

KEYSTONE RANCH HOMEOWNER ASSOCIATION, INC.
BOARD OF MANAGERS MEETING
JUNE 29, 2012

I. Call to Order

The Keystone Ranch Association, Inc. Board of Managers Meeting was called to order by Mr. Pringle at 3:00 p.m. on Friday, June 29, 2012 in the Argentine Conference Room.

Board Members Present Were:

John Pringle, President, 153 Gentian

Mike Orth, Treasurer, 50 Kinnikinnik

Representing Keystone Property Management Were:

Lisa Jerke, Property Manager

Sean Robinson, Assistant Manager

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

II. Homeowner Meeting Preparation

Mr. Pringle reviewed the agenda for the Homeowner Meeting.

1. Call to Order and Introductions.
2. Establishment of Quorum – Eight owners represented in person or by proxy will constitute a quorum.
3. Approval of Previous Homeowner Meeting Minutes.
4. Review of Financials.
5. Discussion about Road Resurfacing – The majority of the roads can be rehabilitated with the application of a new wearing surface. There are four areas that will need reconstruction. Mr. Orth noted that the reconstruction of Kinnikinnik would need to be done prior to 2018 (possibly in 2014) due to the shallow depth of the existing asphalt. The plan is based on the engineer's recommendation. The cost for the analysis was \$4,000.
6. Review of Tree Removal and Spraying Program and Associated Costs – About 15 trees around each home will be sprayed this year. Pheromone packets will be used in the other areas.
7. Weed Spraying Program – The spraying program will treat the thistles.
8. Common Area Clean-Up – Projects included consolidation of the entry directional signs, picking up slash and logs, and painting of the guard house.
9. Driveways – Mr. Robinson is getting estimates for driveway repairs and replacement. There are about 30 driveways that need some work. This will be an individual owner expense.
10. Insurance – Other providers were contacted but no other agency could offer a better program than Bob Strong with Farmer's.
11. Surveillance Cameras – The Ranch and East Ranch have agreed to share the cost.
12. Review the Evacuation Plan – A color-coded map will be provided in the packet.
13. Review Owner Delinquencies – There is one delinquent owner. The Association has filed a super lien and should receive six months of dues when the home is foreclosed.

14. US Forest Service Clear Cutting – The cutting project is close to completion.
15. December Social – The December social was a big success.
16. Association Website – All Association documents are posted online.
17. Partner Discount Card – Discount information will be provided in the packet.
18. Real Estate Update – Mr. Pringle will provide a report.
19. Board of Managers Election – The term of Ms. Start-Khalilian expired and she is not running again. Mr. Strong's term also expired and he has expressed interest in running again. There are three other candidates for the two positions.
20. New Business – The drainage ditch repairs on Keystone Ranch Road will be discussed. Sart provided a bid of \$7,800 to make the repairs. The expense will be allocated between the three Ranch Associations and Vail Resorts.

III. Recess

Mr. Pringle made a motion to recess the meeting 4:00 p.m. Mr. Orth seconded and the motion carried.

IV. Reconvene

The Board reconvened at 2:42 p.m. on Tuesday, July 3, 2012 to elect Officers.

V. Election of Officers

Officers were elected as follows:

John Pringle – President
Wilson Strong – Vice President
Michael Orth – Secretary
Jayn Karl - Treasurer

VI. Adjournment

With no further business, a motion was made to adjourn the meeting at 2:47 p.m.

Approved By: _____

Board Member Signature

Date: _____

KEYSTONE RANCH ASSOCIATION, INC.
GENERAL MEMBERSHIP MEETING
JULY 3, 2012

I. Call the Meeting to Order

The Keystone Ranch Association, Inc. General Membership Meeting was called to order by Mr. Pringle at 1:15 p.m. on Tuesday, July 3, 2012 in the Keystone Ranch Living Room.

Board Members Present Were:

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| John Pringle, President, 153 Gentian | Mike Orth, Member, 50 Kinnikinnik |
| Lisa Start-Khalilian, Treasurer, 70 Lichen | Scott Nix, Member, 1649 Keystone Ranch |
| Wilson Strong, Vice President, 2023 Keystone Ranch | |

Homeowners Present Were:

