

KEYSTONE RANCH ASSOCIATION, INC.
BOARD OF MANAGERS MEETING
March 12, 2022

I. Roll Call

The Keystone Ranch Association, Inc. Board of Managers Meeting was called to order by Mr. Pringle at 10:28 a.m. via videoconference.

Board Members Participating Were:

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

Owners Participating Were:

Stanley Wojcik	Carol Kresge
David Oetting	Mike Dorth
Tom Loucks	Dave Bego
Paul Hilton	Rich Schlosberg
Ed Balcerzak	Ellen & Ricky Brantley
Roger & Greer Kenworthy	Katherine Wilkinson
Gregory Sutton	Jeremy Sutton
Lynn Piasecki Cunningham & Nicole Piasecki	Nancy Ireland
Olga Donahue	Jeremy & Sandra Bennett
Lisa Rogowski	Mike Polarek
William Swagman	B. Morris
Jim Stoddard	Glenn Vaughn
Jim Minnick	Betty Morris
Susan Pellett	Stanley Wojcik
Marianne Hallinan	Jeremy & Emma Straight
Ephraim Starr	

Representing Keystone Resort Property Management Was:

Emir Odom, Community Association Manager

Attorney Seth Murphy was a guest at them meeting. Erika Krainz of Summit Management Resources was recording secretary.

II. Determination of Quorum

With five Board members participating, a quorum was confirmed.

III. Old Business

A. *Update RE: Water Metering Agreement with Vail Resorts*

Mr. Pringle said Vail Resorts owns the Ranch water system. Each owner pays \$40/month for water use, which is currently unlimited, and \$95/owner/month for the Water Reserve for repairs to the system. Water is 37% of the budget. The Board has been working with Vail Resorts for numerous years regarding potential water system improvements but their staff turnover has delayed progress. The engineering studies indicated that the top priority is to install individual water meters and Vail Resorts submitted a proposal. They have been asked to provide additional details for the type of meter, cost, timeline, monitoring responsibility and monitoring fees. Once received, the Board will decide whether or not to proceed. Most annual stream flows come from snowmelt in the spring. It is likely rivers will see below average flows due to the countywide drought. Metering would ensure more equitable billing, more quickly identify leaks, monitor demand and possibly encourage reduced consumption.

It is impossible to talk about metering without addressing in-ground irrigation systems and the impact of rental homes on water consumption. Owners were asked to cut back on irrigation several years ago when the water tank was not refilling overnight. The Board will be looking at irrigation systems, especially where they extend into common areas. In terms of domestic usage, large rental homes with high occupancy consume two to three times more than regular homes and charging for water probably will not resolve this problem.

IV. New Business

A. *Discussion RE: Supplying Recycling Bins to Homes*

Ms. Karl said the trash area is a mess. Owners and guests put the materials in the wrong bins and often leave them in plastic bags. She suggested placing two recycling bins in each home, one for glass and the second for mixed items.

B. *Discussion RE: Installing New Traffic & Speed Limit Signs*

Ms. Karl said there is a problem with speeding in the neighborhood. Signage does not appear to have any effect. She asked for community input.

C. *Review & Discussion of Results of Short Term Rental (STR) Survey of the Members* Owner comments addressed the following:

1. Ms. Piasecki – She recognizes there are unacceptable behaviors but it is not clear if it is owners or renters. Noise, trash and trespassing need to be addressed. She feels strongly that the Board taking action to eliminate STRs would be extreme. The governing documents have mechanisms to handle inappropriate behavior including fines and the County can revoke rental licenses. They rent their home but hire a manager, screen their renters and use the income to make improvements. The solution should include fines and County removal of the STR license for violations.
2. Mr. Straight – They rent their property, have strict guidelines for their renters and use the income for improvements. He suspects the STR issue was the result

of one owner seeking to increase occupancy for a home on Gentian, which started a chain of events in the neighborhood. There were three complaints filed against Mr. Pringle with the Department of Regulatory Affairs (DORA) for comments made to buyers and renters. It appears the State has completed their investigation and there will be some disciplinary action taken against him. Mr. Straight believes Mr. Pringle was biased and communicated falsehoods to owners. Mr. Pringle responded that three owners with STRs filed an ethics complaint against him. He had a phone hearing with DORA. Everything that he has said has been the truth but some people did not want to hear it. There is nothing to indicate there will be any disciplinary action taken against him. The STR issue is nation-wide. None of the issues have to do with his status as a realtor and there were no transactions involved.

