

KEYSTONE RANCH ASSOCIATION, INC.
ANNUAL MEETING OF THE MEMBERSHIP
July 1, 2023

I. Call to Order

The Keystone Ranch Association, Inc. Annual Meeting of the Membership was called to order by John Pringle at 10:00 a.m. in the Keystone Mountain House and via videoconference*.

II. Roll Call & Proxies

Board Members Present Were:

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

Homeowners Participating (*via videoconference) Were:

Ed & Michelle Balcerzak*	Annette & Stephan Balog
Sandra Bennett	Rickey Brantley*
David Ciccolo	Jim Brown
Crooked Moose Lodge, LLC*	Pam & Greg Gardner
Marianne Hallinan*	Jean Hurteau
Jerry Karl	Thomas Loucks
James Minnick*	David Minton
CJ Ornes	William Fuller*
Gerardo Perez	Mike Polarek
Mike & Joanne Quinn	Elisabeth Rogowski
Richard & Kelly Schlosberg	Diane & Bob Scott
Neil Sherman	Donna & Ephraim Starr
Jeremy Straight	Sherry & Wilson Strong*
Bill & Ann Swagman	Glenn Vaughn
Leslie Wiese & Martin Voogel	Larry & Sue Wood

Leon Levy and Scott Bender of the East Ranch, Seth Murphy, the attorney for the Association, and attorney Joshua Keltner (holding the proxy for William Fuller) were guests at the meeting.

Representing Basic Property Management (BPM) were Gary Nicholds, Eric Nicholds and Bill Cadwallader. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

With membership represented in person and 16 by proxy, a quorum was confirmed.

III. Verification of Notice

Notice of the meeting was sent.

IV. Approval of 2022 Annual Meeting Minutes

Motion: A motion was made to approve the minutes of the July 1, 2022 Homeowner Meeting as presented. The motion was seconded and carried.

V. Owner Forum

1. Jeremy Straight commented that there was no resolution since the last meeting regarding formation of a non-Board driven committee for compromise to short-term rental restrictions. He suggested having a presentation by a Summit County real estate professional at future meetings to provide insight into the workings of the market.
2. Marianne Hallinan commented that Michael Lindenbaum was present at last year's meeting but not her sister. She questioned the accuracy of the list of attendees.

VI. Year-to-Date Financial Report

As of May 31, 2023, the Operating Cash balance was \$220,010 and the Reserve Cash balance was \$1,185,712. There was an Operating deficit of \$3,072 and a Reserve surplus of \$36,658 for an overall surplus of \$31,925.

VII. Owner Education

Kris Ciccolo said the vote to incorporate the Town of Keystone as a Home Rule town passed in March. Nine individuals were elected to serve on the Keystone Charter Commission, which approved the Home Rule Charter last week. It has been forwarded to the Election Commission and there will be an election on September 26, 2023. If it passes, another election will follow to elect Town Council. There is more information available at www.incorporatekeystone.wildapricot.org.

VIII. Basic Property Management Report

Bill Cadwallader, the onsite Property Manager, reviewed completed projects.

1. The compactor was replaced and it is working well.
2. There was consistent snow this past winter and it was cold, which prolonged the season.
3. The guard shack was hit by a Vail Resorts vehicle in December. Vail Resorts paid most of the repair cost and the remainder was split among the three associations.
4. The road shoulder cleanup was finished last month.
5. Summit County picked up slash last week.
6. The weed spraying and dead tree removal are in progress.
7. The tennis and pickleball nets are up.
8. The landscaping flats came in this week and they were planted. An irrigation system is in place at the guard shack.
9. A-Peak Asphalt did crack sealing and seal coating at the front entrance.
10. The speed bump is protecting the irrigation lines for the flowers.

IX. Real Estate Report

John Pringle reported that as of June 28, 2023, there were four listings in the three Ranches with one in East Ranch, one in Keystone Ranch and two in West Ranch. Five homes have sold in the three Ranches in the past year. There are 15 single family homes listed in Keystone, equating to an inventory of 10 months, 4 months of inventory for condominiums and 8 months of inventory for home sites. There are currently 69 properties listed in Keystone, equating to 1.9% of total inventory. Year-to-date residential sales are down 54% compared to last year and down 25% for all of Summit County. The median sales price was \$830,000 last year and is \$875,000 this year, a 5.4% increase. The highest price condominium sale was \$2.265 million in The Timbers and the highest price single family home sale was \$5.350 million in Dercum's Dash.

