

RANCH BOARD OF DIRECTORS MEETING

7/1/09 HELD AT 1 KINNIKINNIK RD KEYSTONE

ATTENDING: CHRIS ORNES, MIKE ORTH, SHERRY STRONG, LISA START

Meeting was called to order by President, Chris Ornes, at 9:00 AM.

The agenda for the 7/3/09 Annual Homeowners meeting was reviewed in detail.

Please see the minutes of that meeting for details of what was discussed.

The board thanked Sherry Strong for her past service to the HOA, as she is finishing her second three year term. Lisa indicated that she would stand for reelection. She has one term left.

It was agreed that the HOA would have a President and a Vice President and no Secretary or Treasurer at this time. All other members would be "at large".

A resolution was passed allowing a newly elected President to serve two new three year terms if they were willing and the Board and Membership agreed, without regard to any prior unfinished terms of office.

Sherry advised the Board that her husband, Will Strong was willing to stand for election to the Board. Chris will place his name in nomination at the meeting.

Final arrangements for the picnic were discussed. All seems in order.

The Board discussed a list of items needing attention that John Pringle prepared. A discussion was held regarding a lack of responsiveness by Keystone Property Management (KPM) Issues like the road sand boxes, house and street signs, the pool, all needing various levels of repair and or maintenance. It was agreed that Chris, along with Leon Levy, Pres. East Ranch and West Foster, Pres. West Ranch, would schedule a meeting with Jeff Steele, Director, KPM, to discuss the general unsatisfactory performance of KPM. All agreed that Carol Culbreath, Ranch property manager, was working hard, but seemed to be overworked and has too many HOA's that she is responsible for.

The meeting was adjourned at 10:30 AM.

Respectfully

Chris Ornes

President

KEYSTONE RANCH ASSOCIATION, INC.  
GENERAL MEMBERSHIP MEETING  
JULY 3, 2009

I. Call to Order

The Keystone Ranch Association, Inc. General Membership Meeting was called to order by Mr. Ornes at 2:00 p.m. on Friday, July 3, 2009 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, 70 Lichen Lane  
Mike Orth, 50 Kinnikinnik Road  
John Pringle, Member, 153 Gentian Road

Homeowners Present Were:

Richard & Phyllis Smith, 100 Wild Iris  
C.J. Ornes, 1 Kinnikinnik  
Nancy & Bob Follett, 160 Kinnikinnik  
Larry & Sue Wood, 293 Gentian  
Stacy & Diane Crumley, 204 Clover  
Eileen Terens, 182 Penstemon  
William & Barbara Van Brunt, 83 Gentian  
Bette Morris, 2459 Keystone Ranch Rd.  
Harley & Mardy Williams, 130 Kinnikinnik  
Annette & Gerald Fricke, 283 Gentian  
Sandra Chisholm, 2260 Keystone Ranch Rd.  
Gertrude Hayes, 232 Keystone Ranch Rd.  
Scott & Kathy Way, 1649 Keystone Ranch Rd.  
Mary Zutter & Sam Santoro, 1797 Keystone Ranch Rd.

Guests Present Were:

Leon Levy, East Ranch  
West Foster, West Ranch

Representing Keystone Property Management ( KPM ):

Carol Culbreath, Senior Property Manager

Margot Mayer of Summit Management Resources was recording secretary.

II. Determination of Quorum

With owners represented in person or by proxy a quorum was reached.

III Approve Previous Meeting Minutes

Mr. Williams made a motion to approve the minutes of the Dec 30, 2008 Homeowner Meeting as presented. Ms. Williams seconded and the motion carried.

IV. Financials

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

As of May 31, 2009 the Association was \$9,000 unfavorable to budget mainly due to tree cutting expenses. The tree cutting expense of \$6,600 was not budgeted until June. The \$3,000 bad debt allowance was not budgeted and it is hoped the Association will recover approximately \$1,740 once the lien goes through.

B. *Balance Sheet as of May 31, 2009*

Cash	\$328,000
Due from Vail	\$ 34,000
Accruals	\$ 7,000
Total Equity	\$355,000

Mr. Ornes said the financial report is available on the Property Management website. Owners should contact Property Management if they want this information sent by mail. The money is invested at Alpine Bank earning 2.6%. He said the Board was looking into alternative investment options since the balance was not fully insured under FDIC regulations.

C. *Water Report*

There were no violations in the 2008 Quality Report. The system is operating on budget and \$10 is being paid each month for repairs. The system seems to be working fine. One fire hydrant is down for repair and the Fire Department has been notified.

