

KEYSTONE RANCH ASSOCIATION, INC.  
BOARD OF MANAGERS MEETING  
JUNE 30, 2017

I. Call the Meeting to Order

The Keystone Ranch Association, Inc. Board of Managers Meeting was called to order by Mr. Pringle at 10:00 a.m. on Friday, June 30, 2017 in the Ranch Restaurant Living Room.

Board Members Present Were:

John Pringle, President, 153 Gentian  
Jerry Fricke, Secretary, 283 Gentian  
Chris Ornes, Treasurer, 1 Kinnikinnik

Representing Keystone Resort Property Management Were:

Jennifer Schwabe, Director of Rooms  
Laura Hendrickson, Community Association Manager

Margot Mayer of Summit Management Resources was recording secretary.

II. Financial Review

A. *2016 Year-End Statement of Operations*

The Association ended the year on budget. Snow removal was \$3,166 unfavorable to budget. This was due to a renegotiated budget for years 2016 through 2020 with a fixed expense amount for this five year period versus a graduated expense scale. Operating Supplies and Pool Assessment were favorable to budget. It was noted that this line item should not be called Pool Assessment as it is a Pool Expense. Ms. Schwabe said the expense for Internet Service was for wi-fi at the pool area.

B. *Year-to-Date Statement of Operations*

As of May 31, 2017 the Association was operating with a \$3,979 surplus.

All bank accounts that Vail Resorts has access to are now with Union Bank. It was clarified that Vail Resort only has access to Reserves when dues contributions are made or capital expenses are paid after they are approved. Mr. Ornes explained that Vail Resort used to control the Association's money but this was changed by the Board last year.

There are two Reserve accounts with balances in excess of \$250,000. The Board discussed moving the money into an investment account. There are no major capital expenditures anticipated this year.

A motion was made to move \$225,000 from Union Bank to a Wells Fargo account that is under the Association's control. The motion was seconded and carried. This will leave a balance of \$45,000 in the account to cover shortfalls, which could also be paid from the Working Capital account. After discussion, the motion was amended to

transfer \$250,000. Mr. Pringle will open a Wells Fargo account and Vail Resorts will institute a wire transfer.

Financial statements are posted on the website. The Board has reviewed the financials and agreed that the Association is in good shape.

C. *Reserve Fund Review*

As of December 31, 2016 the Reserve balance was \$713,973. As of May 31, 2017 the Reserve balance was \$763,890. The Reserve Fund is split into four different accounts. There is \$543,000 allocated for Roads and Landscaping and \$10,990 allocated for the Pool Reserve. The Guard Shack Reserve had a balance of \$3,129 and the Water Reserve had a balance of \$180,550. The guard shack is on Ranch Association land and costs are shared. Mr. Pringle said the flowers look nice.

A question was raised as to why the Reserve Fund balance on the Maintenance Reserve Capital report reflects a different balance than the Balance Sheet. Ms. Schwabe explained that the Maintenance Reserve Fund does not include prepaid insurance or owner receivables and that the Working Capital is less than what is owed to Vail Resorts.

Mr. Ornes said he would like to audit the capital expenditures and income over the past five years. He was concerned about the staff turnover at Keystone. Ms. Schwabe said the Board could initiate an independent audit.

D. *Insurance Review*

There was discussion about the Association's liability exposure due to the pool that Vail Resorts owns. The Association has no structures that have to be insured, only the road and guard shack. Ms. Schwabe will provide a copy of the insurance policy to the Board.

E. *Fiscal Review*

Mr. Ornes and Mr. Fricke will review the insurance coverage, the Reserve Study and the Reserve Fund. Ms. Schwabe will provide the necessary financial statements and paperwork.

F. *Owner Delinquencies*

There are no long term owner delinquencies. The Balance Sheet shows a negative number because some owners prepaid their dues.

III. Approve Previous Meeting Minutes

Mr. Ornes made a motion to approve the June 28, 2016 Board Meeting minutes as presented. Mr. Fricke seconded and the motion carried.

IV. Manager's Report

Ms. Hendrickson provides a weekly update. She reviewed the following:

1. Tree Removal/Scale Treatment – About 53 trees were earmarked for removal. There are trees infected with scale that will either be removed or treated. Colorado Tree Specialist will identify which ones should be treated or removed.
2. Weed Spraying – Dandelion spraying was completed and spraying for thistle will be completed next week. Mr. Pringle said some wildflowers were mistakenly sprayed and killed. The vendor fired the employee and will replace the flowers at his expense. Overall, Mr. Pringle was pleased with the vendor's work.
3. Crack Seal – The total bill was approximately \$14,000 and Keystone Ranch's share was approximately \$6,100.
4. Seal Coating – The total bill was approximately \$48,000 and Keystone Ranch's share was approximately \$7,500. Mr. Pringle said Vail Resorts agreed to pay their 50% share of Keystone Ranch Road from Gentian Road to the end Cul-de-sac. This approval was granted with short notice and Mr. Pringle acknowledges Vail Resorts' cooperation.

