

Panorama Ranches

RECORD OF PROCEEDINGS

2014 ANNUAL MEETING

January 17, 2015 Missouri Heights Schoolhouse

CALL TO ORDER

The 2014 Annual Meeting was called to order at 6:00 p.m., by Board president Wayne Hall. He laid out some guidelines for speaking at the meeting, and then introduced Association Manager Keith Edquist to call the roll.

ROLL CALL, NOTICE and QUORUM

Mr. Edquist stated that Notice of the meeting had been mailed to all owners. He then called the roll. There were 20 owners present and 21 proxies, making a total of 41 owners' votes represented, of the 56 lots. Those who have more than one vote because of proxies or multiple lots were noted on the roll call form. He stated that a quorum of owners was present. Director Merkel then made a motion to approve the minutes from the last annual meeting held January 25, 2014 with a single noted correction regarding owner DeSugny's first name, which was seconded and passed. These approved minutes of the annual meeting for 2013 will be posted to the website.

Owner Farrar noted the difficulty of approving annual meeting minutes at a year's remove. Manager Edquist said the minutes had been mailed with the Notice of the meeting. This year's minutes will be posted to the website in draft form. (website: panoramaranches.org)

INTRODUCTIONS AND CALL FOR CANDIDATES

President Hall introduced Secretary Doug Cernonok who in turn introduced the present Board of Directors. He then said that with the retirement of Director as Large Tony Merkel, there is need for a new director. He asked for owners interested in joining the Board to so indicate. Owners Christine Kroening and Khaila Derrington said they would consider taking a position. Election of Directors was to come later in the meeting.

President Hall took a moment to review the responsibilities of the Board:

- The principal responsibility of the Board is to maintain, protect, preserve and enhance the value of the community's assets. It cannot effectively accomplish this without a *fiduciary duty* to the association, a legal obligation, comprised of two components – the *duty of care* and the *duty of loyalty*.
- The duty of care means that the Board must act as reasonable people in managing the association's affairs. It must exercise reasonable business judgment (the "business judgment rule") in making a decision to avoid being negligent in its actions. The duty of loyalty requires the directors to act in the best interests of the association; that is to avoid conflicts of interest and acting out of self-interest.

President Hall then introduced the Chairman of the Architectural Control Authority for Panorama Ranches, owner Janver Derrington. Members of the Architectural Control Authority (ACA) are: Janver Derrington, David Zamansky, Ben Desugny, Doug Lassiter and Hans Brucker.

ACA REPORT

Janver said it had been a relatively busy year for improvements, with activity in most months. He said the ACA meets monthly on the second Thursday of the month. The ACA should be notified, in advance of the work, of changes, remodels and upgrades to homes and landscape in the community.

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Janver responded to questions regarding when owners are sent the “change of status or property” notice, and whether landscape changes are to be reviewed. He said management sends the change notice whenever the ACA determines that is necessary in the course of a review. He said that regarding landscape, the committee is concerned with tree placement/tree removal and xeriscaping changes not flower beds, gardens, turf etc.

WATER OFFICER’S REPORT

President Hall introduced owner and Water Operator Davis Farrar to present the water report, and recap his activities in regard to the water system in the last year. Davis reported on his activities in respect of routine maintenance and testing of the wells, pumps, storage, treatment and delivery systems for domestic water in 2014. He recounted some problems with communications between pumphouse and tank, and said there were again main line water breaks this year. He also said the system is pumping between 6 to 7 thousand gallons of water per day at present and that this is indicative of a system with few or no leaks.

He said there were no issues with Panorama’s water quality in 2014, and reminded owners that Consumer Confidence Reports (CCRs) on the water system are mailed on or before June 30, and are posted on the website for user’s review. He asked that he be called anytime 24/7 if owners hear the buzzer on the water tank, and also to advise him should water appear on the ground surface anywhere in Panorama. President Hall said owners should contact him, Davis, any Board member or management for either leaks or alarms on the tank. He said the Board was looking into an alarm or warning light on the tank and pumphouse.

Owners were informed the tank interior was cleaned and repaired this year. Davis said there was very little sediment inside the tank, and that it is usually cleaned, inspected and repaired about every 8 years. Wayne said the company’s report characterized the condition of the interior of the tank as good, but noted that the exterior is in good to fair shape and will need maintenance in the near future. He also showed a power point slide with the following 2014 information regarding the water system:

- Planned
 - Cleaning Water Tank (\$4625)
 - Tank-Pump House telemetry (\$1976.00)
- Unplanned
 - Pump house electronics (\$2561)
 - Pump repair (\$3077)
 - Sunlight Drive repairs (2) and install valve (\$33,136)

(The PowerPoint report is available to owners. Contact management.)

WATER SYSTEM UPDATE/RESERVE STUDY/RESERVE ASSESSMENTS

President Hall showed photos of two water line breaks on the Sunlight Drive section of the water system, and then a spreadsheet of the reserve study completed last year and the expected annual maintenance costs (\$50,000 plus) of the water system forward through 2018. Last year the Board recommended funding reserves at a \$50,400 annual level, which Panorama owners at the 2013 annual meeting reduced and approved at \$28,000. He said the Sunlight line had broken each of the last 3 years, and the costs to repair it amounted to \$61,243 over that time. In the same period, capital assessments to the ownership totaled \$61,600. He noted this was not adding significant dollars to the reserve fund.