Mr. Ornes asked owners to conserve water as much as possible. In ground irrigation systems cause summer usage to put a strain on the water system

IV. Operations Report

A. *Trees*

<u>Year</u>	<u># of Trees Cut</u>	<u>Cost</u>
2006	288	\$ 26,000
2007	1,200	\$135,000
2008	712	\$ 43,000
2009	321	<u>\$ 20,000</u>
Total spent		\$224,000

KPM had to fire the tree cutter for lack of insurance. A new contractor has been hired to finish removing approximately 300-400 standing dead and beetle infested trees.

As the forest thins out the trees are more susceptible to wind. Mr. Ornes asked owners to call KPM if a tree comes down or looks as if it will fall and cause property damage. The new contractor, A Cut Above, charges \$45 each to cut regular trees and \$85 each to cut hazard trees. There are about 300 trees remaining to be cut down.

The Association continues to spray trees.

<u>Year</u>	<u># of Trees Sprayed</u>	<u>Cost</u>
2006	1,800	\$18,000
2007	2,600	\$26,000
2008	2,900	\$29,000

All trees marked in blue are beetle infested and are being cut down. An owner asked if it was true that the spruce beetle is now in Summit County. Mr. Ornes said this was true and owners can start protecting their trees if desired. All Colorado blue spruce trees over 8' should be sprayed. The majority of owners have spruce trees on their property. The Board will look into spraying the spruce trees. Post the HOA meeting, the tree sprayer was authorized to spray approx 200-300 spruce and an additional 400 pines.

*B. Fire Mitigation Grants*

This past winter the Board became aware of matching grant money available from the Colorado Forest Service for fire mitigation. It must be used to create defensible space around home sites. In order to qualify for the grant certain guidelines must be followed. Any owner who has trees to mitigate around their home site can get in touch with Mr. Ornes. If enough homeowners are interested the Board can apply for a grant and each homeowner can pay their share.

A homeowner said that the insurance company recommends spraying fire retardant chemicals that work like a cocoon around the house. He will email Mr. Ornes this information and the Board will research this product. Owners were reminded that they are not allowed to cut down trees on Forest Service land.

*C. Weeds*

Notices have been distributed. The weeds were sprayed in the spring and the second spraying will be in September.

*D. Snow Plow*

A three year contract was signed for snow removal service and there were no complains about the new contractor. He did a good job and was right on budget. Mr. Ornes said the contractor offers driveway plowing for a fee.

*E. Mailboxes*

Mr. Ornes thanked Mr. Pringle for staining the mailboxes.

F. *Pool*

The pool opened for Memorial Day and is about 25% under budget year-to-date in utilities. KPM accidentally killed much of the grass around the pool and is evaluation reseeding or sodding. This will be at KPM expense.

Ms. Woods said she saw up to twenty people using the pool and none of them lived on Ranch property. Some of them knew the code and left the door open for others. She recommended changing the code. Mr. Ornes said changing the code would not prevent this in the long run. He recommended installing a card reader and putting an automatic closer on the gate if the price is reasonable. It is not possible to change the code and communicate it to owners on short notice. Post the meeting, the combination was changed and an electronic lock has been ordered. KPM will distribute 2 cards per house and replacements will be \$50.00

G. *Roads*

There are six miles of roads for the three Ranch Associations. A maintenance plan for road sealing, crack fixing, shoulder/ditch repair, culverts and resurfacing has to be established.

Resurfacing bids were obtained. A 3" overlay would be \$982,000 - \$1,700,000 and a 2" overlay would be \$700,000 - \$1,300,000. Assuming the resurfacing will be done in 2022 the projected cost is approximately \$3,771,000.

The cost sharing formula specifies that the Keystone Ranch pays 35%, East Ranch pays 16.7%, West Ranch pays 32.3% and Keystone Resort pays 16%.

Mr. Ornes calculated, that based on Keystone Ranch's 35% share and the balance in the Replacement Fund, this project will result in an \$819,000 shortfall. In order to cover this shortfall, the annual payment would need to be \$47,000 earning 4% interest. This equates to \$640/unit or \$53/month. The current Replacement Fund contribution is \$51/month.

An owner asked why Keystone's share is only 16.7%. Mr. Ornes said Keystone pays for 50% of the main roads and the cost allocation, while needing review, is close to being accurate.

Mr. Ornes said he inquired about the "orphan road" from the stable to the Ranch gatehouse but he has not yet heard back from Keystone. It is not a County road and is owned and maintained by Keystone Resort.

V. Real Estate Report

Mr. Pringle said there was currently an abundance of inventory, which would most likely lead to lower prices. As of 7/1/07 in Keystone, there were a total of 95 listings, as of 7/1/08 there were 167 and as of 7/1/09 there were 288, equating to an inventory of about 9%. This would ordinarily represent a seller's market but there is no demand. There were a total of 444 sales in

Keystone between 7/1/06 and 7/1/07 and 301 between 7/1/07 and 7/1/08. Between 7/1/08 and 7/1/09 there were 120. There are currently 274 listings in Keystone, 13 under contract and 117 sold in the past 12 months compared to 295 the year before. In the past six months there were 38 sales, compared to 98 the year before. The real estate market is more challenging than he has ever seen.