3. Ms. Hallinan – She proposed trying to figure out how to move forward and address the hurt feelings. Her property is used by family and is also rented.
4. Mr. Hilton – He feels the approach may be a bit too aggressive. He was initially sympathetic to limiting STRs but now does not think it is a good solution for the community. Rules should be developed to address the problems.
5. Mr. Brantley – The Ranch has always been a vacation/resort community. The Board cannot prevent Vail Resorts from contracting with owners to rent the properties. Changing the governing documents may not be the solution to all the problems.
6. Mr. Wojcik – He does not rent. He believes some owners are mainly investors, who do not live there or have family that uses the property. He was not aware of issues in previous years. It is up to the Board to come up with some type of program to help the individuals who are adversely affected and address the investor owners. He is not in favor of STRs but understands some owners want to have that option.
7. Ms. Rogowski – She does not rent. It is a large expense to have a home at the Ranch and at some point, owners may find it financially necessary to rent to keep the property in the family. She is against modifying the rules to prohibit rentals as it would infringe on owner rights.
8. Ms. Donahue – The Ranch is a unique property. The key issue is to maintain the peaceful neighborhood. She is against STRs.
9. Mr. Schlosberg – The Ranch neighborhood is special and many properties are multi-generational. Bad renters are a problem. He communicates with his neighbor who rents short-term. He thanked the Board for addressing this matter, which he believes was based on an owner initiative. He did not think there was any hidden agenda. He acknowledged that it will be difficult to change renter behavior and there will need to be some compromise on both sides.
10. Ms. Ciccolo – Almost every owner responded to the survey and it provided a good picture of the community. Many owners purchased because of beauty and uniqueness of the neighborhood. Many owners do not support unlimited STRs and some want restrictions or no rentals. Many owners want to be able to rent to family and friends. Some owners do not think rentals add value. Most owners purchased for personal use. The Ranch roads and water system were designed to support a limited access neighborhood with low density use. The County has estimated that about 30% of Summit County properties are being used for STRs.

She looked at the Summit County website, researched articles about STRs and looked at other local communities. She found that some do not allow any STRs, or allow them but with restrictions on the number of rental days, occupancy and types of rentals.

11. Mr. Oetting – He received several letters. He commented that they should have been signed and some of the content was offensive and hearsay. He is generally opposed to ongoing STRs and would lean toward prohibiting STRs, at least for some period of time.
12. Mr. Starr – They use their property extensively. They bought at the Ranch with the prospect of long term peace and quiet. The Board has always been responsible, cares about the greater good of the community and the criticism is grossly unfounded. He received 12 letters, only one of which was signed. The others were all propaganda. There is no meaningful regulation provided by the County and the occupancy limits are unrealistic. Since the property across from him started renting, 85% of the weekends are disturbed by noise and light pollution and cars parked on the street. In terms of enforcement, it would be easier to enforce an STR ban than renter behaviors. If STRs are permitted, there should be a significant financial impact for the owner based on the impact on the infrastructure. He is in favor of a full and unqualified ban on STRs, with grandfathering of existing rentals. Owners should think about what it would be like if all their neighbors start to short term rent.
13. Mr. Bego – He agreed with Mr. Starr. They have experienced problems with trash, cars blocking their driveway and loud noise late at night. If owners need to rent for financial reasons, they should purchase in a commercial area. He suggested contracting for a security patrol.
14. Ms. Morris – She agreed the Ranch should be kept as a quiet neighborhood and recognized the problems with water and recycling. There should be a process over time of eliminating STRs but allowing long-term rentals. She thanked the Board for their hard work and for bringing this matter to the attention of all owners.
15. Ms. Kresge – So much of what has been said is troubling. She rents her two homes. She was told when she purchased that she would be allowed to short term rent. She said the sign regarding a request to increase the occupancy to 29 people in one of her homes was the result of an error by her assistant. She rents to support her family and it is her sole source of income. She is not an investor. She addresses neighbor concerns quickly. There are 10 STRs in the Ranch. It is not a snowballing problem. If regulations are enacted, the existing rentals should be grandfathered.
16. Ms. Donahue – He has seen what happens in communities that do not control STRs. One major risk is if there are no rental restrictions, the Ranch could be targeted by private equity investors. They could accumulate homes as they come up for sale, rent them and not care about the impact on the community. The infrastructure is not designed for a large number of STRs. He sees tremendous risk that the community could be unrecognizable in the future.
17. Ms. Hallinan – The Ranch has always has been a resort property and a quiet community. Owners have always had the ability to rent. She believes all owners who rent also use their properties and are not strictly investors. The

