

KEYSTONE RANCH HOMEOWNERS ASSOCIATION, INC.
BOARD OF MANAGERS MEETING
JULY 1, 2008

I. Call to Order

The Keystone Ranch Association, Inc. Board of Managers Meeting was called to order by Ms. Fricke at 10:00 a.m. on Tuesday, July 1, 2008 at 284 Gentian Road.

Board Members Present Were:

Annette Fricke, President

Chris Ornes, Secretary

John Pringle, Member

Sherry Strong, Vice President

Lisa Start-Khalilian, Treasurer

Representing Keystone Property Management Was:

Brian Denison, Senior Property Manager

Erika Krainz of Summit Management Resources was recording secretary.

II. Approve Previous Meeting Minutes

Mr. Ornes made a motion to approve the minutes of the December 29, 2007 Board Meeting as presented. Ms. Strong seconded and the motion carried.

III. Financial Reports

A. *Review 2007 Year-End Statement of Operations*

As of December 31, 2007 the Association was \$135,694 favorable to budget. The surplus will be transferred to the Replacement Fund. Ms. Start-Khalilian requested a copy of the 1120H forms from the past few years. She also asked Mr. Denison to have any year-end surplus transferred to the Replacement Fund in January of the next year instead of waiting until May.

B. *Review 2008 Year-to-Date Statement of Operations*

As of May 31, 2008 the Association was \$1,997 unfavorable to budget. Variances included:

1. Maintenance – \$1,275 favorable to budget. Flowers have been planted at the entrance gate and property signs are being repaired and replaced as necessary.
2. Services – \$2,693 unfavorable to budget.
3. General - \$580 unfavorable to budget.

Ms. Larson had marked 350 beetle infested trees as of last December. Mr. Denison said there were an additional 20 dead trees that were removed. Ms. Fricke requested a copy of the contractor's list of trees that have been removed. Ms. Larson will tour the property again in the fall. She charges a \$2,500 flat fee. Ms. Fricke said the trees should be cut in the fall as soon as they are marked so all removal can be completed before the snow falls. Mr. Denison recommended putting the contract out to bid as

there are now more contractors who may be less expensive. Ms. Fricke noted he should get solid references for the contractors.

IV. Special Reports

A. *Water Report*

Mr. Ornes met with the Keystone representatives. The water system is in good condition overall. One hydrant on Clover Lane is inoperable and the Fire Department is aware of it. Replacement parts are on order.

The water system total budget this year is \$80,000. There was a \$15,000 budget surplus last year and it appears there will be a surplus of about \$5,000 this year.

He said he heard a rumor that an attorney who works for Vail contacted the Snake River Water District to inquire about the steps of inclusion as discussed in the past.

He reviewed his PowerPoint presentation:

Issues:

1. Shut Off Valves - Each home should have an outside shut off valve. This is an individual owner responsibility. Owners should know where it is located, it should be visible, and it should be marked with a pole and a blue ribbon or blue paint in the winter. Water Solutions will help locate it for a fee.
2. House Access – Keystone can hold a key for emergency situations. Owners should contact Mr. Denison to make arrangements.
3. Irrigation Systems – This summer water is being used at 40 – 60 gallons/minute, equating to 58,000 – 86,000 gallons/day. As a comparison, Mesa Cortina is using 10 gallons/minute (with no irrigation systems). There are 63 irrigation systems between the Ranch and East Ranch but it is not known how many are operational. The irrigation systems are obviously using a lot of water.

Problems:

1. The irrigation systems may violate the terms of the water rights, which specify the water is for internal home use only.
2. Water Law trumps the Association Rules.
3. Owners should pay for usage versus a flat fee.
4. Higher usage should generate higher revenues.

Solutions:

1. Turn off irrigation systems.
2. Charge a fee for any operational irrigation system.
3. Charge owners based on metered use.

Metering:

1. Metering would be the fairest solution.
2. Not all houses have meters.

3. The cost for a new meter with a remote reader for houses with an existing meter would be \$400 – 500/house.
4. The cost for a new meter for houses without an existing meter would be \$300 – 1,000/house.
5. The meter reading and billing would be contracted out.

Benefits:

1. Users would pay for use.
2. Leaks and broken pipes would be identified.
3. Higher rates would be charged for excess usage.
4. Meters would be required if the Association converts to the Snake River Water District and the state may mandate meters in the future.