In Breckenridge, the new development had been doing well. Units at One Ski Hill Place sold for as much as \$1,200/sq.ft. Sales have slowed considerably this year.

According to lenders, there is money available but there are much tighter restrictions, especially for condominiums. Lenders can no longer pick their own appraisers.

The good news is that 9% inventory is still low, interest rates are low and there have not been many foreclosures.

**Current Keystone Ranch Listings:**

<u>Address</u>	<u>Bedrooms/Baths</u>	<u>Sq.Ft.</u>	<u>List Price</u>
233 Penstemon Road	4/4	3,400	\$ 975,000
140 Lichen Lane	4/4.5	4,759	\$1,200,000
1431 Keystone Ranch Road	5/4.5	4,880	\$1,295,000
2095 Keystone Ranch Road	5/5.5	3,373	\$1,430,000
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	\$1,700,000
314 Penstemon Road	4/4	3,759	\$1,799,950
47 Phlox lane	6/6.5	5,000	\$1,950,000

VI. Election

Ms. Strong has served two terms and Mr. Ornes thanked Ms. Strong for her services. Ms. Start-Khalilian has served one term and agreed to serve another term. Mr. Wilson Strong has agreed to stand for election.

Ms. Follett made a motion to elect the slate of Directors by acclamation. Ms. Fricke seconded and the motion carried.

VII. Member Education

A. Trash

Mr. Ornes asked owners to break down cardboard boxes. The County is only accepting #1 and #2 plastic for recycling. He asked owner to help keep the area clean and picked up. Appliances can not be left in the dumpster area. Additional containers and more frequent pickups are scheduled at peak times. The Board discussed adding more signage and asked that owners educate their guests about the trash and recycling guidelines.

B. *KOA Meeting*

Vail Resorts has a long term plan for removing dead trees over the next 10 - 15 years, contingent upon funding. The One River Run project is on hold due to economic conditions. Some trees will be cut on the golf course this season.

C. *Motorized Vehicles on Tenderfoot Mountain*

Mr. Ornes said it seems that there has been some progress in either blocking usage by dirt bikes or at least moving access up the mountain and away from the road and developments. He said all organizations involved have been holding meetings to discuss homeowner concerns.

D. *Keystone Citizens League*

Ms. Bloom and Ms. Gruber are heading up an initiative to beautify the Highway 6 corridor. The KCL Summer Social will be held in the River Run Pavilion on August 5, 2009 from 5:00 p.m. to 6:30 p.m. Mr. Ornes urged owners to attend and support the beautification project. Membership in the Keystone Citizens League is \$10/year. Mr. Ornes said the project will add appeal to the Keystone area.

VIII. New Business

A. *Bylaws Amendment*

Mr. Ornes said the Board amended the Bylaws. A newly elected President may be allowed up to two additional three year terms, regardless of the number of years remaining in their current term. This Bylaw change was effective as of July 2008.

B. *Upcoming Projects*

Mr. Pringle reviewed the list of upcoming projects:

1. Flowers
2. Clean up the gate house
3. Hanging baskets
4. Repair railroad ties
5. Repair all sand boxes
6. Check all signage for repair/painting
7. Get utility boxes painted
8. Clean up brush, slash, stumps etc.

C. *Sheriff Patrol*

The three Ranch Associations have contracted with the Sheriff's Department for twenty three hour shifts a month at \$100 per shift. The Ranch Association's share is \$11,000. The Association also pays for Keystone security in the amount of \$4,400 per year. At the West Ranch meeting a question was raised regarding liability for any actions taken by an Officer; this issue needs to be clarified. West Ranch's share is \$9,000 and some owners were opposed to paying for this service. A straw vote was taken and a majority of the West Ranch owners opted to continue paying for the patrols. Post the meeting; Mr. Ornes confirmed with the sheriff's dept. that the officers are off duty, if they are required to act in any official capacity, they are immediately "on duty". While liability

depends on the facts surrounding the event, it is unlikely that the HOA would have any liability for the actions of a police officer carrying out their duty. The West Ranch has agreed to continue paying their share of the sheriff patrols.

IX. General Discussion

A. *Rifle Shots*

Mr. Williams said he heard rifle shots at 1:30 a.m. He believes there are some poachers in the area. Owners were encouraged to wear orange vests while walking in the woods during hunting season.

B. *Homeowner Party*

Mr. Levy thanked Mr. Pringle and Ms. Strong for organizing a successful homeowner party. The Board plans to hold another party next year.

C. *Parking Issues*

There is one rental property that has, from time to time, too many cars. The Board is aware of this problem. Mr. Pringle said there are violation fines and the Board will be able to take action. Post meeting, Mr. Ornes had a discussion with Carol Kresge, owner of the rental property. She pledged to do all in her power to keep her tenants parking on her driveway and not blocking the road or parking on the common areas.

