliness of the water and the streamcourse habitat, for the benefit of fish and wildlife populations, irrigation and drinking waters, and for the economic health of the resource as it relates to tourism and our quality of life.

Two trails in Park East lead from the bike paths down to the river. The Conservancy improved those trails over the last two years. It also monitors water quality and streamflows in various locations in the valley through a system of educated volunteers. Rick went on to say that the Conservancy had tried, with limited success, to have some educational programs held at the Cardiff Schoolhouse, had provided \$5000 in funds towards the restoration of the schoolhouse in 2005, and believed that had helped in the replacement of some of the windows in the building. He said the Conservancy has held over a thousand educational programs since its founding in 1996.

ROARING FORK CONSERVANCY

He said the Conservancy maintained an active calendar of events each year including the River Float in the first week of June, a popular event open to the public. He said the funds the Conservancy receives, including those from Park East, are used about one third for maintenance and stewardship of the river easements, and two thirds for educational programs given within this area to local residents. One example Mr. Lofaro provided was an upcoming "tamarisk mitigation" volunteer workday on the Roaring Fork for the fall of 2007. Tamarisk is an invasive, non-native, plant species harmful to water quality and riparian habitats. Also planned yearly is a Roaring Fork river clean up day.

Manager Edquist said he had been forwarding the Internet version of the Conservancy's newsletter each month to Park East owners by email, and he encouraged anyone who wanted to be on the Conservancy's email list directly to contact them. The website is www.roaringfork.org. Mr. Lofaro provided several copies of the Conservancy's Newsletter *River Currents* and of the *Roaring Fork Watershed Water Quality Report 2006* and left a sign up sheet for interested owners.

Manager Edquist preceded Mr. Lofaro's comments with a brief update on the Cardiff Schoolhouse adjacent to the City's Conservancy Park. He said that the Schoolhouse is 117 years old, having been constructed in 1889. Its present location is only about 200 yards from where it was first built. He noted that the organization responsible for restoration is the Red Mountain Friends of Historic Preservation. Members Marise Doll and her husband, Dick Helmke were largely responsible for organizing volunteers and actually doing the work to restore the building.

By August of 2006, the Friends had placed the building on a solid foundation, insulated the sidewalls, repaired all broken windows, torn down and replaced the interior ceiling and shored up roof trusses. The floors were sanded, and the Glenwood Springs Garden Club planted the exterior with landscape materials. The building has been given to the City of Glenwood, and the Friends believe it is ready for some limited public uses such as meetings and weddings. The Friends will handle bookings and continued maintenance of the building. Vandalism has been an ongoing problem, so please contact the Glenwood Police department or Manager Edquist (928-8428) if you notice any damage or suspicious activity.

MANAGEMENT REPORT

Mr. Edquist began by saying that a community association is a curious thing, part community, part government, and part business. He said the discussion tonight would at one point or another touch on all of those aspects.

He said 6 homes had come through Design Review this year, leaving 12 vacant lots in Park East. Owners Wright, Kraig, Ulloa, Strong, Apple/Inscore and Garnsey/Beery completed or are constructing homes in the neighborhood. Six of the remaining 12 lots are owned by a single entity dba Great New Homes.

Mr. Edquist then said that work was recently completed on the Sewer Lift Station, the pit being cleaned of accumulated debris, gravel, tools, rocks etc. Just prior to this one of the pumps became bound and needed to be removed and cleaned. About \$1235 was spent on these repairs, from the account to which those 25 lots serviced by the lift contribute funds. Mr. Edquist said that fund was in good shape, and that consequently there was less of an assessment component for those owners in the proposed 2007 budget compared to 2006.

MANAGEMENT REPORT

Manager Edquist acknowledged the widespread problems with silt in the sprinkler system this season, and said the Board had authorized replacement of all 13 of the large filters on the system. Most of these were either not operational, or had been removed in the past. The new filters were installed in October, and will be self-cleaning by means of battery operated valves. The cost of this work was \$7643, and was charged to the general reserve account. The 06 budget included a reserve contribution from each homeowner of \$5.00 per month, so those funds and somewhat more were used for this capital improvement project. The proposed 2007 budget also includes this same level of reserve funding for the coming fiscal year, which generates \$4980 per year.

Mrs. Keister asked if this work would guarantee no more silt in sprinkler heads. It will not, as the water in the system is still unfiltered from the river. The general quality should improve, but not all silt will be eliminated. Mr. Edquist suggested additions of similar filters by homeowners on their own systems to further reduce silt in the heads. He said one of the things that will be concentrated upon in 2007 would be proper positioning of sprinkler heads in relation to driveways, and appropriate sprinkler heads for each location. Raw water and the silt it bears will continue to be a problem.

Mr. Edquist encouraged owners to contact him regarding Association operations or Association concerns. 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 noted the authorization form for owners included in the handout. Completion of this form by owners will result in a Directory for Park East, so that people can know their neighbors by name. He also encouraged those present to provide an email address to facilitate Association communications.

He said there were some expectations of the community members. Dogs should be controlled as per the City's ordinance, and cleaned up after. Barking dogs are a nuisance and should be silenced by their owners. Owners should remove snow from walkways within 24 hours of a snowfall, as per City ordinance. Likewise, Park East expects lot owners to mow and maintain the grass between the curbs and sidewalks on their lots. Trash should be in containers, and if it is consistently not so, owners should contact management to order another trash tote. Boats, trailers, recreational vehicles, snowmobiles and ATV's should not be parked in driveways. Vehicles should not be parked on the street except in the designated areas created for them.