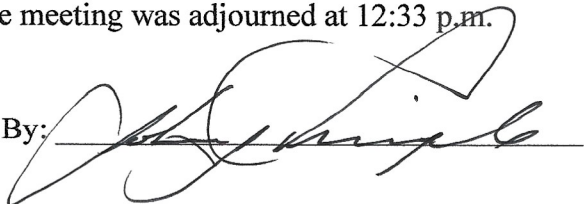
- grandfathering of existing rentals could be a potential solution. She did not think a vote to change the Declarations would have enough owner support to pass, based on the survey responses.
18. Mr. Oetting – 25 Clover Lane was sold in February 2021 and there are five rental listings. One description indicates it sleeps 14 people in five bedrooms and air mattresses can be provided for an extra fee. This seems to be a commercial activity.
 19. Ms. Piasecki Cunningham – She valued the letter from the Sutton’s. Their experience should not be allowed to occur. The owner right to rent the home should be maintained as long as they are respectful and respond to complaints. Owners need to help the Board address the speeding and recycling issues. Renters are not always bad and can become future owners.
 20. Mr. Hilton – He has experienced more problems with long-term renters than short-term renters. He did not support prohibiting STRs.
 21. Mr. Bennett – He is one of the owners of 25 Clover Lane. They use the property 75% of the time and it is not a commercial operation. They plan to make improvements with the rental income.
 22. Mr. Pringle – The investigation regarding STRs was an owner initiative, not a Board initiative. It is apparent that owners either do not want to live next to a rental property or want to be able to rent. In the past four years there have been 12 home sales in the Keystone Ranch HOA. Four of these 12 are now STRs where only one of the homes sold was previously an STR. Of the nine total rental homes in the Keystone Ranch HOA, four were purchased in the last four years. There are 74 homes in the Keystone Ranch HOA and nine are STRs. Mr. Pringle asked the membership to consider what the Ranch community would look like if these numbers were reversed. The Board would like to identify a balanced mitigation solution based on impact to the infrastructure and neighbors’ concerns.
 23. Ms. Pellett – Online rentals have changed the situation since renters are anonymous. Rentals are a commercial business and create problems with cars and noise.
 24. Mr. Pringle – The rights of ownership in the Keystone Ranch HOA are defined in the Declarations and can be changed via an Amendment to the Declarations with approval by at least 67% of the membership. The goal is not to eliminate the ability of owners to generate rental income but rather to find a middle ground that addresses owner concerns about STRs with consideration of the infrastructure and water system.

D. *Discuss Need for Additional Meeting for Action Desired by the Board*
This agenda item was not discussed.

V. Adjournment

The meeting was adjourned at 12:33 p.m.

