

KEYSTONE RANCH ASSOCIATION, INC.  
BOARD OF MANAGERS MEETING  
JUNE 30, 2018

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. in the Ranch Restaurant Living Room.

Board Members Present Were:

John Pringle, President, 153 Gentian                      Jayne Karl, Vice President, 77 Phlox  
Vicci Caton, Secretary, 1649 Keystone Ranch      Chris Ornes, Treasurer, 1 Kinnikinnik

Representing Keystone Resort Property Management Was:

Laura Hendrickson, Community Association Manager

Margot Mayer of Summit Management Resources was recording secretary.

II. Approve Previous Meeting Minutes

Mr. Ornes motioned to approve the June 30, 2017 Board Meeting minutes as presented. Ms. Karl seconded and the motion carried.

III. Financial Review

A. *2017 Year-End Statement of Operations*

Ms. Hendrickson reviewed Association assets and Reserve Fund balances. Mr. Pringle requested that the Association CD account be relabeled as Association CD/US Bank.

The Association ended the year \$5,074 unfavorable to budget, mainly due to an overage in Association Labor for additional spring clean-up, weed control, tree spraying for scale and additional trash pick-ups. The Trash expenses were not correctly allocated by Vail Resorts and this error has been corrected.

Mr. Ornes is planning to audit all Capital accounts to make sure the numbers are correct.

Mr. Pringle said the new white and orange signs for the dumpsters were installed. The Board will discuss further if a light bar sensor or key code should be installed to prevent illegal dumping.

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

As of May 31, 2018, the Association was operating \$500 unfavorable to budget due to overages in Association Labor and Trash.

C. *Reserve Fund Review*

Capital expenditures year-to-date were \$1,979. Ten trees were removed at Keystone Ranch so far this year.

IV. Manager's Report

Ms. Hendrickson reported that Mr. Sharp, the Assistant Community Association Manager, has left and she will be interviewing for a replacement.

V. General Discussion

A. *Board Members up for Election*

Mr. Donahue and Ms. Karl are up for election this year.

B. *Golf Tournament*

There will be 34 participants and tee-off time is at 8:00 am.

C. *Homeowner Proposal*

Mr. Pringle said that the homeowner at 162 Penstemon Rd. requested permission to expand their driveway by adding gravel (about 5 feet). They would like to install an irrigation system in part of the yard, expand the existing metal roof to another portion of the roof and add Plexiglas to prevent damage from golf balls. Mr. Pringle provided plans and discussed details with the Board. The Board did not support installation of the irrigation system.

After discussion, the Board agreed that the owner should hand water and the owner should use asphalt to expand the driveway. The Board will drive by the property and discuss further details. Mr. Pringle will relay details to the owner and ask them to submit a revised plan to the Design Review Board.

Mr. Ornes said the Association should consider selling the land instead of giving it to owners. The owners would be responsible for paying all expenses for such transactions.

D. *Dumpster Area*

Mr. Pringle developed a proposal to improve the dumpster area. He received a preliminary bid of about \$55,000, which includes creating contoured berms on either side of the driveway, adding boulders and mulch, narrowing the width of the entry area, removing concrete and grading and asphaltting the driveway. Vail Resorts would pay a portion and the remainder would be split between the three Ranch Associations.

Mr. Ornes motioned to approve support for the project not to exceed \$60,000 for the total project. Ms. Karl seconded and the motion carried. The project will be completed in 2019. The Board will communicate the decision to the membership during the Annual Meeting and Ms. Hendrickson will share this information during the West and East Ranch meetings.

E. *Water System*

Mr. Buchheister, VP and General Manager of Keystone Resort, has expressed interest in being more proactive in managing the Ranch water system. A study of the water system was completed and meetings are being held with Mr. Buchheister and Leon Levy, East Ranch President, to address future maintenance and water system needs. A plan will be created and priorities will be set for improving the existing system.