There are three new development projects in Keystone. Kindred will feature 95 residential units (with 60 under contract), a Rock Resorts branded and managed hotel and commercial space. There are six active listings for one to four bedroom units ranging in price from \$1.4 - \$4.595 million. The project should be completed in 2025. The Alcove Townhomes will be a 24-unit development in the Gold Bug lot with three and four bedroom units with two car garages. The original pricing was \$2.4 - \$4.0 million. At the September launch event, 20 of 24 units sold. There are four unsold units with two and three bedrooms that were just put back on the market listed at \$4.1 - \$4.3 million. Another new project near the Keystone Lodge will be Brightwood Lofts, consisting of 54 residential condominiums in two buildings with one to three bedroom units.

John Pringle addressed the most recent property valuations. The market valuation approach is used for Keystone properties. The assessed values were based on comparable sales for the past five years with the focus on sales between July 1, 2020 – June 30, 2022. The Assessor is stunned by the unprecedented rapid increase in property values during the COVID pandemic. The assessor anticipates the property values will go down again. The website www.co.summit.co.us can provide access to the comps used to determine values by entering the property schedule number.

X. Old Business

A. *Metering*

Vail Resorts owns the water system that services 109 homes in the East Ranch and Keystone Ranch, the Ranch restaurant, pro shop, golf maintenance building and pool. West Ranch is on the East Dillon Water District system. Vail Resorts hired an engineering firm Tetrattech to do an engineering study and they provided recommendations. The Keystone Ranch and East Ranch Boards hired another engineer to validate the Tetrattech findings. They recommended tank repairs, computer system improvements, a new well, line looping and metering. Vail Resorts has now agreed to move forward with the metering. The initial cost estimate was \$335,000 with \$196,000 being this Association's share, but the cost is coming down. Supply chain issues have delayed the project until next summer. The meters will be remote access, allow for immediate leak detection, potentially reduce consumption and result in more equitable billing. Dues were increased this past year to recoup the water meter expense. Once the meters are installed, the \$40/home/month fee will be eliminated and owners will be direct billed by Vail Resorts for their water usage.

XI. New Business

A. *Irrigation Systems*

Installation of irrigation systems requires Board approval. Not all properties have irrigation systems. No requests for approval have been submitted in recent years. Once the water meters are installed, there will be a better understanding of water consumption. Enforcement of irrigation restrictions may occur in the future.

B. *Amendment to Declarations*

The second amendment regarding rentals and commercial use passed on March 15, 2023 with approval by 67% of the membership. It will be effective June 1, 2024. Owners are permitted to rent their property four times annually, with no distinction made between short term and long term rentals, with two people per bedroom plus two, maximum of ten. Violations should be reported to the Summit County short term rental hotline. The Board will be working on how this will be enforced between now and June 1, 2024.

C. *Lawsuit*

Owner William Fuller has filed a lawsuit against the Association. HOA attorney Seth Murphy said the insurance company has hired two attorneys to defend the Association. The lawsuit was initially filed to try to stop the vote on the Declarations amendment but it was unsuccessful. The lawsuit is now challenging the validity of the vote and lists several other complaints. The estimated timeline for resolution is 1 – 1.5 years.

D. *Amended & Restated Bylaws*

The Bylaws were last rewritten in 1995. There have been some amendments since then. The recently amended and restated Bylaws were sent to all owners with the meeting notice. Highlights of the changes, some of which were for compliance with CCIOA, included:

1. The length of notice for Annual Meetings was changed from 14 to 10 days.
2. The vote in 2016 to eliminate term limits was reaffirmed.
3. The quorum requirement was reduced from 25% to 20%.
4. Board terms are staggered.

The goal is to consolidate all previous amendments into one document.

There was a request to provide a summary of the changes made and also a redlined copy to all owners for review so they understand the changes that have been made.