Approved By: _____



Date: _____

4-11-22

Board Member Signature

Keystone Ranch Board of Managers Meeting
June 30, 2022
10:00 am MT

Meeting called to order 10:05 am

Introduction of Those in Attendance:

Board Members Present:

John Pringle, President
Vince Donahue
Jayne Karl, Vice President
Kris Ciccolo, Secretary

Keystone Property Management Personnel in Attendance:

Laura Hendrickson, Senior Property Manager
Emir Odom, Property Manger

Items of Discussion:

I. New Property Management Company

- a. Keystone Property Management has given written notice to the Keystone Ranch, East Ranch, and Keystone West Ranch HOAs that they will no longer be providing HOA management services effective October 1, 2022.
- b. Primary areas of consideration in hiring a new HOA management company pertain to the community amenities that Vail owns, specifically shared roads maintenance and snow removal, dumpster use, swimming pool, and the Keystone Ranch water system that provides water for the Keystone Ranch HOA, East Ranch HOA, Keystone Ranch Restaurant, Golf Course Maintenance Building, and the Keystone Ranch swimming pool, including budgeting/capital budgeting of these amenities.
- c. Randy Culver, President of the Keystone West Ranch HOA, is in the process of drafting a comprehensive request for proposal (RFP), which will be used in the property manager selection process. It will be available for review shortly.
- d. The Board agrees that this is a short-term priority given the pending expiration date of Vail Resort's Management Agreement.

II. House Bill 1137

- a. House Bill 1137 requires HOAs to update their Collection Policy for unpaid assessments, Meetings Conduct Policy, and Covenants and Rules Enforcement Policy. This will be done by our HOA's legal counsel.

III. New Security Camera System

- a. A new security camera system has been installed with cameras at the Guard Shack, dumpster, and swimming pool. Management and Board members have the ability to review video tape in the event of infractions.

IV. There was continued discussion about the issue of restricting short-term rentals (STRs) in the Keystone Ranch HOA.

- a. It was acknowledged that a majority of the homeowners in the Keystone Ranch HOA want something done about short-term rentals.
- b. Any restrictions would require an Amendment to the Declarations with a 67% supportive vote of the membership.
- c. The Board reviewed its efforts over the past year in addressing this issue, which include telephone canvassing the individual homeowners to determine if this issue has sufficient support to warrant further steps (it did), the STR Survey that was sent to the membership and the results of that survey, input from District Water Commission Troy Wineland with regard to the capacities of the water system and the adverse use impact that short-term rental homes are having on water consumption, and reference to the intended character and purpose of the Keystone Ranch HOA per our Declarations (i.e. 'a prime mountain residential area of the highest possible quality and value for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Keystone Ranch').
- d. A few homeowners have expressed interest in forming a committee in an attempt to proffer a proposal to which at least 67% of homeowners would agree. The Board is not opposed to such a committee but acknowledges that the STR issue has been the topic of discussion for over a year now and feels they have in fact prudently acted as a committee in doing their research on the issue. Also to note, the Board has repeatedly asked the membership for input and ideas on how to address the STR concerns and how to reach a compromise on the STR issue. The Board has received wide-ranging input from various sources (see above paragraph) such that the Board asks what a new committee would bring to the table that has not already been expressed by homeowners and researched and identified by the Board? The Board will give further consideration to the merits of another committee and remains open to any suggestions that have not been previously voiced.

Keystone Ranch Board of Managers Meeting

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Set Next Meeting Date. The next scheduled Board meeting date has been set for Friday June 30, 2023 at 10:00 a.m.

Adjournment. Meeting adjourned at 10:45 am.

KEYSTONE RANCH ASSOCIATION, INC.
ANNUAL MEETING OF THE MEMBERSHIP
July 1, 2022

I. Call Meeting to Order

The Keystone Ranch Association, Inc. Annual Meeting of the Membership was called to order by Mr. Pringle at 10:10 a.m. in the Ranch Living Room and via videoconference*.

