

KEYSTONE RANCH ASSOCIATION, INC.
BOARD OF MANAGERS MEETING
September 29, 2022

I. Roll Call

The Keystone Ranch Association, Inc. Board of Managers Meeting was called to order by Mr. Pringle at 10:00 a.m. at the Keystone Science School and via videoconference*.

Board Members Present Were:

John Pringle, President
Chris Ornes, Treasurer

Jayne Karl, Vice President*
Kris Ciccolo, Director

Owners Present Were:

Lisa Rogwoski
William Swagman
Tom Louks*
Greer Kenworthy*
Kelly Lloyd*

Barbara Munion
Neil Sherman
Bob Scott*
Jeremy Straight*

Leon Levy and Scott Binder from East Ranch and Association attorney Seth Murphy were guests at the meeting.

Representing Keystone Resort Property Management Was:

Emir Odom, Community Association Manager

Representing Basic Property Management Were:

Gary Nicholds
Jason Blarjeske

Eric Nicholds
Bill Cadwallader

Erika Krainz of Summit Management Resources was recording secretary.

II. Delinquencies

Mr. Odom said notices are sent to past due owners by the Administration Office. If an owner account reaches the point that notice needs to be sent by the attorney, the new Colorado House Bill 1137 requires a recorded vote of the Board in Executive Session to take that step. Notices are sent at 30, 60 and 90 days past due.

III. Metering

Mr. Pringle said the Board needs to vote today on whether or not to pursue water metering for the homes. Two engineering studies were performed by Tetrattech and JVA Engineering. Both said the top priority for the system is to have meters installed. District Water Commissioner Troy Wineland has testified that the water system is exceeding pumping capacity at times, which a concern for downstream water rights. There would need to be a total of 113 meters (74

Ranch homes, 34 East Ranch homes and 5 meters for Vail properties). The cost for the equipment and installation is \$274,842, there is a 20% contingency for \$54,968 and tax of \$5,361 for a total of \$335,171. The Keystone Ranch portion would be \$196,845, equating to \$2,660/owner. It has been suggested to pay the amount out of the existing Water Reserve and to increase the contribution for one, two or three years to recoup the funds. The current balance of the Water Reserve is \$614,000. It was noted that Vail Resorts was asked to amortize the cost for the meters but they refused.

A company will handle the monitoring at a cost of \$1,000/month (\$8.85/owner/month). Vail Resorts will direct bill if possible, but if not, this fee will be added to dues. In the second year, the company will bill owners individually for water use and the fee will be \$900/month. The \$40/owner/month currently charged for water will be directly billed by Vail to the homeowner along with any volume/consumption-related fees.

Motion: Mr. Ornes moved to approve the written agreement with Keystone Ranch Water Company and to pay the expense from the Water Reserve with the \$196,845 expense to be recouped through a dues increase of approximately \$110/month for two years. Ms. Ciccolo seconded and the motion carried.

IV. New HOA Policies

The Covenant and Rule Enforcement Policy now makes a distinction between public health and safety violations and non-public health and safety violations. For both types of violations, the first step is a notice, followed by fines for second and third infractions. The suggestion for public health and safety violations is a fine of \$1,000 for the second violation and \$5,000 for the third. The Board has the authority to waive a portion of the fine. The suggestion for non-public health and safety violations is a fine of \$200 for the second violation and a fine of \$300 for the third violation. The total fine for this type of violation cannot exceed \$500.

Motion: Ms. Ciccolo moved to approve the revised Covenant and Rules Enforcement Policy with second/third infraction fines of \$1,000/\$5,000 for public health and safety violations and \$200/\$300 for non-public health and safety violations. Ms. Karl seconded and the motion carried.

Motion: Ms. Ciccolo moved to approve the revised Conduct of Meetings and Collection of Unpaid Assessment Policies as presented. Ms. Karl seconded and the motion carried.