If the “water police” determine that there are illegal irrigation systems, it will not matter that they are grandfathered by the Association. The real solution is to shut them off voluntarily. It may be mandated by Colorado law that drip systems are permitted for a limited time to establish landscaping but overall irrigation may not be permitted. Ms. Fricke thought they should try to find a copy of this statute in writing.

There are a number of unknowns. The Association needs to build reserves to replace the water system in the future. Mr. Ornes would recommend meters. Mr. Ornes will make his presentation, take a straw poll, ask owners to turn off their irrigation systems voluntarily and ask their opinion about installing meters.

B. Mailboxes

Mr. Denison said construction of the mailbox roof had not yet started. He was told last year that it would be done in the spring but when he talked to Vaughn in late spring, Vaughn indicated he had never provided a final bid. He said he could not do it before July 1st. Mr. Denison then contacted Todd Hawks. The mailboxes are located in the road right of way. If the road is ever expanded to four lanes, the boxes would have to be moved. The odds of that happening are very small. The utilities have been marked. Since the roof sticks out over the front of the boxes the plans have to be approved and a permit issued by the County. Mr. Denison expects to have the work completed this summer but he has not yet received a bid from Todd. Ms. Fricke asked what kind of changes the DRB required. Mr. Denison said they wanted 6 x 6 posts instead of 4 x 4 and the roof had to be enclosed to cover the exposed beams. Mr. Denison is getting a letter from Vail indicating they will pay to move the boxes if necessary in order to obtain the permit. Ms. Fricke said it should be done as quickly as possible but emphasized she wanted to see the bid first.

C. Pool

The pool should be open tomorrow. A leak was discovered and was repaired yesterday. The pool is being cleaned and filled today. Mr. Denison will make sure there is some landscaping done. The men’s locker room has been painted. The roof leak will be repaired by Turner Morris. The Board agreed they should disclose to the owners the pool situation and why there was an overage. They should be reminded that the other bid was \$173,000.

D. *Snowplowing*

An RFP has been sent out to three contractors (Hillco, Kent Shelton and Bill Cadwallader). Mr. Denison is still looking for other contractors. He took out the extra charge for sanding from the proposal. The Association will pay for the material but not for distributing the sand since it is usually spread during the plowing process. The final bills from last winter have been submitted. There are two for \$10,000 which are not yet reflected on the financial report. The combined expense was \$15,000 over the \$80,000 contracted figure. Mr. Ornes said the contractor whose bid is accepted should be required to provide proof that he has the equipment. Mr. Denison will try to wrap this up within the next month.

E. *Tree and Weed Spraying*

The Association sprayed about 3,000 trees this spring at a cost of \$8/each. Weed spraying was done last week and will be done once more. Mr. Ornes questioned why weed spraying had to be done. Ms. Fricke explained it was done to eliminate the non-indigenous weeds to keep them from choking out the indigenous species.

F. *Letter to Vail Resorts*

Mr. Ornes proposed a letter writing campaign and he provided some points for owners to use in their personalized letters. He recommended using the Corporate Mission and Values to contrast the poor appearance of Keystone in general with the stated goals. Issues include an unattractive appearance, conflict of message, the effect on the sale of new real estate product and safety. Ms. Fricke will ask Ms. Campbell at tomorrow's KOA Meeting for details on the Resort's plans. Mr. Ornes noted that business had been good and Vail Resorts had realized large profits, so they should be willing to spend money in the Resort removing dead and dying trees.

Ms. Fricke asked Mr. Denison to get her a summary of the amount spent on tree spraying and removal over the past years before tomorrow's meeting.

Mr. Ornes made a motion to approve the owner letter campaign, subject to anything Ms. Fricke might learn in the KOA Meeting tomorrow. Ms. Start-Khalilian seconded and the motion carried.

G. *USFS*

Cary Green will provide a PowerPoint presentation at the Annual Meeting.

H. *Billing Issues*

Ms. Fricke said she hoped the Sheriff patrol payment issues had been settled. Mr. Denison said the Property Management Office Manager had worked out the problems. The Resort switched to a new accounting system this year and there have been problems. Mr. Ornes said it was embarrassing and unacceptable for the Association bills not to be paid on time. He said if Vail Resorts cannot provide good financial management it would be a reason to look for another management company. Mr. Denison will share this feedback with the appropriate person. He said he thought the problems were getting under control.