II. Introduction of Those in Attendance & Determination of Quorum

Board Members Present Were:

John Pringle, President
Kris Ciccolo, Secretary

Jayn Karl, Vice President
Vince Donahue, Director

Homeowners Present Were:

Roger Kenworth*	David Oetting*, #6404
Jim Minnick*, #6417	Raj Kahari, #6414
Paul Stashick, #6101	Elisabeth Rogowski, #6106
Ed & Michelle Balcerzak, #6108	Mike Polarek, #6109
Cara Casabona, #6112	Laura Chorbajian, #6201
Donna & Ephraim Starr, #6203	Diane & Bob Scott, #6206
Greg Gardner, #6208	Bill & Ann Swagman, #6214
Marianne Hallinan & Michelle Olree, #6213	Carol Kresge, #6301
Jeremy Straight #6302	Brigette Petrowsky, #6303
Blake & Kimberly Voyles, #6304	David Ciccolo, #6305
Sandy & Jeremy Bennett #6307	Richard & Kelly Schlosberg, #6308
Jim Brown, #6310	Stacy & Diane Crumley, #6311
Rickey & Ellen Brantley, #6313	Paul Hilton, #6315
Mark & Karen Carson, #6317	Glenn & Mimi Vaughn, #6401
Lois Rae Beall, #6402	Lisa McReynolds, #6403
Mary Oetting, #6404	Gerardo & Silvia Perez, #6407
Neil Sherman, #6408	Larry & Sue Wood, #6409
Sherry & Wilson Strong, #6413	Jerry Karl, #6422
Tom & Dominique Loucks, #6424	Bette Morris, #6426
Kelly Lloyd, #6427 (representing Piasecki)	

Ken Riley of the Keystone Citizen's League, Randy Culver of the West Ranch, Leon Levy of the East Ranch and attorney Seth Murphy were guests at the meeting.

Representing Keystone Resort Property Management Were:

Kamila Choma, General Manager, East Keystone
Laura Hendrickson, Senior Community Association Manager
Emir Odom, Community Association Manager
Liana Reynoso, Assistant Community Association Manager

Erika Krainz of Summit Management Resources was recording secretary.

With membership represented in person or by proxy, a quorum was confirmed.

III. Proof of Notice of Meeting or Waiver of Notice

Notice of the meeting was sent on June 1, 2022.

IV. Approval of Previous Meeting Minutes

Motion: Ms. Wood moved to approve the minutes of the July 1, 2021 Homeowner Meeting as presented. Mr. Loucks seconded and the motion carried.

V. Guest Speaker: Ken Riley – Keystone Incorporation

Mr. Riley presented a Power Point summary on the proposed incorporation of Keystone. Vail Resorts can exclude large land tracts over 40 acres including the Ranch Golf Course, about 80% of the River Course and the undeveloped land in Wintergreen and Mountain House. Keystone has about 1,100 full time residents, 920 active registered voters, 2,100 seasonal employee beds and 20,000 – 25,000 peak weekend population. Keystone generates over \$8.5 million in tax fee revenue for Summit County. Services provided by the County include 24/7 on call law enforcement, road maintenance and plowing, planning, building permits and zoning. The first attempt at incorporation occurred in 1996/1997.

A Feasibility Study was conducted and it was determined that Keystone could become a town without raising taxes because of the Summit County tax structure and sales tax generated in Keystone. After incorporation, \$4.1 million per year of existing revenue would be reallocated to Keystone and local services would increase. After paying for all services, plowing/maintenance and town infrastructure, there should be an annual general fund surplus greater than \$1.2 million/year. Funds will have to be set aside for a Rainy Day Fund, a Capital Fund and the most critical unmet needs related to US 6, roads, trails and childcare. There would be \$640,000 of dedicated funds for workforce housing and \$13,000 for trails and open space. The Feasibility Study was reviewed by Summit County staff, the Sheriff and the NWCCOG Executive Director.

