

KEYSTONE RANCH ASSOCIATION, INC.  
BOARD OF MANAGERS MEETING  
July 2, 2019

I. Call Meeting to Order

The Keystone Ranch Association, Inc. Board of Managers Meeting was called to order by Mr. Pringle at 10:08 a.m. in the Ranch Restaurant Living Room.

II. Introduction of Those in Attendance & Determination of Quorum

Board Members Present Were:

John Pringle, President  
Chris Ornes, Treasurer

Jayne Karl, Vice President  
Kris Ciccolo, Director

Representing Keystone Resort Property Management Was:

Eric Vogt, Senior Community Association Manager

Owner Ephrain Starr participated via teleconference. Erika Krainz of Summit Management Resources was recording secretary.

III. Approve Previous Meeting Minutes

**Motion:** Mr. Ornes moved to approve the June 30, 2018 Board Meeting minutes as presented. Ms. Karl seconded and the motion carried unanimously.

IV. Regular Business

A. *Management Report – Project List Review*

1. The front entry asphalt was seal coated yesterday. There is more seal coating scheduled next summer.
2. Coordinating flower planting at the front gate with Molly Hood. The planting was delayed due to weather. Mulch will be spread at the gate, by the mailboxes and along Mountain Bluebell. Spraying has been done along the road for noxious weeds. Ms. Karl commented that owners should be notified of the spraying schedule.
3. The Spruce trees will be inspected to identify any areas of beetle infestation.
4. The rock ditches are being cleaned out.
5. The tennis court surface is deteriorating. A vendor from Denver provided a bid of about \$21,000 to resurface it. It is not included in the Reserve Study.  
**Action Item:** Mr. Vogt will ask the vendor about adding striping for pickleball.
6. The entry monument was stained at a total cost of \$1,400.
7. Address/name signs will be repainted as needed.
8. Mr. Stoddard requested permission to install an irrigation system, shelter over his grill and widen his driveway. The irrigation was denied. The shelter and driveway were approved but the owner has not started any work.

B. *Financial Review – May 2019 Financial Reports*

As of May 31, 2019, the Association had \$46,363 in the Operating account and \$936,921 in the Reserve accounts. Owner Receivables were \$6,190. The Association was \$7,545 favorable to budget.

1. Revenue - \$123 favorable to budget for Late Fees and Interest.
2. Maintenance - \$5,893 favorable to budget due to the timing of projects.
3. Services - \$547 favorable to budget.
4. General - \$982 favorable to budget.

**Action Item:** Mr. Vogt will follow up on the owner account that is over 90 days delinquent and ensure the appropriate warning letters have been sent before turning the account over to collections.

**Action Item:** Mr. Vogt will reformat the Balance Sheet to include the Water Reserve line and confirm that the financials posted on the website are accurate.

C. *Reserve Review*

1. Guard Shack Reserve - \$7,400 balance. When the time comes to tear down the guard shack and if there is adequate funding, it could be replaced with boulders and an old piece of farming equipment.
2. Water Reserve – the \$25/month dues increase last year was allocated to the Water Reserve. The total contribution is \$95/owner/month.

The Board discussed the Association policy on Reserve Studies. The Reserve schedule is reviewed annually as part of the budgeting process. The policy states that a Reserve Study will be conducted “periodically”.

V. Old Business

A. *Dumpster Project*

The dumpster project has been completed. The project budget was \$51,500. Unstable bentonite soil was discovered under the old concrete pad. It was dug out and replaced with better subsoil before the concrete was re-poured. The cost for the additional work was \$6,000 but there were savings of about \$2,000 for the rock and dirt delivery. The total expense was \$56,000 and the overage was divided among the three entities. Reflectors were installed in front of the dumpster but they have been run over by cars. Mr. Pringle suggested planting a few currant bushes for beautification.

B. *Maintenance Building*

Vail Resorts has been asked to improve the other entrance to the maintenance building by adding asphalt to keep dirt from washing over the road.

VI. New Business

A. *Water System*

Mr. Starr asked about the status of the individual meters that have been discussed in the past. He was in favor of the meters since it would be possible to fairly allocate the expense based on owner occupancy and irrigation use. Mr. Pringle noted metering would also help to identify leaks.

Mr. Pringle met with representatives from Vail Resorts and the water system operator. He felt Vail Resorts should pay for the improvements and amortize the cost for the Association over a period of years but Vail Resorts was not willing to take this approach. The Tetrattech report was validated. They identified maintenance needs for the system. It is currently in good shape and there are no problems. They recommended metering the houses. Some of the lines could be linked to create better flow and pressure. Clifford was tasked with identifying the most appropriate type of metering system.