V. New Business

A. *Homeowner Meeting Preparation*

1. Elect a new Board member. Mr. Ornes has spoken to Mr. Orth and he is thinking about it. There must be at least three Board members per the Bylaws. The ballots should list Mr. Pringle and include two lines for write-ins.
2. Change the bank signature card after the new Officers are elected.
3. Provide name, address and contact information for the Association per Senate Bills 100/89.

B. *Audit*

Mr. Ornes mentioned that per Senate Bills 100/89, any Association with an Operating Budget over \$250,000 is required to have an audit or review every two years. He will try to determine if the Ranch falls under that requirement.

C. *Tree Planting*

The Board discussed if they should encourage owners to plant trees. It was noted it may be difficult if irrigating is not allowed. The Board agreed it should be encouraged but there should be sensitivity to blocking neighbors' views, defensible space and fire issues.

D. *Unification of the Three Ranch Associations*

Mr. Ornes thought it might be a good idea in the future to unify the three Ranch Associations. Mr. Pringle noted there would be financial issues since the dues and water systems are different.

E. *Fence on Lichen Lane*

Ms. Start-Khalilian said Mr. Cornellier had promised to replace the missing fence with a bigger, better fence. Ms. Fricke said he indicated it would occur sometime this summer.


VI. Set Next Meeting Date

The next Board Meeting was set for Tuesday, December 30, 2008 followed by a Homeowner Meeting on Wednesday, December 31, 2008. For next summer, the Board will meet on July 1, 2009 at 2:00 p.m. and the Homeowner Meeting will be July 3, 2009 at 2:00 p.m.

VII. Adjournment

With no further business, the meeting was adjourned at 12:05 p.m.

Approved By: _____


Mr. Chris Ornes, President Approval

Date: _____

8-7-08

Keystone Ranch Homeowners' Association
Board Meeting
September 24, 2008

Present: Chris Ornes, Mike Orth, John Pringle, Lisa Start, and Sherry Strong

The meeting was called to order by President Chris Ornes at 7:00 p.m. Sherry volunteered to take minutes.

Financials: Chris reported that \$130,069 had been due from Vail Resorts on December 31, 2007, but had not been paid until August. The former property manager had not implemented the transfer of funds. The money was paid into the Ranch homeowners' account in August of 2008. Chris insisted that interest of \$1206.67 be paid additionally into the account. Vail Resorts complied.

Chris also reported that we now have on-line access to our accounts at Alpine Bank. Two of those accounts will be closed. Vail Resorts had access to the "big" account at Alpine Bank of \$271,000 and had taken some of it out and signed for it. Vail Resorts is now required to send checks to Chris to be signed. Sherry will implement the signing for the 3 months Chris will not be here.

In addition, Chris asked for a volunteer to be assume the role of treasurer in order to provide a detailed review of the 2009 budget and a detailed review of long-term capital needs. Mike volunteered to do so. Chris wants all the detail in the budget: everything we do should flow through the budget, and we need to see it. Chris reported that at the present time Vail Security charges \$5.00 per month per household. They are Vail's first responder. The Sheriff's Department charges are \$26,000 per year for the Ranch and East Ranch. Homeowners pay \$12-13/ month for that service. Chris would like those figures reviewed.

Chris also wants a detailed review of long-term capital needs. From his cursory figures, the Association may be \$118,000 short by 1012. He is recommending a rate increase based on the long-term capital plan of \$10-25 per month per household. Mike will examine both the 2009 budget and the long-term capital budget and make recommendations.

The 2009 budget will be presented to the members at the December 30, 2008 meeting.

Mail Box Covers: The Board reviewed the plan to build the cover, and Todd Hawke is ready to proceed. The Ranch costs will be \$10,000. Chris raised the point that we were adding something that required upkeep. In a vote of 3 to 2, the Board passed a motion to continue with providing a cover for the mail boxes.

Snow Plowing: At the present time, Bill Cadwallader has a truck, and a plow is on order. Leon Levy, Bill Putnam, and Chris are working on the contract. There seem to be no

major issues, and it should be finished soon. Sherry will sign the final agreement in Chris' absence.

Ranch Road Ditch: For about \$2000, Bill Cadwallader will fix the ditch area. The cost will be split 4 ways. However, this solution is a short-term one, and the area will need more extensive repairs at a later time.

Gentian Road: Gentian Road has water problems, with water unning down the street and eroding the sides. Bill Cadwallader will present a bid in the spring to address repair of the problems.

Chris closed his remarks with suggesting more road problems are in our future, not fewer ones.