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| Richard & Phyllis Smith, 100 Wild Iris | Chris & C.J. Ornes, 1 Kinnikinnik |
| Nancy & Bob Follett, 160 Kinnikinnik | Larry & Sue Wood, 293 Gentian |
| William & Gail Van Brunt, 83 Gentian | Bette Morris, 2459 Keystone Ranch |
| John & Martha Williams, 130 Kinnikinnik | William & Ann Swagman, 74 Yarrow |
| John & Ariel Bowers, 85 Wild Iris | Eileen Terens, 182 Penstemon |
| Kathryn Nix, 1649 Keystone Ranch | Mike Khalilian, 70 Lichen |
| Grover & Maidee Hope, 232 Penstemon | |
| Doug & Katherine Wilkinson, 340 Penstemon | Kristi Blincoe, 142 Penstemon |
| Gerald Ireland, 161 Kinnikinnik | Gerald & Annette Fricke, 283 Gentian |
| Don & Sandy Chisholm, 2260 Keystone Ranch | Adrienne Prokop, 63 Saxifrage |
| Steve & Gaye Wormington, 314 Penstemon | Lois Beall, 1957 Keystone Ranch |
| Dave & Kris Cucold, 1631 Keystone Ranch | Jayn & Jerry Karl, 77 Phlox |
| Stacy & Diane Crumley, 204 Clover Lane | Nancy Olson, 121 Kinnikinnik |
| Carolyn Holloway, 2437 Keystone Ranch | |
| Laura Chorbajian & Stan Mazuroski, 373 Penstemon Road | |

Guest Present Was:

Leon Levy, East Ranch

Representing Keystone Property Management Were:

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| Lisa Jerke, Property Manager | Sean Robertson, Asst Property Manager |
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Kyle Wiseman of Summit Management Resources was recording secretary.

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

II. Approve Previous Meeting Minutes

A motion was made to approve the minutes of the July 7, 2011 Homeowner Meeting as presented. The motion was seconded and carried. It was noted that Mr. Ornes' comments regarding Vail Resorts, the roads, the pool and the water system were not included in the

minutes. Mr. Ornes summarized that he thought the agreements with Vail Resorts for these three items should be put in writing to avoid future problems. This will be kept as an open agenda item.

III. Board of Managers Election

The terms of Ms. Start-Khalilian and Mr. Strong expired. Mr. Strong expressed interest in running for another term and there were three other candidates who were interested in running for the Board, Mr. Mazuroski, Ms. Karl and Mr. Khalilian. The candidates provided biographical information.

Secret ballots were tallied and Mr. Strong and Ms. Karl were elected. .

IV. Financial Update

A. *2012 Year-to-Date Statement of Operations*

Mr. Pringle said all financial reports were posted on the Association website at www.keystonereresortpm.com.

B. *Replacement Fund Review*

As of May 31, 2012 the Replacement Fund balance was \$490,000. The annual contribution is \$72,461 a year, which equates to 25% of the total budget.

C. *Pool Budget*

Owners contribute \$17 per home per month for pool expenses with \$2 allocated to the Pool Reserve Fund.

D. *Water Fund*

The water is on a private system, with owners paying \$40 per month for operations and \$10 per month to the Water Reserve Fund.

E. *Association Dues*

In total, homeowners pay \$329 for monthly dues. Lower dues this year are attributed to savings in the Tree Removal account.

V. Operations Report

A. *Roads*

Property Management worked this spring to shovel gravel off the sides of the roads. Crack sealing takes place every year.

An excavator applied crushed asphalt on the banks and KRPM placed erosion control blankets on the steep hills to prevent further erosion. Repair of the hole at the bottom of Keystone Ranch Road by the Maintenance shed is a joint expense between all three Ranch HOAs and Keystone and will be completed this year.

B. HP Geotech Road Study and Findings

Mr. Orth said HP Geotech, a firm that specializes in road engineering, was hired to study the roads. Borings were done in the roads to determine the asphalt depth and the composition of the subsoil. A report was provided by the firm. It indicated that annual maintenance to the roads, including crack sealing and shoulder maintenance, is the most important thing that can be done. Mr. Orth anticipated the annual cost for this maintenance would be about \$10,000. It was determined that the asphalt is down to 3.5" thickness in some areas and ideally needs to be 5" thick.

Mr. Orth reviewed options that would help to maintain the road. A slurry seal would be the least expensive, (\$1.50/sq.yd.) but it was not recommended as it would not last more than one season and would not improve the road structure. The second option would be a chip seal, which would act as a buffer between the road and the impact from use. A chip seal would last seven to ten years. The cost of a chip seal would be \$4/sq.yd. The next option would be a 2" overlay of asphalt (\$11/sq.ft. or \$14/sq.ft. with mesh reinforcement). The third option would be total reconstruction once the roads are so worn that they are not worth fixing. Four areas have been identified as needing reconstruction. Three areas along Kinnikinnik are scheduled for work in 2014. The largest area, which is from Gentian Road to the end of Keystone Ranch Road, is scheduled for reconstruction in 2018 at an estimated cost of \$200,000. The other areas of road will be treated with a chip seal.