D. *Carbon Monoxide Detectors*

A new law was passed that carbon monoxide detectors have to be installed in all rental units and when a house sells.


X. Set Next Meeting Date

The next Homeowner Meeting was set for December 30, 2009 in the afternoon.

XI. Adjournment

With no further business, a motion was made to adjourn the meeting at 3:45 p.m.

Approved By: \_\_\_\_\_

  
Board Member Signature

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

12-30-09



KEYSTONE RANCH HOMEOWNERS ASSOCIATION, INC.  
BOARD OF MANAGERS MEETING  
SEPTEMBER 2, 2009

I. Call to Order

The Keystone Ranch Association, Inc. Board of Managers Meeting was called to order by Mr. Ornes at 4:00 p.m. on Wednesday, September 2, 2009 at 1 Kinnikinnik Road.

Board Members Present Were:

Chris Ornes, President	Wilson Strong, Member
Michael Orth, Member	Lisa Start-Khalilian, Member
John Pringle, Vice Pres	

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. Orth made a motion to approve the July 1, 2009 Board Meeting minutes as presented. Ms. Start-Khalilian seconded and the motion carried.

III. General Discussion

A. *Tree Update*

1. 664 trees have been cut to date at a cost of about \$39,000 against a budget of \$75,000. There are two that need to be removed on Clover Lane as well as a stump by the outhouse. Approximately 3,000 trees have been removed in the past four years.
2. 3,250 lodgepole pines were sprayed at a cost of \$26,000 and 700 spruces were sprayed at a cost of \$5,600. The total spraying cost was \$31,600 against a budget of \$30,000.
3. Katie Larsen will be back on site this fall to mark trees that have been hit by the beetles or are dying. The budget last year was \$2,000 and she came in well under that amount.

B. *2010 Budget*

Mr. Ornes will provide Mr. Orth with a rough draft of the budget by November Mr. Orth will review it with Ms. Culbreath and then will send it to all Board members. He does not anticipate the totals will change significantly from the current year.

*C. Road Repairs*

1. Patching and Sealing - Mr. Cadwallader had A-Peak do some patching at a cost of about \$8,300, 35% of which will be paid by this Association. Mr. Pringle will contact Mr. Ziruolo about repairs on the orphan road, which is supposed to have been scheduled already.
2. Gentian Improvements - The Board approved an expenditure of \$15,140 to address the drainage issue on Gentian. The plan was to install three culverts but it was determined that four were necessary and the final cost was \$21,875, including \$5,300 for asphalt. The rock drainage areas will be marked so they are not damaged by the plow in winter.
3. Clover Lane and Kinnikinnik - Three or possibly four culverts should be installed on Clover Lane and one on Kinnikinnik. Mr. Orth made a motion to approve an expenditure of \$28,400 for Sart to install four culverts on Clover and one on Kinnikinnik. Ms. Start-Khalilian seconded and the motion carried. Mr. Pringle will ask Sart to include some rocks in that price to line the dirt drainage ditch on Gentian.
4. John Pringle suggested we place yield signs at the top of gentian and clover. Board agreed and requested KPM to put up the signs.

*D. Long Term Road Plan*

1. Crack Sealing – Two bids were received to crack seal all the Ranch roads. The bid from A-Peak was \$40,000 and the bid from Columbine was \$22,500. The Columbine bid does not include cleaning out the cracks with an air compressor. Mr. Ornes suggested paying Mr. Cadwallader a fee for supervising the work. The other Board members agreed he should be paid. Mr. Ornes will review the bids with Mr. Cadwallader and recommended accepting the Columbine bid if Mr. Cadwallader finds the materials in the proposal are acceptable. The Board agreed it should be a spring project.
2. Long Term Road Maintenance Plan – Mr. Orth and Mr. Mallison have volunteered to develop a long range plan for road maintenance including a schedule to crack seal, top dress, resurface or overlay, with current cost estimates. This information will be shared with the other Ranch Associations.
3. Timing and Estimated Costs – Mr. Orth recommended reviewing the projected costs and fund balances annually.

*E. Pool*

1. New Lock – Ms. Culbreath reported that the gate was not sturdy enough or configured to hold a Saflok so some welding work was done. The Saflok is on order and will be installed once received. The gate will need to be repainted and the bricks around the post repaired. The Board agreed the pool should be closed after Labor Day weekend. Ms. Culbreath will hand out new gate keys to the owners present at the December meeting and will send communication to all owners regarding the new keys and how they can obtain them. The total cost was approximately \$1,000.
2. Self Closer – The closing mechanism was installed earlier this week.

