

Park East Subdivision Homeowners Association

RECORD OF PROCEEDINGS

TUESDAY, DECEMBER 18, 2008, 7:00 P.M.

**U.S. BANK, 1901 GRAND AVENUE
GLENWOOD SPRINGS, COLORADO**

ANNUAL MEETING OF MEMBERS

The 2008 Annual meeting of members of Park East Subdivision Homeowners Association, Inc. (the "Association") of Garfield County, Colorado was called and held on December 18, 2008, in accordance with the applicable statutes of the State of Colorado, with the following persons present and acting:

ATTENDANCE:

Directors

Nancy Boyer, President
Libby Bohanon, Vice-President, was unable to attend
Paul Turley, Director, was unable to attend
Greg Knott, Secretary/ Treasurer, was unable to attend
Katie Voller, Director

Owners present

Sam Wright	Paul Boyer
Bill and Jeri Durnan	Rick and Linda French
Chad Jenrichs	Marc Isgrig
Jason Hadsock	Carlos and Maria Ulloa
Alice Gustafson	Linda Helmich
Brian Kurtz	Erin Martino
Lash Laursoo	

Owners represented by Proxy were:

Judy Spasser	Robert Chatmas
Laurie Strong	Brad and Becky Thayer
Chris Laven	Paul Turley
Mariette Purdy	Ron Gair
Stephanie Keister	Thomas and Elizabeth Bohanon
Steven Novy	Martine Col
Mark Butler	Sandy Douglas
Alicia Herring	Robert Schuckman
Ken Keister	Mark and Christine Butler
Bo and Anne Helmich	Tonya Maynard
Steven Deliyianis	Gerald Boston
Bruce McKinnon	Michelle Hageman
Gregg and Heather Knott	Uriel Payan
Mary L. Wallace	

Rick and Melanie Rossow – 3 proxies in favor Jason Hadsock

ALSO PRESENT WAS:

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

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CALL TO ORDER/ NOTICE AND QUORUM

President Boyer called the meeting to order at 7:10 p.m. She then introduced Board member Katie Voller, and then the owners introduced themselves around the room.,

This complete, Manager Edquist informed those present that a quorum had been established between owners present and those present by proxy. Mr. Edquist said that proper Notice of the Annual Meeting had been mailed to all owners.

CONSIDERATION

The minutes from the December 11, 2007 Annual Meeting were presented for consideration and approval. Owners were given an opportunity to review these during the meeting. At this time. It was moved, seconded, and all were in favor of approving the minutes as presented.

UNDERSTANDING YOUR HOA-THE EASY WAY

Manager Edquist played a short video regarding the organization of a typical homeowners association, its Board, management and committees, architectural controls, covenants and rules and regulations.

MANAGEMENT REPORT

Mr. Edquist began by saying the good news was that the proposed operations budget for 2009 was basically flat in terms expense in the common assessment, rising by \$1.20 per year per home. He went on to explain other components of an owner's expense in Park East as being made up of expenses either unique to a group of homes (the sewer lift contribution) or not common to all homes (trash collection), or varying home to home, as is the case with irrigation water expense. This last component is the bad news, in that the 2008 irrigation season (May 1 to September 30) predominantly used potable water rather than raw water, at correspondingly higher rates.

Mr. Edquist said there were about 40 days on raw water, and 112 on potable water. Consequently, proposed water expense for 2009 has increased by 60 percent, from \$33,840 to \$54,843. This allows for a possible rate increase from the city, expected in May of 2009. It also means the water component of a Park East owner's annual expense has increased again this year, perhaps by unsustainable amounts. The Board felt the only fiscally responsible action was to budget appropriately based on 2008 actual expense. They have directed management, for the present, not to pay the final City water billing of \$17,760. They are also expecting to withhold, for the present, payment to the Roaring Fork Conservancy for the last quarter of 2008, some \$3500 dollars.

Manager Edquist went on to explain that budgeting for an HOA is a zero sum exercise, in that the ownership is assessed only as much as will pay for its anticipated services. Despite allowances in the 2008 budget for water expense, this year's irrigation water billings will exceed owners' contributions by about \$17,000. This means the only source of payment would be the accumulated capital reserve. He concluded that Park East is facing some difficult decisions in the coming year. He said he expected the Board to be working actively on both of these issues in the first quarter of 2009.