Opportunities provided by being a town would include identification of needs and prioritization of infrastructure and services, development of a Master Plan to address long term issues with traffic, parking and transportation and financial flexibility

The Keystone Incorporation Committee has been established as a 501c4 organization. A Board is in place, there are 40 community volunteers from all neighborhoods and more volunteers are needed. They have raised \$52,000 from individuals. Incorporation drive as a Home Rule Town has started. The signature collection begins in mid-July. Bill Bergman, a Keystone founder, will be the first signer. They will need 150 signatures of property owners who are registered voters and own their properties as individuals rather than in a trust.

Information is available on the website www.incorporatekeystone.com. Tax-deductible donations can be made through www.keystonecitizens.org.

Owner comments addressed the following topics:

1. Voting – Property owners must be registered to vote in Summit County to be eligible to vote.
2. Concerns – Some of the concerns include too much emphasis on short-term rentals, loss of control and the potential for more restrictions to zoning than currently exist.
3. Keystone Citizen’s League – Incorporation would not have any effect on the KCL or KNC organizations.
4. Ownership of Roads in Keystone Ranch – Associations that own their roads will continue to do so since they are private. If Vail Resorts agrees to allow Keystone Ranch to be included in the incorporated area, the “orphan road” from the stables to the Ranch Restaurant would be maintained by the town.
5. Taxes – There is no guarantee taxes would not be raised; this would be up to the future Town Council. The financial model in the Feasibility Study is posted online at www.incorporatekeystone.com. There is a lot of room for revenue on the lodging tax side since Keystone has the lowest lodging tax compared to surrounding towns. The town would get \$4.1 million back from the town for infrastructure and would run a surplus.
6. Governance Structure – The structure is laid out in the charter. Home Rule would be governed by a Home Rule Charter.
7. Size of Town - About 35% of the Keystone PUD remains to be built out. Police services would be contracted to the Summit County Sheriff or a local town. Fire would continue with the Summit Fire and EMS special district. Water and sewer would remain as they are today. The infrastructure is mainly roads and trails. Citizens would elect the Town Council. The infrastructure is mainly roads and trails. Citizens would elect the Town Council.
8. Trails – The existing trails are mostly maintained by individual Associations. There is no connectivity between the east and west sides of the Resort.
9. Opposition – There is no known organized opposition at this point.

VI. Guest Speaker: Troy Wineland – Division of Water Resources (DWR)

Mr. Wineland explained that the DWR responsibilities are water administration, public safety, well and dam construction oversight, water well permitting, interstate compacts, hydrographic program and public information. There is a concern about the water supply for the Ranch community. He noted that Vail Resorts owns the water rights.

The Keystone Ranch water rights include a well field for up to four wells (there are currently only two productive wells), which have flows of up to 75 gallons per minute and 25 gallons per minute. Reynolds Reservoir serves as augmentation storage. The wells service East Ranch, Keystone Ranch, the Ranch Clubhouse and pool. West Ranch is on the East Dillon Water District system. Per the water court decrees (W3548 and 88CW0244), Keystone Ranch is limited to about 49 acre feet of water per year, about 4.5 acre feet total consumption per year and cannot divert more than about 30 gallons per minute (from both wells combined) at any given time. The actual consumption is not known. The assumption in the court decree was an average of 3.5 people per household, 100 gallons per person per day and 109 homes. It is not known how much water is being delivered to each house or how many owners are running irrigation. There is a meter on the cistern, but Mr. Wineland only receives a monthly report and he does not know what sort of capabilities the meter has. Vail Resorts has yet to share the specifics of the well diversion rates.

The main limiting factor is the 30 gallons per minute instantaneous rate of diversion, which is likely being exceeded. The current total usage is about 30 acre feet per year across well numbers 1 and 3. One of the other concerns is that the cistern is not refilling overnight during the summer. Irrigation is likely a contributor to this problem but high occupancy in short-term rental units could also be a factor. This is especially concerning given the high fire danger and the fact that the fire hydrants are connected to this system.

Mr. Wineland suggested hiring an engineer to better design the system and to add a regulator on each pump to restrict the flow to keep it within the allowable limit. This would be preferable to pursuing an increase to the instantaneous limit in water court. He strongly recommended installation of water meters, which are helpful in reducing consumption and would help to identify leaks.