V. New Business

A. *Declaration of Easements and Cost Sharing Agreement*

Ms. Hendrickson stated that Vail Resorts reviewed the document and requested some changes. Historically, Vail Resorts has been paying 50% for maintenance of Ranch House Drive. Going forward, they will not continue to pay for maintenance of this road. Ideally it would be split up into two sections and the expenses would be paid by the Keystone East Ranch and Keystone Ranch Associations. Other changes include snow removal responsibilities for certain roads, trash removal and the staging of maintenance equipment. Mr. Pringle will review the document with the attorney.

B. *Road Section Completion*

The County wants to make sure that Vail Resorts takes full ownership and responsibility for the road. The document should reflect that the County has no responsibility. As soon as the document is signed, the road should be completed.

C. *Dumpster Area*

Scaffolding has been installed to fix the security camera. The camera is beneficial and saved about \$17,000 in Sheriff patrols. The repair costs for the year have been about \$1,800.

There were trash problems over the holidays. Next year, a roll off will be ordered for that time period to provide additional capacity. An extra pick up has been scheduled for the July 4<sup>th</sup> weekend.

D. *Water System Agreement*

Mr. Pringle stated that the Keystone Ranch HOA would pay its share of expenses for any necessary improvements, pending information about how the expense will be amortized.

Mr. Pringle said he had meetings with the Snake River Water District and that they would consider taking the system over if it was up to speed. In theory, if the system goes down, Vail Resorts is responsible for repairing the system and the Ranch Associations will have to pay their proportionate expense.

*E. Property/Driveway Clean Up*

Mr. Pringle encourages all homeowners to maintain the area around their home; which includes landscaping, driveways and fire mitigation... The membership in general has done a good job cleaning up slash.

Mr. Pringle will get together with Ms. Hendrickson to identify driveways that need repairs.

*F. Snow Removal*

Mr. Pringle said the Association had not received the signed snow removal agreement. It is being reviewed by a committee.

VI. Set Next Meeting Date

The next meeting date was not set.

VII. Adjournment

With no further business, the meeting was adjourned at 11:48 a.m.

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

KEYSTONE RANCH ASSOCIATION, INC.  
GENERAL MEMBERSHIP MEETING  
JULY 3, 2017

I. Call the Meeting to Order

The Keystone Ranch Association, Inc. General Membership Meeting was called to order by Mr. Pringle at 2:10 p.m. on Monday, July 3, 2017 in the Keystone Ranch Living Room.

Board Members Present Were:

John Pringle, President  
Jayn Karl, Treasurer  
Chris Ornes, Member

Vince Donahue, Vice President  
Gerry Fricke, Secretary

Homeowners Present Were:

Annette Balog  
David & Kris Ciccolo  
William & Ann Swagman  
Stacy & Diane Crumley  
Michael Orth  
Lisa Rogowski  
Annette Fricke  
Grover Hope

W.A Caton  
Wilson Strong  
Mildred Farmer  
Mike Polarek  
Sue Wood  
Ed & Stefanie Gray  
Paul Hilton

Representing Keystone Resort Property Management Were:

Chuck Randles, General Manager  
Laura Hendrickson, Community Association Manager  
Jim Sharp, Assistant Community Association Manager

Leon Levy, East Ranch Board President, was a guest at the meeting. Emma Spofford of Summit Management Resources was recording secretary.

Ms. Hendrickson was introduced as the new Community Association Manager. Mr. Pringle noted that Keystone Resort Property Management has been restructured to separate Association management and management of rental operations. Ms. Hendrickson is only responsible for Association-related business.

II. Approve of Previous Meeting Minutes

Ms. Crumley made a motion to accept the minutes of the June 30, 2016 Homeowner Meeting as presented. Ms. Ciccolo seconded the motion carried.

### III. Real Estate Report

This report was given by Mr. Pringle. There are currently three homes listed in Keystone Ranch and two homes in Keystone West Ranch. Listing prices range from \$268 - \$403/sq.ft. There are no properties under contract. Eleven homes have sold in all the Ranch Associations during the last 12 months with pricing ranging from \$261 - \$355/sq.ft.

The market is very strong. Residential sales in the Keystone area are up 31% over the same time last year with 30 total home sales at an average price of \$329/sq.ft. Inventory is at about nine months for homes and three months for condominiums and townhomes. The total Resort inventory is around 3.2%, which is near record lows.

In new development, the Alders Townhomes consist of 75 townhomes being built at the east end of the Resort along Independence Road. These units are priced between \$700,000 - \$800,000. The River Run Townhomes are also under construction on what was the Brown's Cabin parcel. These units are listed in the \$800,000 - \$975,000 range. Two Dercum Dash single family homes have sold during the last 12 months in the \$2.4 million vicinity. The Seasons Phase II, a 1.46 acre development site, is currently listed for \$3,695,000 for 40 developable units. There are six home site listings at the Estates at the Alders with prices ranging from \$375,000 - \$599,000.