Seth Murphy explained that the new draft of the Bylaws is amended and restated, meaning that the original Bylaws are being replaced in their entirety. The original Bylaws are not the basis for the revised version so there is no redlined version; they are two unique documents.

Joshua Keltner noted his objections to Section 13, which has language that is significantly broader than the original. He said without a redlined version, the owners have no way to determine what was changed. He felt it would be appropriate to have a secret ballot, which must be conducted if there is a request from 20% of the membership. He added that the lawsuit is about the validity of previous amendments in 2008 and 2016.

Motion: Marianne Hallinan moved to table approval of the Amended and Restated Bylaws until the owners have a redlined copy and summary for review. Ed Balcerzak seconded. The motion did not carry with 9 in favor and 19 opposed.

Motion: Ephraim Starr moved to approve the Amended and Restated Bylaws. The motion was seconded.

Joshua Keltner noted several other areas of concern in the new draft, including the elimination of term limits, the lack of specific requirements related to Board indemnification, a lack of specific requirements for maintenance and inspection of records and the ability for the Board to approve changes to the Bylaws without convening a meeting of the membership.

William Fuller then requested that the vote to approve the Amended and Restated Bylaws be conducted by secret ballot. Seth Murphy said a single member of the Association can request a vote by secret ballot under the existing Bylaws, and that was another item that was being changed in the Amended and Restated Bylaws: A secret ballot requires more than 20% of the members present to require a secret ballot.

Based upon William Fuller's request, the Board agreed to conduct the vote by secret ballot and the process was explained. William Fuller and Joshua Keltner objected to the process and noted that the validity of any vote today on this matter may be called into question.

Owner Leslie Weise requested that the minutes reflect Joshua Keltner did not properly disclose that he was William Fuller's legal counsel but did identify that he was present on the call as William Fuller's proxy, even though William Fuller was also on the call. She asked Joshua Keltner to clarify the authority for him to act as proxy but he declined.

All owners present cast paper ballots and owners online were given until 5:00 p.m. to cast their votes by sending an email to BPM. The Board appointed BPM to serve as the third party to count the ballots and William Fuller objected. An owner volunteer committee consisting of Neil Sherman, Larry Wood and Jerry Karl was thereafter appointed. The process to be followed for the secret ballot counting was explained to BPM and the committee by Seth Murphy, and the committee agreed to meet at BPM's office in Dillon on Monday, July 3, 2023 at 9:00 a.m. to count the secret ballots.

On July 3, 2023, the results of the secret ballot vote were reported: 37 in favor of adopting the Amended and Restated Bylaws and 4 opposed.

E. Ranch Pool Agreement

The Board has been trying to establish an agreement with Vail Resorts for the Ranch pool since 2013. Vail Resorts presented a pool agreement in June 2023, but it had numerous errors and omissions. Vail Resorts indicated that they would not open the pool unless the agreement was signed. Keystone Ranch owners pay about \$28/owner/month for access to the pool. In a show of hands, a number of the owners present indicated it was an important

amenity for them. John Pringle said one of the issues with the agreement is language that would allow Vail Resorts to provide access to outside parties. There was discussion about the ownership and legal responsibility. Seth Murphy said the pool and land are Vail Resorts property but there is indemnity language in the agreement. There was a suggestion to have Vail sell memberships. John Pringle noted that the annual operating cost for the pool is about \$60,000 and it is unlikely they would be able to cover operating costs through memberships. There was a suggestion to approach Vail about the Ranch Associations buying the pool. Seth Murphy said this was discussed years ago, and there was some level of interest from Vail, but Vail then decided it was not willing to fund the cost of subdividing the land.

F. Guard Shack

The guard shack was hit and damaged by a Vail service vehicle. The roof and broken window were replaced.

G. Pets

Owners are reminded to keep their pets on a leash.

H. Ranch Picnic and Golf

The picnic was held yesterday and it was well attended. The golf event will be 8:00 a.m. on July 4th.

I. Recognition

John Pringle was recognized for the work he has done on behalf of the Association.

XII. Set Next Meeting Date

The next Annual Meeting date was not set.

XIII. Adjournment

The meeting was adjourned at 1:00 p.m.

Approved By: _____
Board Member Signature

Date: _____