3. Grass - The grass was painted to improve the appearance during the regrowth process. The grass will be cut and reseeded in the affected areas. Mr. Ornes said the swale should be filled in.

*F. Signs*

Owners are responsible for installing the address signs at their expense when the house is built and maintaining or replacing signs. . The Association does not replace damaged signs but does pay for repainting. Ms. Culbreath has inventoried all the signs and has a list of those needing replacement, repair or painting. She was asked to communicate to the affected owners that their signs will be replaced and they will be billed. Mr. Pringle recommended putting the new signs on 6' posts buried 1' deep, and setting them back from the road to avoid snowplow damage. The property address is required but the owner name is optional.

*G. New DRB Fees*

The new DRB President is Tim Baker. The fee for small additions like gutters is \$150 but larger projects such as home additions can be as much as \$4,000. Mr. Pringle was asked to follow up on the approvals for the new windows in Hoppe's house. Mr. Pringle is the new liaison with the DRB.

*H. Banking Options*

The current bank balance is \$340,000 so about \$90,000 is not FDIC insured. The Board agreed the Association funds should be insured. Ms. Stark-Khalilian volunteered to interview local banks. Acceptable investments include savings accounts, money market accounts or short term (less than one year) CD's. Mr. Orth suggested looking into laddered CD's.

*I. Keystone Transportation*

Mr. Ornes met with Mr. Jeppson and Ms. Campbell regarding the transportation issue. Since Vail Resorts got rid of their PUC license, Keystone can run the transportation system without regulation. Since the Ranch is low density, Keystone does not feel it is economically feasible to provide transportation. He tried to negotiate for a couple of pickups at the golf course parking lot in the morning and afternoon but they were not interested. They may be willing to provide discounted parking passes for the close in lots. In summary, some owners are unhappy with the situation and would like to have bus service. Mr. Pringle did not think the majority of owners would want to pay for transportation.

*J. Tenderfoot Mountain Signs*

The Association has been asked to provide \$300 for signage related to off road use of Tenderfoot Mountain. . The Board voted and the majority was not in favor of funding the sign.

*K. Gentian Rental Issue*

Mr. Ornes provided a written summary of the issues related to the rental home at 203 Gentian Road.

Some neighboring owners object to the rental use of the house and provided a list of their objections. Those owners have submitted some suggestions to mitigate the issues, including; limiting the number of cars to five total, only allowing cars with a maximum capacity of nine, restricting non-family rentals to no more than three adults, barring tenants from having overnight guests, requiring a minimum of seven nights for all rentals and imposing fines for violations. Mr. Ornes told them it that he did not think trying to “control rentals” was a direction the HOA should go in.

Legitimate issues include emergency vehicle access to the houses below and preventing damage to the common areas. Mr. Ornes proposed the following:

1. Avoid making rules that would require a change to the Declarations and would affect all owners.
2. Create rules that affect only commercial rentals. Get a “Letter of Agreement” from the homeowner. The homeowner should paint a line at the end of the driveway and indicate in her rental agreement that parking over the line or anywhere else is a violation. Affected owners can call the homeowner regarding violations to try to get them mitigated. If she is not reachable or cannot remedy the situation, owners should call Keystone Security, who will confirm the violation, talk to the renters or have the vehicle towed. There will be an automatic fine to the homeowner for any cars towed.

Mr. Pringle questioned the need for a “Letter of Agreement”. Mr. Ornes said he would prefer to create rules specifically for commercial rental houses so the rules do not have to apply to all the homes in Keystone Ranch. Mr. Ornes agreed the letter should be reviewed by the attorney. It may also be necessary to add some signage.

Mr. Pringle suggested creating a “Memo of Understanding” indicating she has to comply with the rules or she will be fined. He suggested adding the authorization for the Association to tow cars in the Declarations if necessary. The Declarations currently specify that there is no parking on the shoulders for more than 24 hours.

Mr. Strong made a motion to proceed with the plan outlined by Mr. Ornes. Ms. Start-Khalilian seconded and the motion carried. Mr. Ornes will inform the neighboring owners about the plan.

#### IV. Adjournment

The meeting was adjourned at 6:15 p.m.

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

MINUTES OF BOARD OF DIRECTORS MEETING  
DEC 29, 2009

Meeting was called to order at 17:00 hours by President, Chris Ornes, at 1 Kinnikinnik Rd. In attendance were Directors John Pringle and Mike Orth, and Cindi Hareless and Stan Mazuroski, Keystone Property Management(KPM). Absent were Directors Will Strong and Lisa Start.