Pool: The pool is being winterized soon. In the past, the cost has been \$500-600. This year the contractor in Denver is charging \$1000. Roof repairs have been completed.

Trees: 650 +/- have been marked for cutting. Katie Larson designated another 317. To date, 469 trees have been cut. The trees not done this fall will be done in the spring.

The meeting ended with a discussion of a communal picnic with all three ranches. A suggestion was made to scale it all down with cocktails and hors d'oeuvres. The Association will try to generate interest in this approach.

The meeting was adjourned at 9:00 p.m.

Respectfully submitted,

Sherry Strong, Scribe

KEYSTONE RANCH HOMEOWNERS ASSOCIATION, INC.
BOARD OF MANAGERS MEETING
DECEMBER 30, 2008

I. Call to Order

The Keystone Ranch Association, Inc. Board of Managers Meeting was called to order by Mr. Ornes at 9:00 a.m. on Tuesday, December 30, 2008 at 1 Kinnikinnik Road.

Board Members Present Were:

Chris Ornes, President, 1 Kinnikinnik Road

Sherry Strong, Vice President, 2023 Keystone Ranch Road

John Pringle, Member, 153 Gentian Road

Erika Krainz of Summit Management Resources was recording secretary.

II. Old Business

A. *Mailboxes*

Mr. Pringle said they could add some more wood and stain it to look weathered. Ms. Strong noted that they might need to get approval from the Design Review Board to make any changes as they would be inspecting it. Mr. Pringle did not think there would be an issue. Mr. Pringle will find the original drawings so the Board can review them and determine if they need to be resubmitted. The staining will be scheduled in the spring. The total cost came in at \$249/house, about \$15/house under budget.

B. *Owner Delinquencies*

Mr. Ornes said there were some delinquencies this fall. A lien may have been filed on the Lowrance property. Communication is key; owners should contact a Board member or management regarding any payment issues. The Board must follow the procedures and comply with Colorado law when placing liens on properties in order to protect the Association. Mr. Ornes will meet with the Keystone representatives to discuss several issues. There appears to be a discrepancy regarding when revenue is booked when it is actually determined that owners are delinquent.

C. *Pool Budget*

Ms. Culbreath has not yet provided a pool budget but she is working on it. Approximately \$90,000 was spent on pool projects last year and the Board will need to look at rebuilding the Reserve balance for the future.

D. Fire Hydrants and Property Signs

There have been some complaints from owners about inaccessible hydrants. Property Management is responsible for keeping the hydrants and street signs visible. Owners should inform management of any problem areas. Owners are responsible for keeping their own property signs visible.

E. Dumpster Use

Owners should be reminded to break down cardboard and not to dispose of large items in the dumpster. Ms. Strong thought there were some contractors dumping items such as toilets. Owners are responsible for informing their contractors that they must dispose of all remodeling debris.

III. Review Homeowner Meeting Agenda

Mr. Ornes reviewed the agenda for tomorrow's meeting.

A. Board Election

There was general discussion about term limits. Mr. Pringle thought his term expired in 2010. Ms. Strong mentioned there might be a provision that overrides the terms limits wherein Mr. Ornes could serve another year to fulfill obligations he had undertaken in the past year. Mr. Ornes said he could serve in an "Ex Officio" role. Ms. Strong felt this should be addressed by the Board. Mr. Ornes pointed out that term limits force different owners to become involved, which he felt was a good thing. Mr. Strong felt there should be continuity of leadership, especially for the President's position. She said they may want to consider a Bylaws change. Ms. Strong's term expires in 2009 and she said her husband was willing to run for a Board seat.

B. Plowing

The Board agreed to support Bill Cadwallader for driveway plowing but noted that his first responsibility is to plow the roads for the three Ranch Associations.

C. 2008 Year-End Financial Projection

The Association is projected to end the year about \$4,000 over budget.

D. 2009 Operating Budget

The four largest discretionary expenses are:

1. Continue weed spraying two times – \$2,500.
2. Continue tree spraying 3000+ trees – \$30,000.
3. Cut 1,000 trees. There are 300+ left to be cut from 2008 – \$75,000.
4. Continue Sheriff patrol – \$10,386.

	<u>2009</u>	<u>2008</u>
Total Operating Expenses	\$212,352	\$220,667
Total Reserve	<u>\$ 44,723</u>	<u>\$ 36,408</u>

The Keystone Ranch Association policy has been to pay for tree removal, regardless of location on private or common land. They are focusing on trees that are a safety issue.