VII. Recycling

Ms. Karl said two recycle bins are being provided for glass and combined for each home along with a laminated guide of acceptable items. Information is available on the Summit County landfill website. Items such as televisions and furniture may not be disposed of in the dumpster. The County may fine communities in the future for not conforming with recycling guidelines.

VIII. Real Estate Update

Mr. Pringle reported that 11 homes have sold in the three Ranches in the past year and 31 single family homes in all of Keystone in the past year. There are two pending single-family home sales in all of Keystone Resort. The current inventory is 1.98 months for condominiums and 36 months for home sites. There are no single-family homes for sale. There are currently 40 properties listed for sale in Keystone. Year-to-date residential sales are down 26% compared to last year and down 35% for all of Summit County. The median sales price was \$630,000 last year and is \$830,000 this year, a 31% increase.

There are two new development projects in Keystone. Kindred will include residential units, a Rock Resorts branded hotel and commercial space, and Alcove Townhomes will be a 24-unit development in the Gold Bug lot with three and four bedroom units priced from \$2.4 - \$4.4 million.

IX. Keystone Resort Update

Ms. Choma reported that all summer operations, activities and restaurants are open. This includes snow tubing, scenic gondola rides, biking, mountain yoga, Summit House, gemstone panning, bungee trampoline, mini golf, both golf courses, stables, dinner rides, tennis center, Keystone Lake and the Adventure Center. The free on-call shuttle service is available daily between 6:00 a.m. - 11:30 p.m. and operates from the bus stops. The Bergman Bowl expansion is underway and will include a new 6-passenger high speed lift. It will open up 500 acres of intermediate and expert skiing and should be open in December. The new Kindred development in River Run will include commercial and conference space as well as condominiums and hotel rooms. The Keystone Ski and Ride school will move to this space. The Kindred will have a private ski club, valet ski and

bike services, a spa and restaurants. The new EPIC pass includes summer benefits such as food and rental discounts if purchased early. Vail Resorts will be raising employee salaries to a minimum of \$20/hour and has committed to significant employee investment as well as capital improvements for its portfolio of resorts.

X. Manager's Report

A. *Financials*

1. Review 2021 Year-End Statement of Operations
The Association ended the year with an Operating deficit of \$7,021, mainly due to overages in Association Labor and Professional Services Legal. The Maintenance Reserve balance was \$1,175,470 and total Reserve expenses were \$74,960 for asphalt chip sealing.
2. Review 2022 Year-to-Date Statement of Operations
As of May 31, 2022, the Association was operating \$28,800 favorable to budget. The Maintenance Reserve balance was \$1,224,564 and total Reserve expenses were \$5,140 for the security camera installation.
3. IRS Tax Revenue Ruling 70-604 Election Discussion and Vote
Motion: Ms. Walker moved to carry forward any 2022 year-end surplus to the 2023 Operating Budget. Ms. Najork seconded and the motion carried.

B. *Projects*

1. Completed Projects – Security camera system installation, re-tiling of the pool and re-painting of the pool building.
2. Projects in Progress & Planned for this Fall and Next Spring – Improve the landscaping and re-seed the grass inside the pool area. The pool opening date was slightly delayed due to contractor availability to perform spring maintenance. Owners who need a pool key should contact Mr. Odom.

XI. Board of Managers Election

The terms of Mr. Pringle and Ms. Ciccolo expired. Nominations were received from Mr. Pringle, Ms. Ciccolo and Ms. Scott. The candidates introduced themselves and provided biographical information. Since the election is contested, the voting will be done by mail-in secret ballot with ballots due by July 15, 2022.

XII. President's Report

A. *HOA Management Company*

Keystone Resort Property Management has given notice of non-renewal of the management contract for all three Ranch associations, effective September 30, 2022. The three Boards will work together to interview new management company prospects.

