

**Minutes of the 2006 Annual Meeting  
Of the  
Edwards Village II Owners Association**

The 2006 Annual Meeting of the Edwards Village II Owners Association, Inc was held at 9:00 am, in Millennium Bank, February 13, 2007.

In attendance were Terry Halverson – President, Chip Webb – Secretary Treasurer, and Michael Walter of the Management Company.

With 40.36% of the Membership in attendance, a quorum exceeding the required 20% was established to conduct the business of the Association. See sign in sheet attached hereto.

The first item on the agenda was a reading of the Minutes of the Meeting of the 2005 Annual Meeting of the Association. Terry Halverson made the motion to approve the Minutes as presented. Chip Webb seconded the motion to approve the Minutes as presented and with a vote taken, the Minutes of the 2005 Annual Meeting of the Edwards Village II Association were adopted into the permanent records of the Association.

The next item on the agenda was a review of the 2006 expenses versus the 2006 budget along with the presentation of the 2007 budget. Michael Walter reported that Association came in under budget approximately \$8,107 in 2006. The Common Budget of \$78,871.00 came in over budget by \$8,185.00 but was offset primarily by Building “B”, coming in under budget by \$16,300. Building “A” was over budget by \$8.00 resulting in an overall \$8,107 budget surplus.

Terry Halverson made the motion that any surplus revenues remaining after the reconciliation be transferred to the Reserve Replacement account. Chip Webb seconded the motion to transfer the budget surplus to the Reserve Replacement, and with a vote taken the motion to transfer the 2006 budget surplus was approved.

In further review of the 2007 budget presented by Management, Terry Halverson questioned the Common Expense line item budget for Accounting in 2007 in the amount of \$1,500.00. Michael Walter explained that Colorado Senate Bill -100 required all association's to either conduct an audit of the associations finances or a financial review at least every two years and that the \$1,500.00 was to cover the expense of a financial review of the associations record keeping. After a brief discussion, Terry Halverson made the motion that the Association undertake a complete audit of the Association finances since neither a review or and audit has been conducted since 2002. Chip Webb seconded the motion and with a vote taken, the motion to have the Associations finances audited was approved. Terry Halverson directed Management to contact McMann and Associates (CPA Firm) of Avon, Colorado to conduct the audit and increase the line item under accounting to \$5,000.00 to cover this additional expense.

Terry Halverson expressed concern with a couple of items presented in the Profit and Loss Statement for 2006 against the spreadsheet summary which did not appear to add up. Specifically, Mr. Halverson was not sure if he understood that in fact the Association actually had an \$8,107 surplus in 2006 as presented in the spread sheet due to the fact that Joint Investments had a receivable due the Association in the amount of \$13,000. In addition, Terry Halverson questioned why the Reserve Study expense budgeted in 2006 in the amount of \$1,230 did not appear in the expense column spreadsheet as expenses. Walter reported that he would request an explanation from David Zippie (CPA) and get back with the Members.

Terry Halverson made the motion that the 2007 budget be approved subject to management making a line item adjustment to cover the additional expense for the audit which would leave the overall budget for 2007 unchanged from 2006. Chip Webb seconded the motion to approve the 2007 budget and with a vote taken, the 2007 budget was adopted.

The next item on the agenda was to be an election of Board members to serve an additional three (3) year term. Terry Halverson stated that since all four of the Owner's / Members already serve on the Board coupled with the fact that two of the members were unable to make the meeting, that that the election should be postponed until the next regular meeting.

The next item on the agenda was a reading of the eight (8) new Policies and Procedures to be adopted by the Association as required under Senate Bill -100. After a brief review of the eight Policies and Procedures drafted by the Association attorney – Norman Helwig, Terry Halverson made the motion to adopt the Policies and Procedure Statements as presented. Chip Webb seconded the motion to adopt the Policies and Procedures and with a vote taken. The following Policies and Procedures were adopted into the governing documents of the Edwards Village II Association.

- 1) Policy Statement – Availability of Association Records For Copying And Inspection.  
By Owners.
- 2) Policies And Procedures For Collecting Delinquent Assessments.
- 3) Executive Board Policy Governance Statement – Procedures For Addressing Disputes Arising Between The Association and Unit Owners.
- 4) Procedures For Adoption And Amendment Of Policies, Procedures and Rules.
- 5) Investment Policy.

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6) Policy Statement – Procedures For Enforcement of Covenants and Rules.

7) Policy Statement – Conduct of Meetings

8) Code of Conduct And Conflicts of Interest Policy – Executive Board.

The above Policy and Procedure Statements are posted on the association Website [www.ev2oa.com](http://www.ev2oa.com).

With no further business presented, the meeting was adjourned.

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Chip Webb – Secretary - Treasurer

**EVII**  
**FINANCIAL EXPLANATIONS & CHANGES**

At the 2006 annual meetings several questions were brought up regarding the 2006 financial statements.

The income statement as presented now matches the detail income statement. The \$1,230 for the reserve study was classified as a reserve expense on the income statement and not on the detail.

The Association had a building B surplus of \$8,657 and a building A deficit of \$550 for a net surplus of \$8,107. Building B transferred their entire surplus to reserve and building A was billed \$550 in 2007 to make up for their deficit.

The Association now has \$102,044 in reserves in which it does have the cash to support this. The receivable from Jt investments is off set the by working capital.

With regard to the management fee overage for 2006 is as follows:

In the past management fee was recorded in the month that it was paid rather than the month it was earned. Therefore, in 2006 an adjustment was made to bring this to accrual accounting. No additional payment was made in 2006.

For clarification purposes, the revenue items were broken down between buildings A & B. Also on the reserve statement, reserves were split between A & B.