Vail Resorts owns the water system and homeowners pay for the usage. It is anticipated that there will be an increase in monthly HOA dues to address the anticipated improvements to the water system.

VI. Set Next Meeting Date

The Holiday Social has been tentatively set for December 27, 2018. The next Board meeting was tentatively scheduled for July 2, 2019 and the next Homeowner Meeting was tentatively scheduled for July 3, 2019. The Ranch Homeowners Golf tournament was scheduled for July 7, 2019.

VII. Adjournment

With no further business, the meeting was adjourned at 11:37 a.m.

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

KEYSTONE RANCH ASSOCIATION, INC.  
GENERAL MEMBERSHIP MEETING  
JULY 2, 2018

I. Call The Meeting to Order

The Keystone Ranch Association, Inc. General Membership Meeting was called to order by Mr. Pringle at 2:18 p.m. in the Keystone Ranch Living Room.

Board Members Present Were:

John Pringle, President  
Jayn Karl, Treasurer  
Vicky Caton

Vince Donahue, Vice President  
Chris Ornes

Homeowners Present Were:

Susan & Todd Pellett  
William & Victoria Caton  
Paul & Lili Hilton  
Ed & Stephanie Gray  
Barbara Mertus Munyon  
Mike Orth  
Lisa Rogowski  
Sherry & Wilson Strong  
Glenn Vaughn & Mimi Farmer  
Larry & Sue Wood

Pamela & Steven Blustein  
Gerry & Annette Fricke  
Maidee & Grover Hope  
Mike Polarek  
CJ Ornes  
Gerardo Perez  
Ephraim Starr  
Ann Swagman  
Donald & Karen White  
Steven Balog-Attending???

Representing Keystone Resort Property Management Were:

Clare Lehman, Director of Property Management  
Laura Hendrickson, Community Association Manager

Geoff Buchheister, Vice President/General Manager of Keystone Resort and Leon Levy, East Ranch Board President, were guests at the meeting. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. Establish Quorum

A quorum was confirmed.

III. Approve Previous Meeting Minutes

Ms. Wood motioned to accept the minutes of the July 3, 2017 Homeowner Meeting as presented. The motion was seconded and carried.

#### IV. Keystone Resort Update

Ms. Lehman provided a Resort Update. The Inn at Keystone was rebranded as a Hyatt Place and opened in December as the first branded hotel in Keystone. Many Associations and individual owners are upgrading the buildings and units. Quicksilver just approved a \$2.2 million project to reskin the buildings. There is new development all over Keystone including the River Run Townhomes, which have sold out. Phase III of The Alders Townhomes should be completed this summer. A second phase of The Seasons townhomes with 40 units is under construction. There is an interested party for the One River Run project but the plans have not yet been finalized. The Keystone Neighbourhood Company is in the process of removing all the asphalt in River Run Village to install a snowmelt system with pavers.

Mr. Buchheister introduced himself and provided a summary of his background. It was a great year for Keystone. The snowfall was not as hoped across Colorado but Keystone was positioned to have very good early season due to the snowmaking. There was a lot of positive feedback about the mountain and snow conditions. The update to La Bonte's Cabin was a great success. The replacement of the Montezuma Express with a six-seater reduced wait times by 20% and increased uphill capacity by 25%. A new snowmaking system is being installed on Paymaster. There is a project to increase snowmaking capacity so North Peak and Dercum Mountain can open on the same day at the beginning of the season to reduce congestion. A new moving carpet will be added at the gondola mid-station to provide additional beginner terrain. Vail Resorts is very aware of the parking issues but there are no easy answers and he is committed to come up with creative solutions to address the situation head on. Looking to the future, there will be additional lift capacity and aged infrastructure such as the Summit House will be renovated. There are lift expansion opportunities for family and low angle, high altitude terrain.