1. The HOA attorney, Seth Murphy, has started a new retainer program. For a \$1,000 annual retainer, the HOA will receive two hours per month of legal consultation. This will not cover special projects. Mr. Ornes suggested we do this for 2010, and a motion was made, seconded and approved.
2. Approval was given to a homeowner at 111 Forget-Me-Not, East Ranch, to access their house via Kinnikinnik, for a remodeling job. They have given the HOA a letter agreeing to put the common area back to its original condition.
3. Mr. Ornes put forth a 2010 budget, with operating expenses of \$148,827 and reserve payments of \$108,252, for a total budget of \$257,080. This will keep the monthly payments the same as 2009. The expense difference is due to less tree removal. There are a handful of trees to be removed in 2010 as most beetle hit trees have been removed in past years. This large increase in reserves is warranted as we expect the costs of future road maintenance to be significant. The road long term reserve study is underway and we be finished by the

July meeting. If the increase to reserves is not needed, the budget will be adjusted.

4. Past due HOA fees. While there were several folks past due multiple months over 2009, only Lowrance is delinquent today. The owners are in bankruptcy and we have no new information as to when the house may be foreclosed on. We continue to reserve for this problem.

5. Signs. Stan has a plan to contact any houses needing house number signs, which are required. He is also making a list of signs needing repair. House number signs will be placed at homeowner expense and repairs are at the expense of the HOA.

6. John Pringle and KPM will survey the Ranch this spring to develop a work list of any need repairs, upgrades etc. to keep the Ranch looking its best.

7. Stan reported that while the US Forest Service still says it will get to Keystone to cut dead trees, the timing is unclear. There are two more years remaining on the current contract.

8. There have been no reported problems with parking or noise re: the rental house on Gentian. KPM has been reminded to look for cars blocking the roadways in the ranch with special attention to Gentian and other narrow winding roads. If a situation cannot be resolved KPM will have the offending car towed and the homeowner billed.

9. The issue of "non-owned" driveways came up this year. Most of us are not aware that most driveways are on common land. The HOA Declarations do not allow for parking on common land. It was agreed

that we will bring the issue to the attention of the homeowners at the Dec. 30 meeting for discussion.

10. Our reserve fund balance at Alpine Bank exceeds the current FDIC insurance amount, \$301,000 vs. \$250,000. Mr. Ornes will meet with Alpine in Jan. to look for ways to get the money insured, i.e. brokered cd's. We will also look at moving some money to another local bank to get the insurance coverage.

11. The current snow plow expense sharing agreement has KPM paying 10.2 %. Bill Cadwaller did a new road survey in 2009 as part of his contract to plow Ranch roads. A study of his survey indicates that KPM is not paying a fair share. Discussions are ongoing, but we expect KPM to pick up a larger % in the future. This will only affect the Ranch expense as the East and West seem to be at a correct %.

12. The West has decided not to participate in the expense of the sheriff patrols. They state a concern about liability. We have asked our homeowners if they wanted to continue the patrols with just the East and the Ranch sharing the costs and they said they did. This will raise the cost from \$11,000 per year to \$17,000. Some new information has come to light re: the number of "patrols" KPM staff make each day. This will be reviewed and the sheriff patrols revisited for the July meeting.

13. The slide presentation for the Dec. 30 general meeting was reviewed.

The meeting was adjourned at 18:30.

Chris Ornes, Pres. and Acting Secretary





KEYSTONE RANCH ASSOCIATION, INC.  
GENERAL MEMBERSHIP MEETING  
December 30, 2009

I. Call to Order

The Keystone Ranch Association, Inc. General Membership Meeting was called to order by Mr. Ornes at 2:00 p.m. on Wednesday, December 30, 2009 in the Keystone Center Conference Room.

Board Members Present Were:

Chris Ornes, President, 1 Kinnikinnik Road  
John Pringle, Vice President, 153 Gentian Road  
Wilson Strong, Member, 2023 Keystone Ranch Road

Homeowners Present Were:

Stanley Wojcik, 50 Lichen Lane  
C.J. Ornes, 1 Kinnikinnik  
Gerald Ireland, 161 Kinnikinnik  
Nancy & Bob Follett, 160 Kinnikinnik  
Eileen Terens, 182 Penstemon  
Barbara Munyon, 112 Penstemon Road  
Ron & Mary Ann Raab, 84 Clover Lane  
Mary Zutter & Sam Santoro, 1797 Keystone Ranch Rd.  
Richard & Phyllis Smith, 100 Wild Iris  
John & Ariel Bowers, 85 Wild Iris Lane  
William Van Brunt, 83 Gentian  
Gerald Fricke, 283 Gentian  
Larry & Sue Wood, 293 Gentian  
Sherry Strong, 2023 Keystone Ranch Road  
Donald Chisholm, 2260 Keystone Ranch Rd.  
R. Mark Skinner, 2437 Keystone Ranch Road

Guests Present Were:

Leon Levy, East Ranch  
Craig Keithly, A Cut Above Forestry

Representing Keystone Property Management ([KPM](#)) were:

Cindi Harless, Senior Property Manager  
Stan Mazuroski, Property Manager

Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. Approve Previous Meeting Minutes

A motion was made to approve the minutes of the July 3, 2009 Homeowner Meeting as presented. The motion was seconded and carried.