Mr. Pringle read an email from Mr. Buchheister dated 6/26/19. He stated that Vail Resorts is working on gathering the necessary information and cost estimates. They will propose an upgrade with meters to each tap. Their timeline is summer/fall 2020. They are negotiating with a local partner for the use of metering software. The primary goals are accountability, leak detection and tiered billing based on usage. They are prioritizing the system improvements to be addressed over the next several years.

Mr. Ornes said there should be a written agreement with responsibility assigned for any foreseeable failures.

*B. Board Election*

The term of Mr. Pringle expires tomorrow and he is willing to run again. No other nominations have been received. The Board seat of Ms. Ciccolo is also up for election. Mr. Vogt said the Association was two short of a quorum at this point, including proxies and owners who plan to attend. Mr. Starr commented that he would be willing to run for a seat when there is a vacancy.

*C. Bench at End of Keystone Ranch Road*

Mr. Pringle said Mr. Chisholm suggested adding a bench at the end of Keystone Ranch Road. The Karl's built a bench out of reclaimed wood and it has been installed.

VII. Schedule Next Board Meeting

The next meeting will be scheduled by email.

VIII. Recess and Reconvene

The meeting was recessed at 11:15 a.m. and reconvened at 3:43 p.m. on July 3, 2019.

IX. Election of Officers

Officers were elected as follows: President – Mr. Pringle, Vice President – Ms. Karl, Treasurer – Mr. Ornes and Secretary – Ms. Ciccolo.

X. Adjournment

With no further business, the meeting was adjourned at 11:15 a.m.

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
Board Member Signature

KEYSTONE RANCH ASSOCIATION, INC.  
GENERAL MEMBERSHIP MEETING  
JULY 3, 2019

I. Call Meeting to Order

The Keystone Ranch Association, Inc. General Membership Meeting was called to order by Mr. Pringle at 2:00 p.m. in the Keystone Ranch Living Room.

II. Introduction of Those in Attendance & Determination of Quorum

Board Members Present Were:

John Pringle, President	Jayn Karl, Vice President
Chris Ornes, Treasurer	Vince Donahue, Director
Kris Ciccolo, Director	

Homeowners Present Were:

Pamela & Steven Blustein	Ariel Bowers
Ricky Brantley	Dave Ciccolo
Don & Sandy Chisolm	William & Victoria Canton
Maidee & Grover Hope	Jerry Karl
Roger Kenworthy	Caroline Lohman
Tom Loucks	Barbara Mertus Munyon
Mike Orth	Gerardo & Sylvia Perez
Mike Polarek	Ephraim Starr
Sherry & Wilson Strong	Ann & Bill Swagman
Donald & Karen White	Larry & Sue Wood

Representing Keystone Resort Property Management Was:

Eric Vogt, Senior Community Association Manager

Leon Levy, East Ranch Board President was a guest at the meeting. Kate Willis of Summit Management Resources transcribed the minutes from recording.

With 43.84% of the membership represented in person or by proxy, a quorum was confirmed.

III. Proof of Notice of Meeting or Waiver of Notice

Mr. Vogt stated that notice of the meeting was sent by USPS, emailed, posted on the website and posted on the guard shack.

IV. Approve Previous Meeting Minutes

**Motion:** Ms. Blustein moved to accept the minutes of the July 2, 2018 Homeowner Meeting as presented. Ms. Hope seconded and the motion carried.

V. Real Estate Update

This report was given by Mr. Pringle. Prices for Keystone single family homes are at an all-time high. Inventory is four months for condominiums, 7.5 months for single family homes and 2.8 years for homesites. There are currently 123 properties listed in Keystone, up from 120 last year, equating to about 3.7% of all properties in the Keystone area.

Year-to-date residential sales are down 23% compared to last year and down 10% for all of Summit County. The slowing in Keystone was due in part to River Run Townhomes and The Alders Townhomes being sold out.

Most sales for single-family homes this year were in the \$1 - \$2 million. Three homes were sold for \$3 million in the last year. The highest price sale in 2019 was \$3.450 million for a house in Dercum's Dash. The highest price per square foot was a North Fork River Estates home at \$717 and the lowest were for homes in Loveland Pass Village and Cabins in the Pines. There was one sale at Keystone Ranch for \$212/sq.ft. The Keystone market led the County in price appreciation, with some condominiums up as much as 40% and homes up 21% for the 2016 – 2018 tax valuation period.