Manager Edquist then said that the Board had approved the same assessment payment schedule for 2007 as was used in 2006. Assessments will be charged in full in January. They may be paid in full in January, or one half may be paid in January with the second half due before July 1, without incurring interest charges. Unpaid balances after July 1 will be charged 18 percent interest from the beginning of the fiscal year. The only other option is to pay monthly, including the 18 percent interest for the year spread over the 12 installments. He asked owners paying monthly to let this be known with their first payment. They will then receive a monthly statement. Prompt payment of assessments is critical to the business operations of the Association. They are necessary to pay for ongoing services throughout the year.

BUDGET DISCUSSION

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. 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. He said also that

the Board would consider adjustments in assessed water rates if owners will provide proof that they have less irrigable landscape than the spreadsheet lists.

Mr. Edquist stated that the overall assessment increase this year is about 1 percent. He called owners attention to the materials handed out for the meeting, the budget and supporting assumptions by line item, the responsibility for assessments by lot and in general among the owners, and the comparison spreadsheets for 2006 and 2007. Finally he noted the assessment payment policy form included, recapped above. All these materials were mailed in advance of the meeting to all owners.

Greg Knott asked if the rate study the City was engaged in last year had been completed. Mr. Edquist said that it had, but did not address the costs of untreated water. He said the City does intend to study and establish the costs of operating and maintaining the lift station that supplies Park East irrigation water. He said that the City had recently pulled for maintenance both of the pumps when premature wear on their bearings had been noticed.

There was a question regarding water costs from the City this year, and whether or not Park East is able to tell if it is billed equitably. Water was about \$2900 over budget for the year, largely because the City took the system off of raw water for the last month of the season, due to the wear on the lift station pumps noted above. This put Park East over budget, and this possibility will remain an unknown each year in regard to costs of water. The City is providing a monthly spreadsheet showing all the raw water users use, from which the City produces the Park East bill. It is still proving difficult to analyze. President Butler's conclusion as to whether the billing is fair or not was a qualified "Maybe".

Mr. Keister asked a question regarding the cost of insurance. The Association has changed policies since the developer no longer holds a Board seat. The renewal date of the policy was also changed at the same time as the policy carrier was changed, so the expense shown is truly only a payment for 10/9/2006 to 12/31/2006, and thus appears low. There should be a pro-rated rebate from the previous carrier. The present carrier is Community Underwriters Association, which specializes in insurance for common interest associations. The local agency is Neil-Garing, and the new policy resulted in a savings of \$87 per year.

There were no further budget-related questions, and a motion and second followed to approve the 2007 budget as proposed. This motion passed unanimously.

OLD BUSINESS

Mr. Brad Thayer inquired about snow removal by the City, which has been complicated by construction of a home on Lot 42. Vehicles on the street force the snowplow to leave 8-10 feet of street unplowed. This results in the postal carrier refusing to leave the mail in Mr. Thayer's box. As street parking is illegal in the subdivision, it was suggested Mr. Thayer contact the police to enforce the parking ordinance. Mr. Edquist also said he would be pleased to speak with the owner and general contractor on Lot 42 about this situation. An adjacent lot is about to be built upon, and Mr. Edquist and general contractor for this home (Lot 77) Abdi Pirzadeh said they would try to work through this problem of cars on the street together.

Mr. Keister asked what would be involved in changing the requirement for build-out of a home from the present 18 months. Mr. Edquist thought this was a requirement under the Design Review Guidelines, and thus would be less onerous to change than if it were in the Declaration.

OLD BUSINESS

Mr. Edquist stated he met recently with Al Laurette, the City's Director of Parks, and discussed with him the state of Conservancy Park and the landscape plantings there. They also discussed the walkways between Park East and the airport property. Mr. Laurette said the past summer's problems were related to labor shortages and not budget constraints. He said he is willing to work the problems of weeds and weed barrier fabric in the walking paths, which are the City's to maintain, and to try and improve the look of Conservancy Park. Manager Edquist told the owners he felt it far more effective for them to contact the City as regards these problems than for him to do so as a "hired gun". He said he has contacted the City often in regard to his own property and found them very responsive and willing to assist in problem solving.

ELECTION OF DIRECTORS

President Butler stated that the next order of business was the election of directors. He said both he and Abdi Pirzadeh would not stand for re-election, and that consequently two new Directors were needed for the Board. President Butler then asked for nominations from the floor. Jeri Durnan nominated Libby Bohanon. There were no further nominations. Jeri asked that not "all owners step forward at once". Mr. Greg Knott answered this impasse by saying he would stand for election. The nominations were closed and the owners thereupon voted unanimously for this slate of candidates: Bohannon and Knott. Terms are for two years, ending in December of 2008.

Manager Edquist noted that proxy holders Mark Butler (various owners), Ken Keister (proxy for Amanda Gauldin) Abdi Pirzahdeh (proxy for Novy, Hagerman and Sean DeMoreas) also voted for this slate of candidates. Mr. Edquist noted that the Board elects its own officers each year and would need to meet soon after the first of the year.

NEW BUSINESS

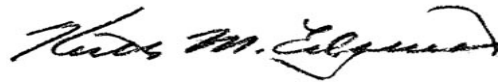
Mr. Edquist noted passage of recent Colorado legislation that requires Associations to adopt eight "Responsible Governance Policies". He said he expected to be working closely with the Directors to draft and adopt appropriate policies for Park East.

Next Meeting: December 2007, 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 shortly after 8 p.m.

Respectfully submitted,



Keith M. Edquist
Edquist Management and Real Estate, LLC
Secretary to the Meeting

PARK EAST SUBDIVISION HOMEOWNERS
ASSOCIATION, INC.

Mark Butler –President