Owner questions were as follows:

1. An owner asked about the plans for paid parking and the Hunki Dori lot. Mr. Buchheister said the Hunki Dori parking lot will still be open for the coming winter. If the One River Run deal is finalized, the lot will eventually be a construction site and the parking capacity will be replaced through expansion of the Power Line lot. There will be strategic paid parking in the Montezuma lot this winter or next. The main goal is to control the use of the lot and to discourage overnight camping or using the lot as a shuttle point to Arapahoe Basin. There will continue to be free parking in the Montezuma lot for families and car poolers.
2. An owner asked if there was any thought to providing bus transportation for Keystone Ranch. Mr. Buchheister said he would like to expand the bus routes but it is difficult to find enough drivers due to the required qualifications.
3. An owner commented that the bottleneck on Mozart was extremely dangerous due to crowding and excessive speed. Mr. Buchheister responded that safety on the mountain is critical and a safety business plan has been developed.

V. Real Estate Update

This report was given by Mr. Pringle. There are currently three homes listed in the Keystone Ranch and two homes have sold in the past year. Inventory is at about nine months for homes and three months for condominiums and townhomes. The total Resort inventory is around 3% which is near a record low.

In new development, the River Run Townhomes have sold out. The Alders Townhomes have been a very successful project. A few homes have been sold in Dercum's Dash. The second phase of The Seasons is under construction. A new project is being considered on the Hunki Dori parking lot at the gondola base called One River Run. He believes the new development will result in more value throughout the Resort.

VI. Officer Election

The terms of Mr. Donahue and Ms. Karl have expired and both were willing to run again. Mr. Starr said he would be interested in serving on the Board at some point.

Ms. Wood motioned to elect Mr. Donahue and Ms. Karl. Mr. Bluestein seconded and the motion carried.

VII. Financial Review

A. *2017 Year-End Statement of Operations*

Ms. Hendrickson reported that the Association ended the year with a surplus of \$541. There were overages in Association Labor for additional spring clean-up, weed control, tree spraying for scale and additional trash pick-ups. Trash was unfavorable to budget due to a cost allocation correction from Vail Resorts. Pool Assessment was unfavorable to budget due to higher operating costs.

An owner commented that the dumpster was often overflowing. Ms. Hendrickson said she will be monitoring it carefully and schedule additional pick-ups when needed. Owners were reminded to recycle materials in the correct bin and not to put plastic bags in the recycling bins. Disposal of construction and remodeling debris is not permitted. Owners were asked to report all dumpster issues to Ms. Hendrickson. Mr. Levy suggested asking the Design Review Committee to emphasize proper disposal of construction debris when projects are in the approval process.

The 2017 year-end Reserve Capital Fund balance was \$800,533. The reserve fund expenses for 2017 included sealcoating and tree removal.

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

As of May 31, 2018, the Association had an Operating surplus of \$948. There were overages in Association Labor (\$3,200 unfavorable to budget) for projects and Trash. Ten trees have been removed.

An owner asked about responsibility for tree removal. Ms. Hendrickson explained that trees on private property are an owner responsibility and trees on common area are an Association responsibility.

The Reserve balance was \$848,871 as of May 31, 2018. There were expenses for sealcoating the Keystone Ranch Road from the gate to the Clubhouse, all spur roads and Ranch House Drive, replacement of the pool boiler, signage at the dumpster and tree removal.

*C. 2019 Budget*

New CCIOA (Colorado Common Interest Ownership Act) law requires ratification of the annual HOA operating budget by the homeowners. The budget is deemed approved unless the majority of the homeowners vote to reject it. A budget ratification meeting will be scheduled in the fall.

Mr. Pringle reviewed the components of the budget. There are 74 owners paying \$325/month for total revenue of \$288,000. Of that total, \$173,000 is for the Operating portion of the budget and \$115,000 is contributed to Reserves annually. There are four sections to Reserves. Each owner pays \$52.50/month for the Road Reserve, \$70/month for the Water Reserve, \$6/month for the Pool Reserve and \$1.50/month for the Guard Shack Reserve. The guard shack is a common element and expenses are divided between the three Ranches and Vail Resorts. The largest operating expense is water usage, followed by snow removal, management fees, pool, labor and trash.