There is one home remaining for sale in Dercum's Dash. The last few sales were \$3.022 million (\$600/sq.ft.) and \$3.450 million (\$500/sq.ft.). The New Seasons at Keystone are under construction. The two-bedroom units will be in the \$600,000 - \$650,000 price range (\$600/sq.ft.) and the three-bedroom condominiums will be in the \$800,000 - \$830,000 price range (\$500/sq.ft.). Some one bedroom condominiums sold for \$400,000 in that complex. A new development site on Highway 6 is listed at \$4.8 million for a density of 65 condominiums (a \$73,000/unit land cost). It is currently under contract. The lot for One River Run sold in February for \$5 million. The plan is to have two towers, one with condominiums and the other with a mixture of condominiums and hotel rooms with a total of 200 units.

Mr. Pringle summarized that the number of sales are down but the prices continue to reach new highs.

VI. Keystone Resort Update

Mr. Vogt provided the update. Winter 2019 key wins included a record Net Promoter Score, which improved 11 points over the past two years, a great snow year and new brand service training for all employees. The new pay parking had positive impacts on the flow into paid lots and lessened traffic backups. Keystone was named the most family-friendly resort in the country by Ski Magazine. The ski area opened early with terrain across two peaks and there is a new surface lift at River Run Gondola mid-station to help ski school. Go Big Burger in the Mountain House was a success. The Kidtopia Signature Event Series included the snow castle, culinary events and music. There was a continued commitment to safety with specific goals and progress measurement. There were weekly First Tracks Fridays.

For 2019 summer, there is additional Lakeside Village animation with a new dock on the lake and more programming in the Adventure Center and the second year of Stars & Guitars with extensive activities over the July 4<sup>th</sup> holiday. There are new summer dining options at the

Edgewater Café and Alpenglow Stube. The third phase of Conference Center upgrades is in progress. There is an enhanced daily Kidtopia schedule. Resources for activities include the Kidtopia Schedule, Summer Play Guide, [www.keystoneplayguide.com](http://www.keystoneplayguide.com), [www.keystonereresortactivities.com](http://www.keystonereresortactivities.com) and the Homeowner Newsletter. There are continued Association improvements and individual owner upgrades. In Keystone Ranch, projects included asphalt crack sealing and seal coating the entry by the gatehouse and staining of the entry gate.

For the coming winter, there will be \$5.5 million in snowmaking upgrades to facilitate early opening in mid-October, introduction of Epic for Everyone and Keystone Plus passes, expanded Village dining options with conversion of the Gorsuch space to Lime, a Mexican restaurant and a new Lakeside Pizza in Keystone Village.

The Village at Wintergreen is currently under construction. It will provide nearly 400 beds for full time Summit County employees. There should be 114 units ready this fall. Workforce housing was completed in June in Silverthorne for Epic Mountain Express employees.

Pay parking may be implemented in the Montezuma lot to push parking to the outlying lots with higher capacity. The charge will be low and should help to ease congestion.

There was a question about the One River Run construction timeframe. Mr. Vogt said it was unlikely to start soon due to the logistical and infrastructure issues they are dealing with at the County level.

There was a question about the workforce housing being rental or deed-restricted. Mr. Vogt said it will be apartments with a requirement that residents are full time employees. Vail Resorts will manage the units for its employees and the remainder will be managed by the Summit housing authority. The West Hills apartments will be deed-restricted. There will also be rentals and dormitory style apartments.

There was a question about the combined pass with Arapahoe Basin. Mr. Vogt said there were a number of reasons why the decision was made not to include Arapahoe Basin on the Vail Resorts passes. Mr. Pringle speculated that it was a financial decision for Arapahoe Basin.

There was a question about increased traffic. Mr. Vogt said pay parking should help spread out traffic and there are ongoing meetings with CDOT to try to identify a solution. Mr. Pringle said the Keystone Owners Association is trying to raise money to fund a traffic study.

## VII. President's Report

Mr. Pringle reported that annual projects include summer clean-up, sprucing up the guard shack area, spreading fresh mulch, planting flowers, seal coating the asphalt by the guard shack and cleaning out the drainage ditches. Mr. Pringle was thanked for his personal effort. Mr. Cadwallader handles the snow removal during the winter. In summer he takes care of crack sealing and seal coating, and coordinates chip sealing and overlays.

Projects completed this year included painting the Ranch entry sign posts and the dumpster area improvements. The dumpster project was approved at last year's meeting at an estimated cost of \$60,000. The actual cost was about \$55,000, with Vail Resorts paying 1/3 and the three Ranch Associations splitting the remainder. Asphalt will be added at the second entrance.

This summer, the name and address signs will be repainted by in house staff. The tennis court needs to be resurfaced and the cost will be shared by the three Ranch Associations. Renner Sports submitted a bid of \$20,000 and this Association's portion will be \$8,000 - \$9,000. There is the possibility of painting pickleball lines next year.