K. US Forest Service

Per Cary Green of the US Forest Service, the Keystone Stewardship Contract was let in September 2008. They began work on Swan Mountain in the commercial camp areas. They should be in Keystone by late summer 2009.

L. Roads Issues

1. Gentian – there is a drainage problem. The estimated cost to repair it is \$25,000 – 50,000.
2. Keystone Ranch Road – there is a big ditch by the maintenance shed. It was cleaned out and markers were put up at a cost of \$2,000, but this is only a temporary fix. The expense was split four ways per the road cost share percentages.

M. Pool Update

There was \$89,000 spent on repiping, resurfacing the pool and fixing the wading pool and the roof. The remaining Replacement Fund balance is about \$42,000.

N. Water System

There have not been any issues with the operating system. Meters are no longer feasible in the near term due to cost and installation and legal issues. There has not been any new information regarding Vail Resort's management of the system. There is an \$8,000 surplus estimated for 2008, which will be carried forward to the next year's Operating budget.

O. 2009 Owner Picnic

The Owner Picnic cost \$2,500 in 2008. Options for 2009 include no picnic, a pool party (catered or potluck), or a combined party for all three Ranch Associations. The Board will suggest formation of a Committee to develop a plan.

IV. Set Next Meeting Date

The next Board Meeting was scheduled for July 3, 2009.

V. Adjournment

The meeting was adjourned at 11:06 a.m.

Approved By: _____ Date: _____
Board Member Signature

KEYSTONE RANCH HOMEOWNERS ASSOCIATION, INC.
GENERAL MEMBERSHIP MEETING
DECEMBER 31, 2008

I. Call to Order

The Keystone Ranch Association, Inc. General Membership Meeting was called to order by Mr. Ornes at 10:07 a.m. on Wednesday, December 31, 2008 in the Keystone Center Conference Room.

Board Members Present Were:

Chris Ornes, President, 1 Kinnikinnik Road
Sherry Strong, Vice President, 2023 Keystone Ranch Road
Lisa Start-Khalilian, Secretary, 70 Lichen Lane
John Pringle, Member, 153 Gentian Road

Homeowners Present Were:

Michael Khalilian, 70 Lichen	John Bowers, 85 Wild Iris
Richard & Phyllis Smith, 100 Wild Iris	Jayn Montgomery, 77 Phlox
Bill & Ann Swagman, 74 Yarrow	C.J. Ornes, 1 Kinnikinnik
Nancy & Bob Follett, 160 Kinnikinnik	Gerald Ireland, 161 Kinnikinnik
Richard & Phyllis Smith, 100 Wild Iris	John Bowers, 85 Wild Iris
Jayn Montgomery, 77 Phlox	Bill & Ann Swagman, 74 Yarrow
William & Barbara Van Brunt, 83 Gentian	Carolyn Wheeler, 33 Gentian
Annette & Gerald Fricke, 283 Gentian	Larry & Sue Wood, 293 Gentian
Becky Jones, 25 Clover	Ron & Mary Ann Raab, 84 Clover
Paul & Alida Hilton, 94 Clover	Stacy & Diane Crumley, 204 Clover
Bette Morris, 2459 Keystone Ranch Road	Eileen Terens, 182 Penstemon
Mary Zutter & Sam Santoro, 1797 Keystone Ranch Rd.	
Ralph & Greta Eckert, 2059 Keystone Ranch Rd.	

Guests Present Were:

Leon Levy, East Ranch	John Fitzgerald, Summerwood
Bill Cadwallader, Plowing Contractor	West Foster, West Ranch

Representing Keystone Property Management Was:
Carol Culbreath, Senior Property Manager

Erika Krainz of Summit Management Resources was recording secretary.

II. Approve Previous Meeting Minutes

Mr. Khalilian made a motion to approve the minutes of the July 5, 2008 Homeowner Meeting as presented. Ms. Follett seconded and the motion carried.

III. Old Business

A. *Delinquencies*

Mr. Ornes said one home was in the foreclosure process. The owner owes \$1,800 and a lien is being filed by the attorney today. Owners who anticipate problems with paying dues on time were asked to contact the Property Manager or a Board Member.

B. *2008 Budget*

The Association is projected to end the year about \$4,000 over budget but there are some additional invoices outstanding, including for tree cutting. The overage was mainly due to increased snow removal during the winter of 2007/2008.