VIII. Revenue Ruling 70-604

Per IRS rules, each year at the Annual Meeting the Revenue Ruling 70-604 will be reviewed and confirmed by a verbal vote of the owners. The options for handling of a surplus are to carry it over to the next Operating Budget or to refund it to the owners. The Board is recommending a vote of the owners to approve the excess assessments over and above the amounts used for the operations be rolled into the Operating Fund. Ms. Wood motioned to roll any 2018 Operating surplus into the 2019 Operating Budget. Ms. Munyon seconded and the motion carried.

IX. General Discussion

Mr. and Ms. Fricke are moving to Denver. They were both past Presidents of the Association and they were presented with a parting gift in recognition of their service to the community.

Mr. Wilson said there was a construction project underway at the Keystone Science School. They are building a new administration building and replacing some of the original cabins. Owners interested in a tour should contact him.

The Homeowner Golf Event was held yesterday. There were 33 players, which is the most ever. Mr. Pringle thanked owners for participating. It will be held on July 7<sup>th</sup> next year. The All Ranch picnic will be tomorrow from 5:00 – 7:00 p.m. There will be a holiday social sometime during the week between Christmas and New Year's.

Mr. Pringle said the roads are in good condition. Owners are encouraged to keep up their driveways. He can provide contractor recommendations for asphalt work.

Owners were encouraged to maintain the common area around their homes. Slash and bagged debris can be placed out at the road and Ms. Hendrickson can be called for pick up.

Mr. Pringle acknowledged that the dumpster area is a challenge during peak periods.

## X. New Business

### A. *Dumpster Area Improvement*

Mr. Pringle has developed a preliminary proposal for improvements to the dumpster area including low berms with boulders and mulch at the entrance, flattening the grade of the entry drive, low maintenance landscaping and replacement of the cement and asphalt. The preliminary bid for this project was \$55,000. This would be a joint project funded by the three Ranches and Vail Resorts. The cost per owner is anticipated to be about \$225-\$325. All owners present were in favor of the concept.

### B. *Transportation*

The topic of bus service was brought up during the meeting. An owner commented that numerous attempts have been made to reestablish the service since it was eliminated. A history of past efforts was provided, which included many of the ideas raised today. Vail Resorts implemented a paid transportation system several years ago and the cost was \$150/bedroom. Mr. Levy said the implementation of paid transportation resulted in a lawsuit against Vail Resorts and they ultimately gave up their transportation license for the bus service. Legally, they cannot charge for the service and they are not interested in providing the service for free. Mr. Pringle stated Vail Resorts' interest in resolving the growing parking problem at Keystone could work in the Ranch's favor. Mr. Pringle summarized that he and Mr. Levy had spoken to Mr. Buchheister about this topic who is looking at options. Mr. Pringle will keep the owners informed of any developments.

C. Water System

Mr. Pringle explained that the Keystone Ranch water tank is at the top of Mountain Bluebell and water is gravity fed to the homes in Keystone Ranch, East Ranch, the Ranch Restaurant and Golf Maintenance building. The golf course irrigation is a separate system. Vail Resorts owns the water system. A few years ago, Vail Resorts informed the Boards that there might be some work needed on the system. Several years ago, the Boards looked into connecting to the Snake River or East Dillon Water District systems but neither operator was interested in taking on the Ranch water system. An engineering study has identified the components of the system that might become priorities for preventative maintenance. Mr. Pringle said there was going to be a more proactive approach to ensure the water system is managed effectively. Mr. Levy said there was agreement about paying a fair share for maintenance but not on how to pay for a major expense. It is very likely the water fees being paid by the owners in their dues will be increased.

XI. Set Next Meeting Date

The next Annual Meeting was tentatively set for July 3, 2019 at 2:00 p.m.

XII. Adjournment

The meeting was adjourned at 4:39 p.m.

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

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