A Google Earth view of Sunlight Drive was then shown, illustrating the Board’s proposed replacement of the section of the water line along the north side right-of-way along Sunlight Drive. Also shown were the sections of Sunlight Drive where repairs were completed over the last 3 years, totaling 120 feet out of the 1074 feet of the line itself. Three bids for the work of replacing the water line were shown, ranging from \$99,850 to \$240,110 and all with potential extra charges dependent upon sub surface rocks/rock formations.

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Proposals regarding the costs of a 10 year, \$200,000 bank loan were displayed. The budget proposed by the Panorama Board included a line item for this, which would entail a monthly payment of \$2121 per month.

BUDGET REVIEW

President Hall then went through the line items in the proposed 2015 budget, receiving compliments on the weed control efforts made this year. The amount of funds in the reserve account was reported as \$33, 737.72 as of December 31, 2014, consisting of a \$28,912.06 CD and \$4825.66 in the reserve account. Few of the other line items had changed significantly from 2014 to the 2015 proposed budget, and there were no further questions regarding them. Owners concentrated on the loan costs for replacement of the Sunlight Drive water line.

Extended discussion on the costs and benefits of funding this project with a bank loan then proceeded. Pros and cons of the expense were energetically debated. At length Janver Derrington made a motion to approve the budget as proposed, seconded by Director Doug Cernonok. That budget would have increased assessments from \$325 per quarter to \$439 per quarter in 2015. The Association membership voted on the budget as proposed and the majority of votes were against the motion. The motion failed.

At this point owner Davis Farrar made the following motion:

“to approve an amended budget eliminating the loan payment amount of \$25,452 and otherwise leaving intact the numbers proposed by the Board. In addition, there is to be an increase in quarterly capital assessments by an additional \$100 per lot for a period not to exceed one year from the date of this annual meeting. These funds shall be restricted to the capital reserve fund for required water system repairs and shall not be used for operating expenses.”

This motion was seconded by Dale Ahrens, and passed by a majority vote of the members present in person and by proxy.

NEW BUSINESS

Discussion diverted briefly at this point in the meeting as owner David Zamansky inquired about a present lack of limitation on the number of structures less than 120 square feet in area that might be built upon Panorama lots. This is not addressed in the covenants as revised in 2009 and recorded with Garfield County. Tony Merkel said, regardless of whether a structure is 120 square feet or less, it should still be brought to the Architectural Control Authority (ACA) for review. Members of ACA present at the meeting agreed. The problem is that without restrictions on structures of this type, they could proliferate. A straw poll of owners showed wide support for limiting the number of structures on lots, specifically those less than 120 square feet in area. Manager Edquist suggested that the ACA should draft language addressing this matter and bring that to the Board for review. This course was to be taken, and discussion passed to other new business.

At this point, Mr. Farrar made a second motion:

“to appoint a Panorama Ranches water committee to address water system issues including, but not limited to, financial sustainability, capital improvement needs, reserve funding for emergency repairs, water rates and other water system issues. This Committee will meet no less than quarterly and will provide quarterly written reports to the Board of Directors and the Association membership. The Board shall make available to this committee necessary financial and other information adequate to further the purpose of the water committee.”

Owner Dale Ahrens seconded this motion and a vigorous discussion on this matter followed. Owners Karen Cox said that the meetings of the Board were open to all owners, and that anyone having

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such an interest could attend them. She said further that no single owner had come to the meetings of the Board over the last year in this connection. Janver Derrington echoed this sentiment, saying he feels such a committee would be redundant, and the Board already addresses such matters in the course of their duties.

Owner Lance Quint asked if email notice of Board meetings could be sent out. Owner Ted Diamandopoulos felt that many of the owners could be helpful and were motivated to look into possible sources for low cost loans or grants which might assist Panorama in infrastructure repairs to the water system of the nature proposed. Mr. Ahrens felt more help on this should be welcomed by any Board. President Hall urged interested owners to come to the Board meetings, and Mr. Derrington said anyone interested ought to become a director. Karen Cox concluded by saying that she felt no one need be appointed to the water committee, or such a committee created. There was additional discussion in support of forming this committee which would serve to assist the Board on the issue of water and water finances. At this point the question was called, and a show of hands voted in favor of the motion 24 to 12, plus those proxy votes held being cast by their holders on this question. The Board will address this at their next meeting.

BOARD OF DIRECTORS

Secretary Doug Cenonok opened the floor to nominations for the Board of Directors. Owners Christine Kroening and Khaila Derrington volunteered and agreed to stand for election. There being no other nominations, a quick ballot was prepared and owners voted. This resulted in the election of Christine Kroening to the Board. The new Board consists of Doug Cernonok, Susan Burr, Wayne Hall, Jonathon Schuss and Christine Kroening. The Board will set its officers for 2015 at its next meeting.

OLD BUSINESS

None

ADJOURNMENT

The Annual Meeting was adjourned at approximately 8:45 p.m.

Respectfully submitted

Keith Edquist, EMRE LLC, Association Manager

PANORAMA RANCHES OWNERS ASSOCIATION, INC.

Wayne Hall, President