B. *Water Metering*

Mr. Pringle said it is hoped Mr. Wineland will be able to help to encourage Vail Resorts to install the water meters. Mr. Stashick presented an opposing opinion. He said it is expected

that there will be continuing droughts in Colorado during the summer. The State wants more storage in-state, which could be achieved by collecting water during the winter when it does not affect the farmers and storing it in a surface pond or tank. Storage is a main issue in addition to the 30-gallon per minute limit. There would be a cost for installing meters and potentially a requirement for an owner vote for approval. He did not think installing meters would prevent owners from irrigating. He believes the answer is storage. Mr. Donahue noted that having meters would allow for a more equitable distribution of the actual cost. There was a suggestion to provide a comprehensive explanation of how the meters would be used. It was noted that Vail Resorts should put a meter on the Ranch Restaurant, but since they own the water system, it is unlikely they can be forced to do so. It has been very difficult to obtain data from Vail Resorts. Asking the PUC to regulate the Keystone Ranch Water Company might be a way to encourage some action by Vail Resorts.

XIII. General Discussion

A. *Short-Term Survey*

Mr. Pringle reviewed the short-term rental (STR) situation. STRs are defined as rentals of less than 30 days. They have become a nation-wide concern. They are replacing long-term rentals in resort communities, leading to a lack of affordable workforce housing. They can have a negative effect on the quality of life for residents due to transient traffic in neighborhoods. The topic of STRs was brought up by owners at last year's meeting. A survey was conducted and 73 of 74 owners responded. Most owners indicated they wanted something done about STRs. The Board is charged with acting in the best interest of the membership and being proactive. The Board has received letters from attorneys representing owners who rent and three complaints were filed against Mr. Pringle pertaining to statements he allegedly made, all of which have been dismissed. Some owners believe it is their right to rent their property, but all owner rights are defined in the Declarations, which can be changed by a vote of the membership. The County restrictions take a macro approach and the County has limited powers of enforcement. The County encourages Associations to take a micro approach.

Mr. Pringle reviewed the survey findings:

1. There are 10 Keystone Ranch owners who rent short term and 62 who do not rent.
2. The owner preferences fall into three categories: owners who short term rent (10), owners who do not want STRs in the community (45) and the rest (19) who do not rent but do not want to give up that right for the future.
3. Concerns include crime, water usage, pool usage, noise and negative impacts to personal use and enjoyment.
4. The primary reason for supporting STRs is the rental income
5. Rental properties are often filled to capacity, which could affect the water situation.

Some options that have been discussed include setting limits on the number of nights per stay with a 30 night minimum stay requirement, limiting the number of rental nights per year, limiting rentals to one family plus two, implementing user impact fees or instituting "rental police".

Owner comments addressed the following:

1. The nature of the neighborhood changes when there are short-term rentals.
2. There are Covenant violation fines in place. There could be a separate fine structure with higher fines for rental violations.
3. All solicitations from rental management companies are promoting short-term rentals. The news across the country is negative. The Ranch is not a late-night party place. Owners are responsible for the behavior of their rental guests.
4. There will need to be compromise. A 30-day minimum might not be feasible.
5. A tri-partisan committee of six or seven owners representing all three sides could be formed to develop a recommendation for the Board within the next 30 days.
6. The owners who currently rent could be grandfathered until the property sells.
7. Separate Keystone Ranch Association rental permits could be issued to a limited number of owners annually. Violations of the rules could result in non-renewal.
8. A moratorium on additional rental properties could be enacted until the governing documents can be revised.
9. Renter access to the pool could be limited if overcrowding is an issue.
10. Cars parked on the road and trash are common problems with rental properties.
11. Some owners bought at Keystone Ranch because of the peace and quiet.
12. There was a request for the Board to provide a summary of the impact of KRPM no longer managing the Association.
13. The traffic, trash and pool will still be impacted by short-term rentals if East and West Ranch do not implement restrictions.

XIV. Set Next Meeting Date

The next Annual Meeting date was not set.

XV. Adjournment

The meeting was adjourned at 2:40 p.m.

Approved By: _____
Board Member Signature

Date: _____

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: _____