The pool budget is pending. There is no change anticipated to the Water Department budget. The Long Term Capital Budget is driven mainly by road maintenance. This will be reviewed in the spring and it is anticipated that there will need to be an increase in the contribution to the Replacement Fund.

Mr. Khalilian felt the three Associations should merge to address common issues such as roads. He volunteered to do some work on this proposal.

C. *Budget 2009*

The four largest discretionary expenses are:

1. Continue weed spraying two times – \$2,500.
2. Continue tree spraying 3000+ trees – \$30,000.
3. Cut 1,000 trees. There are 300+ left to be cut from 2008 – \$75,000.
4. Continue Sheriff patrol – \$10,386.

	<u>2009</u>	<u>2008</u>
Total Operating Expenses	\$212,352	\$220,667
Total Reserve	<u>\$ 44,723</u>	<u>\$ 36,408</u>
Total Expenses	\$257,075	\$257,075

Dues per home = \$3,473/year or \$289.50/month, no change from 2008.

An owner asked about the effectiveness of tree spraying. Mr. Ornes said spraying is claimed to be 90% effective but the Board believes 70 – 90% is more realistic. Neils Lunceford made a presentation to East Ranch for handling all their programs (spraying, cutting, replanting, etc.). The three Associations will meet with Neils Lunceford to discuss this proposal.

D. *Balance Sheet as of November 30, 2008*

1. Cash - \$282,809
2. Due from Vail Resorts - \$44,883
3. Total Assets - \$327,692
4. Liabilities - \$54,000

5. Net Worth - \$273,692 (Reserve Fund)

E. Website Information

The Keystone Property Management website is www.keystoneresortpm.com. Owners should call Cindi Harless (x4133) to obtain a username and password. All Association documents are available on this website. The Keystone Ranch Association website is www.Keystoneranch.org.

F. Mailbox Project

The project has been completed but the wood needs to be stained. The total cost was \$42,500 and the Keystone Ranch share was \$18,400, equating to \$249/home against a budget of \$300/home. The project was paid for out of the Replacement Fund.

G. Sheriff Patrol

Since November 2008 the West Ranch Association has been paying their share. Based on the 2008 expense, there should be a savings to the Keystone Ranch Association of \$5,900. Mr. Ornes thanked the Board President West Foster and the other Board members for stepping forward.

H. Ranch Associations Cost Sharing Ratios

The Keystone Ranch Association has 74 homes, East Ranch has 35 and West Ranch has 62. The percentages for expenses split between the three Associations are 43.27%, 20.47% and 36.26% respectively. For expenses such as roads, Keystone also pays a portion (10.2%) and the adjusted ratios for the three Associations are 40.2%, 17.3% and 32.3% respectively.

I. Snowplowing

The Ranch Associations signed a new three year plowing contract at a flat rate of \$90,000 plus sand. The Keystone Ranch Association's share is \$36,000 plus sand. The contractor is Bill Cadwallader of Performance Services LLC. Owners should call Property Management or a Board member regarding any plowing issues. Mr. Cadwallader also provides driveway plowing services and he can be hired by individual owners to do that work, but owners should be aware that the three Ranch Association roads are the highest priority. He can be reached at 970/333-1115 regarding driveway plowing.

J. Tree Cutting and Spraying

No trees were cut in 2006, 1,000 were cut in 2007, 712 were cut in 2008 and 1,000 are budgeted for cutting in 2009. There were 2,888 trees sprayed in 2008 at a cost of \$29,000.

The golf course cut 220 trees in July and 620 more trees in the fall. Owners were encouraged to continue sending letters to Vail Resorts regarding the dead trees.

K. US Forest Service

Per Cary Green of the US Forest Service, the Keystone Stewardship Contract was let in September 2008. They began work on Swan Mountain in the commercial camp areas. They should be in Keystone by late summer 2009.

L. Roads

There is a drainage problem on Gentian Road. The estimated cost to repair it is \$25,000 – 50,000.

There is a big ditch by the maintenance shed on Keystone Ranch Road. It was cleaned out and markers were put up at a cost of \$2,000, but this is only a temporary fix.

M. Pool Update

There was \$89,000 spent on repiping, resurfacing the pool and fixing the wading pool and the roof in 2008. The remaining Replacement Fund balance is about \$42,000.