V. New HOA Management Company

KRPM notified the three Ranch Associations that they would be terminating the management agreements effective October 1, 2022, mainly due to the small number of rental properties and concerns about being able to provide adequate labor. Mr. Culver of West Ranch developed an RFP to find a new management company. Interviews were conducted and the unanimous decision was to select Basic Property Management. Mr. Cadwallader will be working with BPM. Their fee was about the same as KRPM with a 3% annual inflation for the next three years. Owners will need to change their ACH payments. The Vail Resorts owner portal will remain active for the next two months in case owners need access to documents. Owners can

reach the BPM management office by email at kerry@basicproperty.com. Information will be sent to all owners.

Motion: Mr. Ornes moved to approve the Basic Property Management Agreement. Ms. Ciccolo seconded and the motion carried.

VI. Roads/Dumpsters Agreement and Pool Agreement

The three Ranch Associations have been trying to execute a Roads Agreement to document the allocation of costs for maintenance and snow removal. It has been slow to get signed because of indemnification issues. The document has been sent to Ms. Walsh at KRPM.

VII. Rentals

The Board has canvassed the owners through a survey and calls. The Board needs to decide if they should move forward with proposing an amendment to the Declarations restricting or limiting short-term rentals (STRs). The majority of Keystone Ranch owners want something done about STRs. Some feel they negatively impact the personal enjoyment of their homes, citing noise, traffic, safety and impact to community infrastructure (roads, dumpster and pool) as concerns. Two-thirds of the owners do not want STRs and believe there should be restrictions, 71% of owners want the Association to limit the maximum number of STR occupants. Other concerns include the conflict with the intended character of the community and the impact on water consumption. Per Troy Wineland, the water system was designed for 3.5 people per home, not for high occupancy commercial lodging operations. The STRs place an increased demand on the community infrastructure not anticipated in the original design of the development. The water tank is at times not re-filling overnight, which poses a fire suppression concern. Keystone Ranch is likely exceeding the permitted water consumption of 30 gallons per minute per the existing water court decrees, which affects obligations to priority downstream water rights.

The Board agreed they should move forward with proposing an amendment to the Declarations that addresses rentals. The intent of the amendment would limit disruptive rental-related transient turnover in the community, allow for rental activity sufficient to offset home operating expenses and taxes and consider limiting water consumption by non-owner occupied/rental homes, which is the concern for the community for water supply and fire suppression.

Mr. Pringle discussed the possible terms in the amendment:

1. Distinction between short and long term rental restrictions – no distinction.
2. Limit on the number of rentals per year – three per year.
3. Minimum length of stay – no minimum.
4. Persons versus corporations – no distinction but the lease signer must be present.
5. Subleasing – prohibited.
6. Advertising – allowed.
7. Restrictions on owner's personal and family use – no restrictions.
8. Occupancy limits – two per bedroom plus two with 10 maximum.
9. Number of cars – addressed in the Parking Policy.
10. Commercial uses – prohibited but remote working is allowed.

11. Lease – in writing and subject to Association Declaration, Bylaws, Rules, Regulations and policies. Owners will be required to provide a copy of the lease, tenant name, vehicle and license plates numbers prior to guest arrival to the Board President and management company.
12. Failure to comply – results in default of the lease.
13. Violations – owner responsible for all tenant, resident and guest violations. Violations and fines are subject to the Association’s Covenant and Rule Enforcement Policy. There was discussion about charging a fee to rental owners for administrative costs and to offset the KES expense. It was agreed that administrative costs would be recouped from fines for violations.
14. Emergency Contact – owner to provide information for emergency contact.
15. Effective Date – timeframe is 60 days to draft the amendment. The owners will vote at a scheduled meeting or by mail with a 60 – 90 day deadline for ballot return. Mr. Murphy confirmed that Board members can call owners to request return of the ballot and to discuss the reason for the amendment. The Board agreed to full implementation as of June 1, 2024.

Motion: Mr. Pringle moved to authorize Mr. Murphy to draft a Declaration amendment as discussed. Mr. Ornes seconded and the motion carried.

VIII. Adjournment

Mr. Pringle adjourned the meeting at 12:44 p.m.

Approved By: _____
Board Member Signature

Date: _____