A chart was provided in the meeting packet explaining how much the various paving projects will cost and where they will be taking place. The three Ranch Associations have all agreed to the cost sharing and Vail Resorts will be approached regarding their portion. An owner asked how the costs were allocated for the Ranch roads. Ms. Jerke responded that costs were allocated based on the percentage of owners from each Association using the roads.

C. Trees

A chart was included in the meeting packet that showed the cost of tree removal and spraying over the past seven years. An arborist hired by the East Ranch reported that the pine beetle epidemic has run its course. Because a substantial investment has been made spraying trees, the Board feels that it is appropriate to continue to spray. Pheromone packets will also be utilized. After the trees are sprayed, the aspens will be checked for disease. Ms. Jerke said that the Property Management team will remove slash if owners place it by the road. .

D. Weeds & Common Areas

Mr. Pringle reported that \$4,500 was spent on removing the weeds this year. There have been measures taken in order to enhance the Ranch common areas. Efforts have included consolidation of the entry directional signs, slash pick-up particularly on Clover Lane, removal of log piles, painting of the guard house and flower planting at the entry. Homeowners were encouraged to help keep the property clear of slash.

E. Driveway Maintenance and Replacement

Mr. Robinson reported that there are some driveways in need of repair. Complete replacement of a 1,500 sq.ft. driveway would be \$4/sq.ft., a 3,000 sq.ft. driveway would be \$3.55/sq.ft. and a 4,000 sq.ft. driveway would be \$3.35/sq.ft. Patching the driveway would be \$7.50/sq.ft. and crack filling would be \$150 per crack. The Board's intent is to help facilitate repairs to the driveways. Interested owners were asked to contact Mr. Robinson. It may be possible to negotiate even better pricing if multiple owners participate.

VI. Other Business

A. *Soda Creek Open Space Association*

Mr. Follett said the Soda Creek Open Space Association was formed to address potential development by the Forest Service of the land outside the gate. The development was never initiated and the Association has now turned its responsibilities over to the Continental Divide Land Trust, a group dedicated to preserving open space in central Colorado through land preservation agreements, stewardship and public education.

B. *Insurance*

Mr. Pringle noted that while the Board has been actively seeking out better insurance plans, the policy with Strong Insurance offers the best coverage.

C. *Ranch Security*

The cost of the Sheriff patrols was raised and the decision was made to install surveillance cameras. Bids were solicited for a surveillance system and Superior Alarm was chosen to install three cameras, with two at the front gate and one at the dumpster. The cameras are able to read license plate information. The lifespan of the equipment is projected to be up to ten years and the cost was \$11,000 for the entire project. Ongoing maintenance and operating costs are projected to be \$800 per year divided among participating HOAs. As a bonus amenity of the project, free wifi will be provided in the pool area. Owners were reminded not to dispose of construction materials in the dumpster.

D. *Fire Evacuation Plan*

Mr. Robertson reviewed the Fire Evacuation plan, which was provided in detail in the meeting packet. Mr. Robertson recommended that owners register online at www.scalert.org in order to receive reverse 911 notifications. Owners were encouraged to report any sightings of smoke.

E. *Bad Debt Expense*

The owner at 273 Penstemon has gone into foreclosure and the Board has filed the appropriate paperwork to protect the Association to the extent possible when the foreclosure is finalized.

F. Forest Service

Ms. Jerke reported that the Forest Service clear-cutting should be finished in August. Clear cutting at the end of Keystone Ranch Road will be completed this fall. The slash piles will be left to dry for about a year before being burned.

G. General Association Information

1. There was an all Ranch Association Picnic last night with great turnout.
2. There will be another Keystone Ranch HOA social event in December.
3. Owners can access all Association documents on the Association website at www.keystonereresortpm.com. Owners can get a user ID and password from the Property Management office at 970/496-4155.
4. Ms. Jerke handed out a packet explaining the owner discounts offered by Keystone Property Management. Discount cards are available at the season pass office. This card replaces the badges provided in previous years.

VII. Real Estate Report

Mr. Pringle presented the real estate report and handed out information for current listings and recent sales at the Ranch. Currently, sixteen properties are listed in Keystone Ranch and there have been four sales in the past year. Home sales are up 35% year to date in Keystone.

VIII. New Business

A. Water Replenishment Rate

Mr. Mazuroski asked what the replenishment rate was for the water storage tank. Mr. Pringle said that he would research the answer to this question. He noted that the current system is not designed to fight fires.

B. Bus Service

A new homeowner asked if there was a shuttle service to the ski area. Mr. Pringle responded that the service was discontinued about three years ago.

IX. Adjournment

With no further business, a motion was made to adjourn the meeting at 2:40 p.m.

Approved By: _____ Date: _____
Board Member Signature