III. Financial Report

As of November 30, 2009 the Association **cash account balance** was \$ \$330,748

Pro Forma Balance Sheet as of Dec 31, 2009	Cash	\$ 297,627.84
Due from Vail		\$ 35,823.50
Accruals		\$ 0.00
Total Equity		\$ 333,451.34

2009

Expect to end the year with an operating surplus of \$34,000, mostly due to lower tree removal expense. The surplus will be moved to the Reserve Account. \$55,000 was spent on the culvert project and paid from Reserves. The road study will be completed by the July 2010 meeting. We expect the future costs of maintaining and repairing our roads to be substantial and we need to keep putting money into Reserves. When the estimate of the future road costs are known we can adjust our reserve payment as needed.

2010 Operating Budget

Operating dues will be \$148,827 vs. \$212,352 in 09. Homeowner dues will remain flat with the difference going to long term reserves. There is an increase of \$6,000 in the sheriff patrol costs as the West Ranch has declined to continue cost sharing. The members present expressed a strong desire to maintain the patrols. We have notified the Sheriff to not patrol the West on our patrol plan. Other budget line items remain about the same. Details can be seen shortly on both web sites.

2010 Pool Budget

Due to the personnel changes with KPM the Pool budget is not completed. We do not expect any major issues or changes. It will be posted on the KPM web site when it is done.

IV. Forestry Report

681 trees were cut in 2009 bringing the total trees cut to 2,881 since 2005. The total cost was \$242,300. We have very few trees left to cut. We will continue to treat trees for beetle protection. Last year we sprayed over 3,000 trees at a cost of \$26,000. We are looking a new treatment plans that may save us some money and are working with A Cut Above Forestry on the overall health of our trees.

Mr. Keithly from A Cut Above Forestry provided a presentation. Pheromone packs are a new option for beetle deterrence. The cost is \$9 per pack and he would use 32 packs per acre in grove situations. The packs have been found to be 90% effective when used at a concentration of 30 per acre. There is another pack that can be used for spruce beetles. The packs are effective for one season. This will save the HOA as the packs are less expensive than individual spraying. We will test the packs and spray trees as needed.

Mr. Keithly said trees marked with dots have been inspected by him and are considered healthy enough for spraying. Trees with orange X's, tape or a spray painted ring will be cut.

V. Old Business

A. *Signs*

Mr. Mazuroski said interested owners could have their existing address signs refurbished. Signs will be installed for any properties that do not already have them and the owners will be billed. The cost for a new sign is about \$75 including installation. It is a requirement that every home have an address sign. Name signs are optional.

B. *Ranch Associations Picnic*

Mr. Ornes said all three Ranch Associations had a picnic in the Ranch Restaurant tent with a cash bar and it was very successful. The HOA cost was about \$300 and he thought they should do it again. If the Ranch tent is not available it could be held at the Ranch pool.

John Pringle will head up the Picnic planning.

C. *Management Changes*

Mr. Ornes commented that the last two Property Managers were with the Ranch for about one year each. Ms. Harless, who has been in the Property Management office for several years, is the new Senior Property Manager and Mr. Mazuroski is the new Property Manager. Ms. Campbell, the previous COO, has moved to Breckenridge and has been replaced by Mr. Lovell. A new information sheet with updated contact numbers will be sent out shortly by KPM.

D. *Owner Discounts*

Ms. Harless provided a summary of owner discounts and distributed brochures. Owner discounts will not longer be available for owners who rent with outside management companies. There will be a color coded card (red for this year) to identify owners with a different color card issued each year. The permanent cards will be available after January 8<sup>th</sup>. Ms. Harless is working on a temporary card for the interim period. Mr. Ornes encouraged owners to send him a list of any items they feel should be included in the discounts, such as free owner ski check, as he plans to draft a letter to Keystone management. These new cards will also be the entry into the pool as we have put on an electronic card reading lock to deter unauthorized usage. The cards will be replaced each pool season. Replacement cards will be \$50 in discourage casual usage.

E. *USFS Contract*

The USFS Contract is in the second of four years. Mr. Ornes did not know when the work would start around the Ranch. It will entail clear cutting similar to what has been done along Swan Mountain Road.

F. *Transportation*

Mr. Ornes said Keystone had reinstated free transportation around the Resort, with the exception of the Ranch and Elk Run areas. He and Mr. Levy met with Ms. Campbell in the fall to try to negotiate service for the Ranch but they were not successful. They would like to have a set schedule for pick up and drop off at the Ranch parking lot.

They will schedule a meeting with the new management shortly to see if there are any changes in the resort's thinking

*G. Water System Report*

Some repairs were done to the water system this past year. The hydrants continue to be maintained and updated. Overall the system is in good shape.