### IV. Resort Update

Mr. Randles provided the Resort Update. The Resort opened the ski area this year with the Schoolmarm run. Changes were made to the skier flow at the top of the run to keep the area safer and family friendly. The Montezuma lift is being replaced with a six-seater chair, which will increase uphill capacity by 25% and help to relieve the congestion on the front side of the mountain. The old lift towers will be removed by helicopter sometime later this week and the new towers will be installed in September. The offload for the lift will be moved along with the Guest Services hut. An addition will be built on LaBonte's Cabin to expand the indoor seating capacity by 150 seats. There is a long range expansion plan with the Forest Service to provide lift service to areas currently only accessible by hiking or snow cat. The Slopeside Condominium Association located at the base of the Mountain House area invested \$3.5 million for structural improvements, reskinning and new windows.

There has been strong growth in rental revenue over the past five years and this trend is forecast to continue this year. Conference business has also increased. Keystone Resort was recently voted the number one family ski resort by USA Today. There have also been several other favorable articles in other outdoor/ski oriented publications. Mr. Estes, the Director of Lodging, has taken another position in Eagle County. His replacement is Mr. Schanfarber, who started in his new position this week. Mr. Goar, Chief Operating Officer, has also just recently accepted a new position with Vail's California ski operations and will be leaving the Resort.

There continues to be strong destination visitation on the mountain from the family demographic in key markets, driven by the “Kids Ski Free” and Kidtopia programs. The “Adventure Awaits” marketing piece is published seasonally. It is available in print at the Front Desks and online at [www.keystonereresort.com/events](http://www.keystonereresort.com/events). What’s Happening Keystone is a partner piece that is updated monthly and bi-weekly during peak seasons. Free Kidtopia programming is provided on a daily basis at venues throughout the Resort.

There is a new Executive Chef at the Ranch Restaurant and it is now open for breakfast and lunch in addition to dinner.

A deck has been added and structural improvements have been made to the historic barn at the Keystone Back Ranch to allow hosting of meetings and weddings.

An owner asked about road repairs for the access road leading to the Keystone Ranch area. Mr. Randles replied that Keystone Resort is in final negotiations with the County and work on the road should be completed before winter.

#### V. Financial Review

##### A. *2016 Year-End Financials*

The Association ended 2016 on budget. The total balance of the Reserve Capital Funds was \$713,972.

##### B. *2017 Year-to-Date Financial*

As of May 31, 2017 the Operating Fund was \$2,374 favorable to budget.

##### C. *Reserve Funds*

The total balance of the Maintenance Reserve Capital accounts as of May 31, 2017 was \$763,890. This includes allocations for General Reserve, Pool Reserve, Guard Shack Reserve and Water Reserve.

The total annual Operating Budget is \$288,000, including a \$120,000 contribution to the Reserve Funds. Dues are \$325/owner/month. The monthly allocations per unit to each Reserve account are \$56 to the General Reserve, \$70 to the Water Reserve, \$6 to the Pool Reserve and \$1.50 to the Guard Shack. Mr. Pringle stated the Association is well funded.

#### VI. Manager’s Report

##### A. *Tree Removal*

Approximately 53 trees will be removed this year.

*B. Weed Spraying*

Two rounds of weed spraying were completed in May and another will occur in July. There have been a couple of spraying issues. Owners were asked to contact Ms. Hendrickson about any problems or areas that needs more attention.

*C. Road Maintenance*

The Keystone Ranch Road from the maintenance corner to the cul-de-sac and Penstemon Road from the Ranch Restaurant to the end of the Keystone Ranch Tract B were seal coated. A portion of the cost for the work on Keystone Ranch Road was paid by Vail Resorts.

*D. Dumpster*

An additional roll off 30 yard dumpster will be provided during busy holiday times to accommodate the increased trash volume.

*E. Landscaping*

General landscaping revegetation is being completed throughout the area, especially near the guard shack and golf corner.

*F. Camera System*

The camera system has been repaired and is working again.

*G. Slash Pickup*

Slash left by the road by owners is picked up on a routine basis.

VII. Election

The three-year term of Mr. Ornes has expired. Mr. Ornes indicated that he would be willing to run again. There were no other nominations from the floor. A motion was made to elect Mr. Ornes by acclamation. The motion was seconded and carried.

VIII. New Business

*A. Driveways*

Mr. Pringle encouraged owners to stay on top of thier driveway maintenance.

*B. Signage*

It was requested that signs for 77 Phlox and 77 Paintbrush be made more distinguishable as delivery drivers are often confused by the similar addresses.

*C. Emergency Gate Access*

An owner who has small children would like to have stroller access through the emergency gate to Summit Cove so she can take her children to the playground at the elementary school. Mr. Pringle will follow up on this item.

D. *Third Well*

An owner asked if there were any plans to attempt to drill a third well. Mr. Pringle replied that he was not aware of any plans or a need for a third well.

E. *Golf Tournament*

Mr. Pringle reported on a successful homeowner golf tournament. There were 28 participants with six people on a wait list. This event will be held again next year.

F. *All Ranch Pot Luck Picnic*

This popular gathering also set attendance records with 125 homeowners participating from the Keystone Ranch, East Ranch, and West Ranch Associations.

IX. Set Next Meeting Date

The next Annual Meeting date will be decided at the holiday social in December.

X. Adjournment

The meeting was adjourned at 3:15 p.m.

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

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