N. Water System

There have not been any issues with the operating system. Meters are no longer feasible in the near term due to cost and installation and legal issues. There has not been any new information regarding Vail Resort's management of the system. There is an \$8,000 surplus estimated for 2008, which will be carried forward to the next year's Operating budget.

O. Homeowner Picnic

The Owner Picnic cost \$2,500 in 2008. Options for 2009 include no picnic, a pool party (catered or potluck), or a combined party for all three Ranch Associations. The Board would like to form a Committee to create a plan for 2009. Ms. Terens volunteered and was appointed Chairperson.

IV. Real Estate Report

Mr. Pringle provided sales information for the Keystone Ranch properties. There are currently sixteen homes listed on the three Ranches, seven on the Keystone Ranch, three on the East Ranch and six on the West Ranch. Last year at this time there were eight homes listed, so inventory has doubled. There were only two sales in the past year, both from the East Ranch, compared to ten last year.

Current Keystone Ranch Listings:

<u>Address</u>	<u>Bedrooms/Baths</u>	<u>Sq.Ft.</u>	<u>List Price</u>
47 Phlox Lane	6/6.5	5,000	\$2,350,000
233 Penstemon Road	4/4	3,400	\$1,150,000
2059 Keystone Ranch Road	5/5.5	3,373	\$1,430,000
1631 Keystone Ranch Road	5/4.5	4,880	\$1,465,000
130 Kinnikinnik Road	5/4.5	4,676	\$1,480,000

114 Yarrow Lane	5/6	4,248	\$1,575,000
2153 Keystone Ranch Road	6/5	4,956	\$2,399,900

The last market slowdown was after the 2000 market correction. There was a great deal more inventory at that time with over 800 listings in Keystone. From 2001 – 2005 the inventory decreased to about 90 listings, equating to 3.5% inventory. That level held for about a year, allowing the market to turn around. There was significant appreciation between 2006 and early 2008 but the Ranch homes have always been less volatile. Sales activity has now come to a halt and there are currently about 200 listings.

There were 469 sales of residential properties in Keystone in 2006, 351 in 2007 and 177 in 2008. In December 2006 there were 32 closings, compared to 19 in 2007 and 6 in 2008.

There are 36 homes currently listed in the Keystone area. There were 9 home sales in the entire Resort in the past year so there is a backlog of about 4 years. Property values hit a high in March/April 2008. Some prices in certain sized condominiums are coming down about 10% but this is not occurring in home prices yet. The key to holding value is a lower amount of inventory.

V. New Business

A. *Sign Snow Clearing*

Property Management is responsible for keeping the hydrants and street signs cleared of snow. Ms. Culbreath said they had started working on this project yesterday. Owners should contact her if they notice any areas that need to be cleared. Owners are responsible for keeping their name/address signs cleared. Mr. Khalilian noted that each home has an outside water shutoff valve; owners were encouraged to locate and mark the location with a stake that is visible above the snow.

B. *Dumpster and Recycling*

The dumpsters are not to be used for construction waste or large items. It may be necessary to install some additional dumpsters during the high season or to schedule more frequent pickups. Owners were reminded to break down all cardboard. Mr. Follett suggested adding some instructional signage at the dumpster. Ms. Culbreath was asked to address this.

Keystone will recycle Christmas trees if owners leave them by the recycle bin. All decorations and stands must be removed.

C. *Past Board President*

Ms. Follett said Mr. Livingston, a past Board President, passed away on September 29, 2008.

D. Transportation

Mr. Ornes said Keystone was in litigation regarding the transportation contracts. They cannot take on any new contracts at this point. Owners were encouraged to write to Pat Campbell, Keystone COO, at PO Box 38 Keystone 80435 to voice their opinion regarding the program. Mr. Follett said the Keystone Citizen's League was working on this issue but did not anticipate resolution in the near future.

E. Contractor Recommendations

An owner asked if there had been any consideration to creating a list of preferred contractors. Mr. Ornes said there were liability concerns. He suggested owners call their neighbors for recommendations.

VI. Set Next Meeting Date

The next Homeowner Meeting was set for July 3, 2009.

VII. Adjournment

With no further business, Mr. Follett made a motion to adjourn the meeting at 11:30 a.m.

Following adjournment, Mr. Fitzgerald gave a presentation on single track motorcycle riding on Tenderfoot Mountain. He encouraged owners to write letters to the Forest Service regarding a new proposal to expand the existing motorized trail system.

Approved By: _____ Date: _____
Board Member Signature