*H. Sheriff Patrol*

The West Ranch Board decided not to continue to contribute to the supplemental Sheriff patrols. The additional patrols cost \$27,000 per year for all three Ranches. At the July Homeowner Meeting, the Ranch Association membership indicated they wanted to maintain the patrols, regardless of the West Ranch's decision. The cost is \$19/home/month. The consensus of the owners present was to continue the service.

*I. Road Repairs*

Mr. Ornes said repairs were made to several areas of the road. The Ranch Association's share of the expense was \$3,500, which was paid out of Operating. Four culverts were added underneath Gentian Road and the ditches along the side were cleaned out and lined with rock. Clover Ln also got 4 culverts and Kinnikinnik got one with reditching and rocks. Total costs were \$55,000 charged to the Reserve account.

VI. New Business

*A. Forest Service Letter*

The Board received correspondence from the Forest Service regarding a fence and a tree house that were erected by a Ranch owner on Forest Service property. The issue was addressed with the homeowner. Mr. Ornes asked owners to be aware of their property boundaries.

*B. Porcupines*

Mr. Ornes said there was at least one porcupine in the area. There is a sticky gel that can be applied around the base of trees as a deterrent but the cost is \$25/tree so it is not a cost effective solution for treating a large number of trees. The best solution will be to trap and move it out of the area. Mr. Mazuroski will obtain a bid from a trapper for Board review.

*C. Roads*

The Board plans to hire a consultant to provide advice for long term maintenance of the roads. With the information provided by the consultant, the Board will be better equipped to determine if the level of funding in the Reserves will be adequate.

*D. Driveway Ownership*

Mr. Ornes said he discovered this summer that most of the driveways are actually Association property so technically the Association should be maintaining them. In addition, per the Declarations, there is an issue with owners parking cars on the driveways. He explained that the Association can continue to maintain the status quo or can start to enforce the rules in the Declarations, but there is no penalty in the

Declarations for violations. Easements could be granted to each owner upon request or a portion of the common area could be deed to each owner for parking but this would entail legal fees. Amending the Declarations would require a 2/3 vote in favor of the membership. The Board has the right not to enforce a Covenant as long as all owners are treated uniformly. Mr. Ornes felt the Declarations should be amended. The Board will provide specific recommendations at the July meeting.

The Board has asked Keystone Security to be aware of any parking on common areas (not including driveways) and if the situation can not be remedied to have the offending vehicle towed. The HOA roads must be kept clear for safety reasons . Any homeowner seeing violations should call Guest Services for Security to be dispatched at 970-496-4000.

## VII. Member Education

Mr. Ornes provided an update on three new areas of legislation:

1. 1. There is a new law that requires Associations to have a policy on the Reserves. This is in process.
2. Boards can take actions outside of regular Board meetings, subject to specific notice requirements.
3. Any home that is for sale or rented is required to have carbon monoxide detectors installed. within 15 feet of all sleeping areas.

## VIII. General Discussion

Mr. Ornes reminded owners to break down cardboard boxes before putting them in the dumpster.

There is one homeowner who has filed bankruptcy. Mr. Ornes asked owners to contact management if they anticipated they would have difficulty paying dues on time. The HOA Board must be diligent in protecting the finances of the association. Liens will be placed on homes when dues are 90 days past due. This incurs legal costs. The Board can work with situations if we have knowledge of the problem so please contact a Board member or KMP if you will have a problem paying your dues on time.

Mr. Ornes said the water system was functioning well but the supply is still limited by the 300,000 gallon tank and he reminded owners to be conscious of their water usage.

All Association documents are posted on the website [www.keystoneranch.org](http://www.keystoneranch.org). There is also a website through Keystone management at [www.keystonereresortpm.com](http://www.keystonereresortpm.com).

Mr. Ornes said there had been an improvement in communication with management and he thanked Mr. Mazuroski and Ms. Harless for their efforts.

IX. Real Estate Report

*Mr. Pringle provided an update on the real estate market. There are currently twelve homes listed for sale in the three Ranches and four homes sold within the past year. There are two lots listed for sale in the West Ranch.*

There have been more closings in the past three months than during the same period last year, possibly a sign of a market turnaround around after 17 consecutive down months. There are currently 164 condominiums listed for sale and there were 117 sales in the past year. There are a total of 220 properties listed in Keystone equating to about 7% inventory, which is pretty low.

X. Set Next Meeting Date

The next Homeowner Meeting was set for July 2, 2010, time and place to be determined.

Mr. Ornes mentioned that there would be one Board seat up for election and he encouraged any interested owners to submit a nomination.

The membership thanked the Board for their efforts.

XI. Adjournment

With no further business, a motion was made to adjourn the meeting at 3:30 p.m.

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