Keith said there were also several owners who were behind in payment of assessments for the year and that several properties would be liened prior to Christmas if payments were not received before then. This also contributes to the financial problems in that income is less than budgeted, along with expense for irrigation water being over budget. Last, he explained the two options presently in place for payment of assessments, being monthly payments with an 18 percent interest rate, which is the more expensive to an

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owner, and less desirable to the HOA, or two payments per year, one half of the assessment due in late January early February, and the second half due by the end of June each year. Payments made on the latter plan do not incur interest or finance charges, as long a payment is received within 30 days of billing.

BUDGET DISCUSSION

Discussion turned to the problems and expense of the irrigation system. Mr. Edquist briefly explained the situation regarding the pumps, intake system, metering, and the several meetings management and the Board have had with City staff and with residents of Cardiff Glen, who have some of the same problems.

There followed a long discussion in regard to the water used in Park East, how is it metered, can owners have a dual source system to water the lawns, can the city just shut down the raw water system and not provide fresh water, will the City use this water for the parks and school fields if it is not used in Park East, is there enough storage capacity, can Park East xeriscape the common spaces, could the water simply be turned off when the system is not delivering raw water, why not raise the funds and fix it, could an engineer be hired to look into the problems, why is the maintenance of the system so expensive?

The net result of this discussion was President Boyer's call for the formation of a water committee and for volunteers to be on such a committee. Owners Brian Kurtz, Erin Martino, Nancy Boyer and Chad Jenrichs volunteered for this committee, Mr. Edquist will also be a member, and Katie Voller said she would participate when she can be available.

Keith encouraged the ownership to begin attending City council meetings en masse to keep the situation in regard to the raw water station front of mind for City Council. He said also that the Council seat for the Park East district will be vacant this April, with the end of the term of Councilman Dave Merritt. It will be important for the Park East perspective on the system to be represented to Council, as Mr. Edquist said he felt meetings with staff had not been productive.

President Boyer then called for a motion to approve the proposed 2009 budget. There was a motion to do so from Katie Voller, seconded by Jeri Durnan, and there followed a long discussion regarding the proposed expense of the irrigation water, and the expense of paying the Roaring Fork Conservancy. The Board and management gave assurances that they would be working to reduce the last City water billing, and that they would be looking into the payments required to the RF Conservancy to see if this expense cannot be eliminated from future budgets.

In regard to individual water expenses, Mr. Edquist also said the expense calculations could be addressed by any homeowner by measuring the amount of irrigated area on their lot and submitting it to the Board for any adjustment necessary. He recommended the Board set a time by which such an adjustment would have to be made in order to be effective for the year, and that someone would have to verify an owner's calculations.

There were no further budget-related questions, and President Boyer called for a vote on the previous motion to approve the budget. She cast the 25 proxies held in her name in favor of approval, and Director Knott's proxy as a "no" to approval. Owners French, Kurtz, Laursoo, and Haddock voted "no" to approval, Haddock voting the 3 proxies he held from owner Rossow as "no" also. All the other owners present voted to approve the proposed budget. By this vote, the budget was approved for 2009 as presented.

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OLD BUSINESS

None

ELECTION OF DIRECTORS

President Boyer stated that the next order of business was the election of directors. She asked for nominations from the floor. Jason Hadsock was nominated and is willing to serve. As Knott and Bohanon's terms were up this December; this left a single vacancy. Katie Voller indicated that Libby Bohanon was willing to serve a second term. These two were forthwith elected to the Board by acclamation. With this, the Board will consist of Jason Hadsock, Libby Bohanon, Nancy Boyer, Katie Voller and Paul Turley. The Board will determine its officers and the length of terms each Director will serve at its next meeting.

ADJOURNMENT

There being no further business to come before the Board or ownership, the meeting was adjourned at approximately 9:15 p.m.

Respectfully submitted,



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

PARK EAST SUBDIVISION HOMEOWNERS
ASSOCIATION, INC.

Nancy Boyer –President