The water system is in good condition. Vail Resorts commissioned a study of the water system a few years ago and some suggestions were provided for improvements, including digging a new well and looping some of the lines to increase water pressure. Mr. Buchheister has indicated that Vail Resort's top priority is to install water meters to create accountability, facilitate identification of water leaks and allow billing based on usage. Dues were increased from \$325/month to \$350/per month with the extra \$25 going to the Water Reserve for a total of \$95/owner/month. The balance of the Water Reserve is \$304,000. Installation is proposed in the summer/fall of 2020. Vail Resorts is obtaining estimates and working with a local partner to identify the appropriate metering software. Other improvements will be prioritized in the coming years.

There was discussion about the responsibility for the cost of leaks and cost of the meters. Owners commented that Vail Resorts should pay for the meters since they are serving as the utility provider and the meters will ultimately reduce their cost. Mr. Pringle said Vail Resorts is responsible for operating the system, but the Ranch owners as end users of the system have to pay the expenses to keep it running. An owner commented that the County wanted him to install a water meter before granting a building permit for renovations and that the location of the water shut-offs should be identified. Some owners have already installed water meters.

Ms. Munyon suggested that owners who are renovating should install water meters that match the digital model Water Solutions will be installing. She also suggested reimbursement for owners who have already purchased water meters.

Mr. Levy noted that the governing documents might need to be amended to reflect the change in water billing.

Mr. Pringle reported that the three Ranch Associations received the Capital Improvement award from the Keystone Owners Association for the dumpster project. Mr. Pringle was recognized for his work on this project.

## VIII. Manager's Report

### A. *Financials*

#### 1. Review 2018 Year-End Statement of Operations

Mr. Vogt reported that the Association ended the year with an Operating deficit of \$3,700. There were overages in Association Labor, Trash (due to prior year expenses not being allocated properly) and Board/Owner Meeting Expenses.

There were savings in General Landscape Maintenance, Pool Assessment and Professional Services/Legal.

The Union Bank Operating account balance was just under \$34,000. The Capital Equity balance just under \$560,000, the Pool Reserve balance was just over \$7,000, the Guard Shack Reserve balance was just under \$7,000 and the Water Repair Reserve balance was just under \$305,000.

2. Review 2019 Year-to-Date Statement of Operations

As of May 31, 2019, the Association had \$46,363 in the Operating account and \$936,921 in the combined Reserve accounts. Operating revenues were over budget and expenses were under budget. The Association was about \$9,000 favorable to budget. There will be some additional expenses in June for the dumpster project but the Association is projected to end the year favorable to budget.

There was one owner who had a balance 90 days past due. It appears the owner forgot to change the autopay amount when the dues were increased.

Ms. Munyon asked how the Association funds were invested. Mr. Pringle said \$250,000 has been invested in CDs earning about 2.0% - 2.5%.

*B. Projects*

Mr. Vogt said Mr. Pringle covered all projects in his report.

IX. Board of Managers Election

The terms of Mr. Pringle and Mr. Fricke expired. Mr. Fricke resigned last year and Ms. Caton was appointed to fill the vacancy. She resigned earlier this year and Ms. Ciccolo was appointed to replace her. Mr. Pringle and Ms. Ciccolo were both willing to run again. There were no other nominations and nominations were closed.

**Motion:** Mr. Brantley moved to elect the two candidates by acclamation. Ms. Wood seconded and the motion carried.

X. Revenue Ruling 70-604

Mr. Vogt said if file Form 1120, required to follow Revenue Ruling 70-604. It stipulates that the membership of the Association must make the decision how to handle any excess Operating funds at year-end. This Association now files Form 1120H, which authorizes the Board to handle this decision. Roll into next year's Operating Budget and offset future contribution, transfer to Reserve Fund or refund to the membership. This Board has historically rolled the surplus into Reserves.

XI. Homeowner Education

Homeowner education is required by law. The discussion of Revenue Ruling 70-604 fulfilled this requirement. Mr. Vogt said there is a website with information and a monthly newsletter.

XII. General Discussion

Mr. Pringle mentioned that Mr. Chisolm had suggested adding a bench at the end of Keystone Ranch Road. Mr. Chisolm thanked everyone, especially the Karl's, for building and setting the bench in place.

There will be a potluck picnic following the meeting from 5:00 – 7:00 p.m. The homeowner golf event will be the Sunday after July 4<sup>th</sup> with a luncheon to follow for \$65.

Mr. Pringle thanked the Board for their participation.

XIII. Set Next Meeting Date

The next Annual Meeting date was not set.

XIV. Adjournment

The meeting was adjourned at 3:43 p.m.

Approved By: \_\_\_\_\_  
Board Member Signature

Date: \_\_\_\_\_